Tameside MBC

Statement of Accounts

2017/18

Contents

Independent auditor's report to the members of Tameside Metropolitan Borough Council

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Tameside Metropolitan Borough Council (the 'Authority') for the year ended 31 March 2018 which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2017/18.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2018 and of its expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2017/18; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Director of Finance's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Director of Finance has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Director of Finance is responsible for the other information. The other information comprises the information included in the Statement of Accounts**,** and the Annual Governance Statement, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge of the Authority obtained in the course of our work including that gained through work in relation to the Authority's arrangements for securing value for money through economy, efficiency and effectiveness in the use of its resources or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the 'Delivering Good Governance in Local Government: Framework (2016)' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matter required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority gained through our work in relation to the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, the other information published together with the financial statements in the Statement of Accounts, and the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice we are required to report to you if:

- we have reported a matter in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we have made a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we have exercised any other special powers of the auditor under the Local Audit and Accountability Act 2014.

We have nothing to report in respect of the above matters.

Responsibilities of the Authority, the Director of Finance and Those Charged with Governance for the financial statements

As explained more fully in the Statement of Responsibilities set out on page 28, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Director of Finance. The Director of Finance is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2017/18, which give a true and fair view, and for such internal control as the Director of Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director of Finance is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority lacks funding for its continued existence or when policy decisions have been made that affect the services provided by the Authority.

The Audit Overview Panel is Those Charged with Governance.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements - Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Qualified conclusion

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller & Auditor General in November 2017, except for the effects of the matter described in the basis for qualified conclusion section of our report we are satisfied that, in all significant respects, the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

Basis for qualified conclusion

In considering the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources we identified the following matter:

In December 2016, Ofsted issued its report on the inspection of Children's Services in Tameside, which judged the service provided by the Authority to be inadequate. The report highlighted a number of issues in relation to service delivery, leadership, management and governance.

Although the Authority established an Improvement Board with an external independent Chair to coordinate actions there was limited improvement and a re-visit by Ofsted in January 2018 stated that there is still considerable work to do to improve the quality of practice delivered to children in need of help and protection. A new Interim Director was appointed in November 2017 and a new plan to address the issues identified by Ofsted is being implemented. At 31 March 2018 the overall inadequate rating remained in place.

This matter is evidence of weaknesses in proper arrangements for understanding and using appropriate and reliable financial and performance information to support informed decision making and performance management, and for planning, organising and developing the workforce effectively to deliver strategic priorities.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1) (c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, as to whether in all significant respects the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to be satisfied that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Report on other legal and regulatory requirements - *Delay in certification of completion of the audit*

We cannot formally conclude the audit and issue an audit certificate in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the Authority for the year ended 31 March 2018. We are satisfied that this work does not have a material effect on the financial statements or on our conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

Michael Thomas
Michael Thomas
for and on behalf of Grant Thornton UK LLP, Appointed Auditor
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30 July 2018

Narrative Report and Financial Summary

This section identifies and briefly explains each part of the document and includes an overview by the Director of Finance (Section 151 Officer) on the Council's financial performance during the accounting period.

Narrative Report and Financial Summary

1) Executive Summary

The following pages present the Council's accounts for the financial year ended 31 March 2018. By producing this report, the Council aims to give all interested parties – electors, local residents, Council Members, partners, local businesses and others - confidence that the public money that has been received and spent has been properly accounted for and that the financial standing of the Council is secure.

The purpose of this Narrative Report is to provide an overall explanation of the Council's financial position, including major influences affecting the accounts, and to enable readers to understand and interpret the accounting statements. It sets out in the following sections:

2) Corporate Leadership and Strategy;
3) The Profile of the Borough;
4) The year in review: Financial Performance in 2017/18;
5) Financial Strategy: Outlook for 2018/19 and future years;
6) The Financial Statements: basis of preparation, purpose and summary; and
7) Significant transactions in 2017/18

It should be noted that although the Statement of Accounts is produced annually, the Members and Senior Officers of the Council receive quarterly financial reports throughout the year on overall performance against budget for both revenue and capital budgets, which are also published on the website. The Medium Term Financial Plan (MTFP), which sets out the financial plan for the next four years, is also updated during the year and reported formally to both Members and Officers, and available on the Council's website. The figures presented in the accounts are consistent with the other reports that have been published across the year.

The effectiveness with which the Council has been able to prepare its accounts, meeting the stringent requirements of quality and timeliness that are set for us, is an important measure of the overall quality of our financial management. These accounts have been prepared three weeks in advance of the previous year, meeting the new statutory deadline for the preparation and publication of draft financial statements by 31 May. The external audit will take place during June and audited financial statements published by 31 July 2018.

2) Corporate Leadership and Strategy

The Corporate Plan 2016-21 is the Council's key strategic document for identifying its vision, priorities and ambitions. Its conclusions are influenced by local priorities, consultation with the public and local businesses, Government policies, performance information and external inspections. In the light of current and future financial constraints it has become even more important that the Council continues to align limited revenue and capital resources with the delivery of key policies. This involves a clear focus on core services and priorities, whilst making difficult decisions to reduce or cease activity in other areas.

As an organisation the Council uses its resources, such as money and people, to deliver the maximum benefit for communities in Tameside. The Corporate Plan 2016-21 sets out how the Council will have to change the way it works to continue achieving this. This will be done by understanding what people need, designing services to meet this need and reducing any costs and duplications that may exist.

The Council's political leadership is responsible for delivering on priorities, and the Executive Cabinet determines where investment and resources will be allocated in line with these priorities. This process culminates in the annual Budget Report through which the Executive Cabinet recommends to the Council the overall budget. The same principles are applied to the formulation of the capital programme.

At the heart of the leadership structure is the Executive Leader, supported by the Executive Cabinet Members. In turn, they are supported by the Executive Team led by the Chief Executive. Plans drawn up for each service area identify the priorities for that area within the context of the Council's overall priorities.

More information on the activities, leadership structure and governance of the Council (including the Constitution, Management structure, meeting agendas and minutes) can be found on the Council's website, located at tameside.gov.uk . The Council's Annual Governance Statement, published alongside the Statement of Accounts, provides further information on the governance arrangements in place to ensure proper discharge of its functions.

3) The Profile of the Borough

The profile of the Borough in terms of its population and economy is a key driver of the scope and type of services the Council provides to local people. Set out below are some key facts which provide some detail.

Population

The demographic of Tameside is similar to that in the rest of England, although it has slightly more under 16's than average and slightly fewer older people than average. It is also slightly less diverse than the England average. Office for National Statistics Mid-Year Estimates for 2016 show that Tameside had a total estimated population of 223,109. Within Tameside's population:

- 44,225 were aged 0-15 years (19.82% of Tameside's population);
- 139,917 were aged 16-64 (62.71% of Tameside's population); and
- 38,967 were aged 65 or over (17.47% of Tameside's population).

Tameside has a slightly higher proportion of residents aged under 16 (19.82% compared to 19.05% England overall) and fewer people aged 65 or over (17.47% compared to 17.88% England overall). ONS Subnational Population Projection data from 2014 indicates that Tameside's population is projected to increase to around 229,070 (c.2.7%) by 2024. Much of this growth is due to projected increases in the number of people aged 65 and over; a projected 18.15% increase in this age group between 2014 and 2024. Clearly, this increase in the 65+ population will continue to increase demand for social care services in the future.

According to the 2011 Census, the majority of Tameside's residents belong to the White ethnic group (90.9% compared to 85.4% England overall). Within Tameside's population:

- Of the 90.9% of residents who belong to the White ethnic group, the majority (88.5%) are White British; and
- The second largest ethnic group in Tameside is Asian/Asian British (6.6%); of which Pakistani (2.2%) and Bangladeshi (2.0%) are the largest groups.

Deprivation

The Government collates a variety of economic and social measures to create indices of relative affluence and deprivation based on geographical areas. These help the Council to target services to our most vulnerable residents, as well as helping to identify areas of lesser need where early intervention will help prevent costs at a later date. According to the Indices of Deprivation 2015:

- Of the 141 areas in Tameside, 8 of these fall within the most deprived 5% nationally and a further 16 fall within the most deprived 10% nationally;

- In total, 13.4% of Tameside residents live in income-deprived households;[1]
- Of those children aged 0-15, 13.7% live in income-deprived households (Income Deprivation Affecting Children Index); and
- Of those residents aged 65 and over, 4.5% live in income-deprived households (Income Deprivation Affecting Older People Index).

Education

- In Tameside, 60% of pupils (56% of boys and 64% of girls) met the expected standard in reading, writing and maths at Key Stage 2 in 2017 compared to 62% nationally (58% of boys and 66% of girls); and
- 62.3% of school children (57.6% of boys and 66.8% of girls) in Tameside achieved a standard 9-4 pass in English and Maths at GCSE level in 2017 compared to 59.1% nationally (55.2% of boys and 63.1% of girls).
- *Note: Due to the rollout of the new GCSE curriculum and grading systems, GCSE results from 2017 onwards are not comparable with previous years.*

Economy

- The median annual income for a full time worker in Tameside in 2017 was £24,357. This is lower than both the North West median of £26,746 and England of £29,079[2];
- The claimant count as a proportion of the working age population in Tameside in March 2018 was 2.8% (Unchanged from March 2017). This rate is higher than the England average of 2.1%. The male claimant count has remained steady at 3.5% from March 2017-18, however the female claimant count has increased slightly from 2.1% to 2.2% over the same period.[3]
- 3.6% of young people aged 16 to 18 in Tameside were not in education, training or employment (NEET) in April 2018, with the highest ward rate in Dukinfield (6.2%). The lowest ward rate was Denton West (0.9%).
- The Borough hosts over 7,586 business addresses, with a combined rateable valuation of over £147 million at 31 March 2018.

Housing

- There are 101,330 dwellings on the valuation list in Tameside as of the latest Housing Needs Assessment (September 2017).

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[1] Based on the number of residents that fall within the most deprived 5% and 10% nationally for a particular indicator.

[2] Annual survey of hours and earnings - resident analysis (2017). The earnings information collected relates to gross pay before tax, national insurance or other deductions, and excludes payments in kind. Full-time workers are defined as those who work more than 30 paid hours per week or those in teaching professions working 25 paid hours or more per week.

[3] This experimental series counts the number of people claiming Jobseeker's Allowance plus those who claim Universal Credit and are required to seek work and be available for work and replaces the number of people claiming Jobseeker's Allowance as the headline indicator of the number of people claiming benefits principally for the reason of being unemployed. The JSA datasets have all been moved to a new Jobseeker's Allowance theme. Under Universal Credit a broader span of claimants are required to look for work than under Jobseeker's Allowance. As Universal Credit Full Service is rolled out in particular areas, the number of people recorded as being on the Claimant Count is therefore likely to rise.

- At the time of the Census in 2011 there were 94,953 households, of which 60,558 (63.8%) are privately-owned, 20,438 (21.5%) are social-rented, 12,573 (13.2%) are privately rented and 1,384 (1.5%) in shared ownership or other.
- According to the 2015 Sub-Regional Fuel Poverty Data, 11.9% of Tameside households are in fuel poverty.

Health

Health and wellbeing in Tameside is generally worse than England with heart disease, stroke, cancer and liver disease being significant issues.

Healthy life expectancy at birth is currently 58.3 years for females and 57.7 years for males in Tameside. This is significantly lower than the England average of 63.9 years for females and 63.3 years for males.

Life expectancy locally is 8.6 years lower for females and 8.1 years lower for males in the most deprived areas of Tameside compared to the least deprived areas. Life expectancy at birth is currently 81.1 years for females and 77.5 years for males in Tameside. This is lower than the England average of 83.1 years for females and 79.5 for males.

Reducing the gap in life expectancy that exists between different parts of the Borough, by ensuring that all residents have the same opportunities to live and work well, is a key priority for the Council.

4) The Year in Review: Financial Performance in 2017/18

Revenue Budget

In February 2017, the Council set its revenue budget for 2017/18. Financial performance against this budget has been closely monitored by officers during the year, with quarterly formal reports to Executive Cabinet. The revenue outturn position for Council services in 2017/18 is summarised in table 1 below.

The overall outturn position shows that the Council's total net revenue expenditure in 2017/18 was £3.342m less than the net budget for the year. This reflects the prudent planning taken when setting the 2017/18 budget, together with some additional one-off income, release of bad debt contingencies and savings on borrowing costs, but also masks some a number of pressures and savings challenges across the Directorates. In particular, the Council has faced unprecedented demand for Children's social care services during 2017/18 which has resulted in Children's Services expenditure being £8.609m in excess of budget.

Both the level of Business Rates and Council Tax income has been closely monitored during the financial year and collection rates have remained strong. For Council Tax the in-year collection rate achieved was 93% against a target of 94%. Cumulative collection rates for Council Tax relating to previous years remain strong with 26% of arrears being collected during 2017/18 against a target of 12%, and total cumulative collection rates (total collected after five years) exceed 98%. The Business Rates in-year collection rate achieved the target of 96%. Arrears collection achieved 28% against a target of 39%, and total cumulative collection rates (total collected after five years) generally exceed 98%.

Table 1: 2017/18 Revenue Budget Outturn

Service	2017/18 Budget £000	Outturn £000	Outturn Variation (under)/over spend £000
Children's Social Care	35,192	43,801	8,609
Education	2,841	2,887	46
Total Children's Services	**38,033**	**46,688**	**8,655**
Adults Social Care & Adults Early Intervention	44,185	43,642	(544)
Total Adults	**44,185**	**43,642**	**(544)**
Director of Public Health	16,708	16,527	(180)
Total Population Health	**16,708**	**16,527**	**(180)**
Development, Growth & Investment	2,368	2,287	(81)
Asset and Investment Partnership Management	3,549	3,888	339
Total Place	**5,917**	**6,175**	**259**
Environmental Services	41,371	42,150	779
Stronger Communities	6,885	6,270	(616)
Total Neighbourhood & Operations	**48,256**	**48,420**	**164**
Director of Governance	7,186	4,681	(2,505)
Total Governance	**7,186**	**4,681**	**(2,505)**
Finance	2,490	1,722	(768)
Digital Tameside	1,967	1,808	(159)
Total Finance & IT	**4,457**	**3,530**	**(927)**
Corporate Costs	4,368	2,786	(1,582)
Capital Financing	12,344	11,564	(780)
Other Cost Pressures and Funding	(4,057)	(9,959)	(5,902)
Total Corporate	**12,655**	**4,391**	**(8,264)**
Total	**177,396**	**174,054**	**(3,342)**

The revenue budget structure reflects the Council's organisation and management structure for the delivery of services, as set out below. The Expenditure and Funding Analysis Note 1 provides a reconciliation between the surplus of £3.3m on the 2017/18 Revenue Budget and the net deficit on the provision of services reported on the face of the Comprehensive Income and Expenditure Statement (CIES). The CIES includes a number of non-cash items which are required under accounting standards but are not costs that can be charged to Council Tax Payers.

Children's Services

Children's Services is delivered through two primary services: Education and Children's Social Care.

Our Education Service delivers our core statutory responsibilities for all children in Tameside through their different ages and stages, and according to their particular needs.

Our Children's Social Care Service delivers our statutory responsibilities to protect children from harm, to support families effectively to be successful, and to meet all the needs of our children in care and those leaving care.

The Council has experienced extraordinary increases in demand for Children's Social Care Services during 2017, placing significant pressures on staff and resources. The number of Looked after Children has gradually increased from 519 at April 2017 to 612 at 31 March 2018. The current budget allocation will finance approximately 450 placements, assuming average weekly unit costs for placements. Despite the additional financial investment in the service in 2017/18, the service exceeded the approved budget by more than £8.6m during the year due mainly to additional placement costs (£7.1m) and additional staffing costs (£1.5m).

The Council appointed a new interim Director of Children's Services in October 2017, and approved a new improvement plan in November 2017, which together are intended to drive the required improvements in the service. The ambition is to deliver services that are good or outstanding, and the new improvement plan for the next twelve months is focused on delivering consistent basic standards as the secure foundation for further improvement in future years.
Alongside the improvement plan there are other key area's that will be addressed which include:

- A direct focus on Ofsted's recommendations
- The basics of practice standards
- The recruitment and retention of the workforce
- Reductions to caseload allocations
- The effectiveness of leadership and management disciplines
- Management of service demand and the associated financial implications
- Clearer measurements of performance and quality of practice at team level
- Working with partners to ensure the Local Safeguarding Children's Board improvement plan is delivered – there will be a particular focus on the roles of Police and Health in frontline safeguarding operations, and upon a wider range of partners in order to support the delivery of early help

Of these the immediate priorities for the interim Director are the strengthening of service leadership, the stabilisation of the workforce, the implementation of strategies to reduce service demand and the implementation of a new framework to support performance and quality.

In addition the Director and service leadership team will be addressing the related implications on the service budget alongside the Finance directorate to ensure services are delivered within annual resource allocations over the medium term.

Adults

Adult Services provides a wide variety of functions and services including assessment and care management, direct provision of services and a commissioning and contract monitoring function. The service employs approximately 570 staff to deliver these services. Approximately 70% of all direct provision services are commissioned in the independent sector – this includes residential and nursing care, home care services, 24 hour supported accommodation services for people with learning disabilities and extra care housing. Services are delivered for older people, people with learning disabilities, mental health issues and physical disabilities.

The Adults Services budget has faced pressures during 2017/18 in respect of care home placements including increasing lengths of stay. However this was offset by staffing vacancies and an increase in fairer charging income within the directorate which meant the overall net position was less than budget by £0.544m.

There continues to be an increasing number of people that need access to adult social care services. This is a national challenge and Tameside is not unique in facing growing demands for NHS and social care services as a result of people living longer. There is a national recognition that the response to this growing demand is to invest more in social care, and some additional investment was made available through the Adult Social Care grant announced in March 2017.

Our response to this growing demand in Tameside is Care Together. Care Together is a transformational approach which aims to significantly improve the health and wellbeing of residents, and deliver a clinically and financially sustainable health and social care service through a Strategic Commissioning Function and Integrated Care Foundation Trust. Delivery of this transformational approach provides an opportunity to address the financial challenge presented by rising demand for Adult social care services, but also exposes the Council to a greater degree of risk in the short term.

Population Health

Population Health aims to improve the health of the entire population and to reduce health inequalities among population groups. In order to reach these objectives, the directorate strategy aims to assess need and commission preventative programmes which act upon the broad range of factors and conditions that have a strong influence on community health.

As a mandated function the Council has a duty to take such steps as it considers appropriate for improving the health of the people in its area. The public health grant is provided to discharge population health responsibilities that are summarised as:

- Improve significantly the health and wellbeing of local populations;
- Carry out health protection and health improvement functions delegated from the Secretary of State ;
- Reduce health inequalities across the life-course, including within hard to reach groups
- Ensure the provision of population healthcare advice.

Nearly 90% of the public health grant is against commissioned contracts. In addition to services commissioned via the public health grant, the Directorate has responsibility for the commissioning and management of the Active Tameside management agreement and capital programme, and commissioning Starting Well and Early Years provision across the Borough. The net expenditure for 2017/18 was slightly less than budget due mainly to staffing vacancies.

Place

The Place Directorate delivers a number of services which have significant impact on the borough and its residents. Services include:

- Estates Management of the Council's Investment property portfolio, land and buildings.
- Development and Investment, including regeneration, investment and capital projects, economic and housing growth.
- Employment and Skills, supporting residents into employment.
- Strategic Infrastructure, working closely with the Greater Manchester Combined Authority and housing partners across Tameside.
- Environmental Development, including property management and Corporate Landlord.
- Planning, including development management, building control and planning policy.

The overall net outturn position for the Place directorate was £0.259k in excess of budget. Savings on staffing costs and some additional income resulted in net expenditure £0.081m below budget for Development Growth and Investment. Asset and Investment Partnership Management outturn was £0.339m in excess of budget due a loss of income from schools that transferred to Academy status, and additional expenditure including increased security costs and charges payable to PricewaterhouseCoopers as a result of the liquidation of Carillion Plc.

Neighbourhoods and Operations

The Directorate delivers services such as refuse, highways, engineering, regulatory services, culture, libraries, parks, green spaces and the local street scene which enhance people's lives and improve the health & wellbeing of residents. In addition, customer services, welfare rights, homelessness services and the emergency on-call service help residents with a wide range of problems from minor issues to major, life-changing crises. The bereavement service helps residents through the end of their lives. Operations and Neighbourhood Services provide fundamental and essential front-line services which affect every Tameside resident of every age, every day of their lives.

The overall net outturn position for Neighbourhoods and Operations is £0.164m in excess of budget. Environmental Services net outturn is £0.779m in excess of budget, due to a number of variances within the service including additional expenditure on waste collection costs and winter maintenance costs. Stronger Communities net outturn is £0.616m below budget due to savings on staffing costs and additional grant income.

Governance

Responsibility for the council's corporate functions sits within the Governance & Pensions Directorate ensuring that all decisions made by the council are carried out in accordance with the council's governance framework. The directorate provides support and guidance to services within the council on legal, human resources and policy and communications issues. This internal support to frontline service ensures that they are able to deliver the aims of the Council's Corporate Plan.

Exchequer and the Registration Service both provide customer facing services. Exchequer provides support to residents and businesses in relation to council tax, business rates, housing benefit and payment of invoices. Whilst the Registration Service registers all births and deaths within the borough, take notice of intended marriages and civil partnerships and conduct all civil marriages and partnerships that take place in the borough's registered venues.

Democratic Services and Executive Support has responsibility for running all local and national elections within the borough along with public votes on specific issues such as the EU Referendum ensuring that all are run correctly and in adherence with the law. Democratic Services and Executive Support provide support to 57 elected members and the senior management team within the council in addition to the corporate support to Tameside and Glossop Clinical Commissioning Group (CCG).

People and Workforce Development provide support to the organisation to have a suitably skilled and knowledgeable workforce in place to ensure delivery of our organisational priorities and objectives. This includes: supporting the employment aspects of the Single Commissioning function; supporting the further development of alternative service delivery models to ensure they are fit for purpose and affordable; enabling the organisation to attract and recruit the best employees and have a workforce that is representative of the community; supporting and developing our workforce to meet career aspirations and fulfil potential; reward and retain our employees, ensuring their contributions are recognised and celebrated; inspire and support strong leadership and management to enable a vibrant, innovative and inclusive culture; enable a flexible and agile workforce that is able to work across service and organisational boundaries; and encourage and support a healthy, engaged and productive workforce and environment.

Policy, Performance and Communications works across the Strategic Commission (Tameside Council and Tameside and Glossop CCG) to support policy and strategy development, including the development of the Corporate Plan and delivery Plan; provides support to the Executive Leader; Engagement and Consultation, including support and advice to service managers and commissioners undertaking service redesign; internal and external communications; and performance management, intelligence and insight.

The net outturn position for Governance is £2.505m below budget for 2017/18. This is due to a number of factors including savings on staffing costs due to restrictions in recruitment and delays to service redesigns, review and reduction of provisions in respect of housing benefit overpayment debtors, and continuing restrictions in expenditure and efficiencies across the service.

Finance and IT

Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs and to appoint a Chief Financial Officer (CFO) to have responsibility for those arrangements. From October 2017 Tameside Council and Tameside and Glossop CCG have a joint CFO which represents the start of an integration of the finance teams from the Council and the CCG. The newly integrated Accountancy Team is crucial in supporting the CFO to discharge these statutory responsibilities.

Financial Management aims to deliver consistently high quality financial support and advice to the strategic commission and our external customers and ensure that the key outcomes of an effective, efficient and economic financial management service are delivered. The service plays a vital part in delivering some of the Strategic Commission's key Governance outcomes; the annual capital and revenue budgets and Medium Term Financial Plan update, the production of the annual accounts monthly monitoring and forecasting and treasury management are just a few examples.

The Internal Audit service provides the statutory obligations to have an effective internal audit regime for the Council and are a key part of ensuring that the Council assets and processes are adequately safeguarded.

National Anti-Fraud Network (NAFN) – is a national service hosted by Tameside and offers service to all LAs in UK on a subscription basis. The Service currently provides services to 351 Local Authorities, 57 Housing Associations and 14 other Public Sector Bodies.

ICT underpins and supports the strategic objectives of the organisation and its partnerships. ICT is a vital to the everyday operations of services and has a fundamental role to play in improving efficiency, reducing cost across the organisation. It is also a crucial part of service evolution and transformation, providing the infrastructure to support shared services, underpinning transformational change programmes and most importantly, keeping pace with citizens' changing needs and expectations. Services include:

- Service desk and associated support.
- Build and deployment of user devices including phones.
- System commissioning, deployment, management and support/maintenance/security.
- Data centre commissioning, management and support/maintenance/security.
- Networks deployment, management and support/maintenance/security.
- Website commissioning and support/maintenance.

Corporate

In addition to service budgets, there are corporate budgets which are held to pay for corporate costs such as levies, loan debt etc. as well as the means to cope with in-year volatility. The net outturn position for Corporate costs is £8.264m below budgeted resources. This is primarily due to the release of corporate contingencies, which had been held to offset unforeseen expenditure or other risks, savings on borrowing costs, receipt of additional grant income in excess of budget, and receipt of additional dividend income from Manchester Airport.

Capital Programme

The Council's capital expenditure plans for 2017/18 were approved in February 2017 as part of the budget setting process. These plans were updated during the year and a three year capital programme for the period 2017-2020 was approved in October 2017. Progress against the Capital

Expenditure plans has been closely monitored by officers during the year, with quarterly formal reports to Executive Cabinet.

The overall outturn position against the Capital Programme in 2017/18 is summarised in table 2 below. This shows that the total outturn against the revised Capital Programme for 2017/18 is £51.385m which is £3.976m below the revised 2017/18 budget. The variation against revised budgets is due mainly to delays on a number of schemes and budgets will be re-profiled into the 2018/19 financial year.

Table 2: 2017/18 Capital Expenditure Outturn

	2017/18 Budget £000s	Outturn £000s	Outturn Variation £000s
Place			
Asset Investment Partnership Management (AIPM)	28,138	28,252	114
Development & Investment	2,517	2,245	-272
Neighbourhoods and Operations			
Engineering Services	9,437	6,976	-2,461
Transport	5,917	5,670	-247
Environmental Health	738	396	-342
Stronger Communities	454	418	-36
Children's Services			
Education	5,932	5,070	-862
Children	125	97	-28
Finance & IT			
Digital Tameside	1,846	2,035	189
Population Health			
Active Tameside	257	226	-31
Governance			
Exchequer	10	0	-10
Total	**55,370**	**51,385**	**-3,985**

The 2017/18 Capital Programme includes a number of significant schemes including:

- **Vision Tameside** - The AIPM programme includes £20.2m of expenditure on the Vision Tameside project to create a new service centre in the centre of Ashton, with associated public realm improvements. On 15 January 2018, the Council's main contractor on the Vision Tameside project, Carillion Plc, was put into liquidation. Since then the Local Education Partnership (LEP), through whom Carillion Plc were contracted, have worked to find an alternative contractor to take over the construction project to enable completion of the scheme. On 6 February 2018, the LEP terminated the Vision Tameside construction contract with Carillion Plc and on 7 February 2018 entered into an Early Works Agreement with Robertson Group. The early works agreement allows works to recommence on site and due diligence be conducted before arriving at a final contract price to completion. There is sufficient budget available within the existing allocation for the existing contract agreed with the LEP. It is likely that additional costs will be incurred to enable the successful completion of the project. This will not be known until the due diligence work has been concluded.

- **Purchase of Guardsman Tony Downs House** – The AIPM programme also includes £7m of expenditure on the purchase of this building which will generate future revenues for the Council to support the annual budget.

- **Engineering Services –** The engineering services capital programme includes a programme of works on the highways, public realm and public transport. These schemes have been subject to delays during 2017/18 due to weather conditions.

- **Transport –** The transport capital programme includes the purchase of the Council's vehicle fleet, including refuse collection vehicles. Some delays have been experienced during the year due to changes to vehicle specification requirements.

- **Education –** The Education capital programme includes a number of significant schemes to increase school place capacity in secondary schools and a programme of maintenance works to improve the condition of schools within Tameside. Delays have been experienced during 2017/18 due to restrictions on when works can take place, and the complexity of some schemes. In addition, some schemes were due to be delivered through the LEP by Carillion Plc and have suffered delay following the liquidation of Carillion Plc.

5) Financial Strategy: Outlook for 2018/19 and beyond

Financial performance is reported to Councillors quarterly and up to date financial information is available to Officers throughout the year. Additionally, the Medium Term Financial Plan (MTFP) is regularly updated and reported to Councillors and Officers. Reports are available to the public via the Council's website. The MTFP supports the Council's medium term policy and financial planning processes. Fundamentally the plan is designed to help provide a stable financial base to support savings planning. The MTFP also fits within a wider system of corporate planning.

The Medium Term Financial Plan (MTFP) is routinely refreshed throughout the year to update forecasts for known and anticipated cost pressures, savings, and funding changes. Emerging pressures are also identified through the in-year budget monitoring process and factored into future year budget forecasts.

A detailed review of all budget assumptions and pressures took place in late Autumn 2017. This process identified cost pressures across the services which have been reviewed and challenged by senior officers. Services have also been asked to identify efficiencies which have again been subject to review and scrutiny to ensure plans are realistic and achievable.

In 2016 the Government offered any council that wished to take it up, a four year funding settlement to 2019/20, making a commitment to provide minimum funding allocations for each year of the Spending Review period. This offer was subject to the Council choosing to accept the offer and publishing an efficiency plan by October 2016, which the Council chose to comply with.

The four year funding settlement provides the Council with greater certainty over its funding allocations to the end of 2019/20. However, the position beyond 2020 falls outside of this four year settlement and no indicative information is yet available for future periods. Prudent assumptions have therefore been made about assumed further reductions in central government funding, increasing costs and demands for services to 2021/22.

In February 2018, the Council set a balanced budget for the 2018/19 financial year. Alongside the 2018/19 budget process, the MTFP was updated and extended to cover the period to 2021/22. The four year MTFP for the period 2018/19 to 2021/22 is summarised in table 3 below. The full budget report and MTFP can be found on the Council's website tameside.gov.uk or at

tameside.moderngov.co.uk/documents/s28903/ITEM%207%20-%20Budget%20Report%20FINAL%20for%20Budget%20Council%20FINAL.pdf

Over the past eight years of austerity the Council has removed substantial sums from both back office and service costs. Costs are kept under review and new initiatives for savings are constantly sought. Savings identified as part of the 2018/19 budget process are included in the MTFP.

In March 2017, Executive Cabinet approved an advance payment of pension contributions which is expected to generate a benefit of £0.8 million per annum over the three year period 2017/18 to 2019/20. As an existing shareholder of Manchester Airport Group (MAG), the Council is also proposing to enter into a shareholder loan to support the MAG transformation programme which will see significant investment in Manchester Airport. The proposed loan will generate a revenue benefit for the Council in future years.

The Council is able to borrow for its capital investment programme so long as it is able to afford the cost of interest and loan repayments from its revenue budget. The Council's cash position has meant that it can delay the taking up of new borrowings, thereby avoiding interest costs, and instead using available cash. Currently the Council is under-borrowed by £68.7m. The assumption in the medium term financial plan will be that some limited borrowing will take place but overall there will still be an under-borrowed position throughout the three year planning period, which minimises the capital financing costs of the Council.

Table 3 – Medium Term Financial Plan Summary (February 2018 Budget Report)

	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Previous Year's Net Budget	**177,396**	**186,514**	**182,719**	**190,833**
Service Cost Pressures				
Inflation	3,062	7,867	5,439	5,637
Legislative & Grant Changes	1,936	357	3,379	0
Demographic	10,412	(4,747)	(3,297)	(1,081)
Service Improvement/New Services	2,514	(54)	754	779
Total New Cost Pressures	**17,924**	**3,423**	**6,275**	**5,335**
Savings to be Delivered by Management	(3,119)	(2,774)	40	(210)
New Income	(5,687)	(4,444)	1,799	19
Total New Cost Reductions	**(8,806)**	**(7,218)**	**1,839**	**(191)**
Proposed Total Budget for Year (Previous Years Budget + Net Effect of Proposals)	**186,514**	**182,719**	**190,833**	**195,977**
Resources				
Business Rates baseline	(49,851)	(52,797)	(54,381)	(56,012)
Business Rates Top Up	(36,593)	(29,123)	(24,123)	(19,123)
Council Tax	(86,068)	(88,992)	(91,121)	(93,300)
Collection Fund Surplus	(1,500)	(1,500)	(1,500)	(1,500)
Use of Reserves	(12,502)	(6,300)	(2,000)	0
Total Resources	**(186,514)**	**(178,712)**	**(173,125)**	**(169,935)**
Previous year's (surplus)/deficit b/fwd	0	0	4,007	17,708
Current year (surplus)/deficit	0	4,007	13,701	8,334
Imbalance (surplus)/deficit cumulative	**0**	**4,007**	**17,708**	**26,042**

The Council, together with Tameside and Glossop CCG, faces a number of significant challenges and uncertainties in 2018/19 and future years. We continue to pursue a range of initiatives to improve outcomes and deliver vital services for residents. These challenges and initiatives include:

- **Funding reductions and uncertainties**: 2018/19 is the third year of a four year funding settlement for the Council, which whilst providing some certainty, has nonetheless resulted in year on year funding reductions, and the financial forecasts beyond 2019/20 have made prudent assumptions about further reductions to funding allocations. The announcement of the Fair Funding Review and anticipated partial reset of the business rates baseline means that funding beyond 2019/20 is increasingly difficult to forecast. We have experienced reductions in our business rate income as a result of appeals and we are not forecasting any significant growth in business rates in the medium term. Future losses due to appeals are expected, resulting in a deficit on the collection fund. The Council continues to review the delivery of services to secure effective cost reductions whilst seeking to meet the needs of our population, despite the increasingly uncertain financial position.

- **Demand for Children's Services**: The Council has experienced extraordinary increases in demand for Children's Services during 2017, placing significant pressures on staff and resources. Despite the additional financial investment in the service in 2017/18, the service exceeded the approved budget by more than £8.6m in 2017/18. The Council appointed a new interim Director of Children's Services in October 2017, and approved a new improvement plan in November 2017, which together are intended to drive the required improvements in the service. The ambition is to deliver services that are good or outstanding, and the new improvement plan for the next twelve months is focused on delivering consistent basic standards as the secure foundation for further improvement in future years. The MTFP commits further significant additional non recurrent investment in Children's Services in 2018/19 and 2019/20 to support this improvement journey.

- **Care Together**: There continues to be an increasing number of people that need access to adult social care services. This is a national challenge and Tameside is not unique in facing growing demands for NHS and social care services as a result of people living longer. There is a national recognition that the response to this growing demand is to invest more in social care, and some additional investment was made available through the Adult Social Care grant announced in March 2017. Our response to this growing demand in Tameside is Care Together. Care Together is a transformational approach which aims to significantly improve the health and wellbeing of residents, and deliver a clinically and financially sustainable health and social care service through a Strategic Commissioning Function and Integrated Care Foundation Trust. Delivery of this transformational approach provides an opportunity to address the financial challenge presented by rising demand for Adult social care services, but also exposes the Council to a greater degree of risk in the short term.

- **Capital Investment**: In October 2017 the Council approved a three year Capital Programme of over £174m for the three year period 2017–2020. This Capital Investment Programme is intended to deliver significant investment in the borough to support the delivery of the key priorities for Tameside. Delivery of this ambitious investment programme to intended timescales will be challenging and recent past spending performance has been disappointing. The programme is also dependent on the realisation of a significant level of capital receipts from land sales. Additional Capital Investment was approved by Executive Cabinet in February 2017, increasing the total programme to £185m. The additional £11m investment will be financed from reserves.

- **Carillion Plc**: In January 2018 Carillion Plc went into liquidation. The Council has contracts with the Local Education Partnership (LEP) who subcontracted to Carillion Plc to provide a number of services such as school meals, project design and construction together with events and facilities management. The Government and the liquidators provided assurances in relation to the continued delivery of public sector service and construction contracts, and so these services have continued on a business as usual basis in the short term. We continue to work with the LEP and the liquidator to ensure a smooth transition for services and employees. It is too early to assess the impact of Carillion Plc on our medium term plans, and whilst our initial focus has been on securing continuity of service, a longer term solution is being worked on.

Integrated Commissioning Fund

The Strategic Commission (formerly Single Commission) of Tameside MBC and Tameside and Glossop CCG has managed resource allocations relating to health and social care integration within an Integrated Commissioning Fund (ICF) since 1 April 2016. The ICF has included the total annual (CCG) resource allocation and the Council has included budget allocations for Adult Services, Children's Social Care and Population Health.

The Strategic Commission is exploring the expansion of the ICF to a single integrated commissioning fund, subject to the restrictions of current legislation, which would look to include the total annual CCG resource allocation and Council budgets so far as legally possible for all health related services. The creation of a single ICF is expected to bring a number of benefits including:

- Streamlined governance and decision making
- Strengthening of cohesive Strategic Commission budget leadership
- Single Strategic Commission budget resource reporting
- Single accountable body for the ICF – the Council is currently the lead accountable organisation for the ICF
- Rationalisation of any existing joint funding arrangements between the Council and CCG
- Provides support to strategic place based service provision priorities
- Alignment to the Strategic Leadership structure
- All health and Council service resource decisions would be intrinsically linked to the corporate strategic priorities.

Reserves

The Council is in a strong financial position with regard to reserves which it has managed to accumulate over a period of time. A review of reserves was carried out as part of the budget setting process for 2017/18 and was concluded through the preparation of the financial statements for 2016/17.

This review created the capital investment reserve, which will be used to fund the capital programme, and re-categorised a number of other reserves to ensure their purpose was clear. Whilst the Council's current level of reserves is strong, many of these are to meet known or expected liabilities, and the level of reserves is projected to fall over the coming years.
The projections for reserves include the following assumptions:

- Capital Reserves – These will be used to support the Capital Investment Programme;
- Grants – These are unspent grants which must be applied to specified services/initiatives within the funding period, or returned to the grant giving organisation;
- Schools – Reductions are expected due to Academy Conversions and due to the on-going pressures that schools are facing around their funding. These reserves are the responsibility of schools and represent their unspent delegated budgets;
- PFI – The PFI reserves are smoothing reserves to spread the cost of the PFI schemes over the life of the contract. These are typically built up during the first part of the contract life and reduce to zero over the second part of the life of the contracts;

- Liabilities and risk reserves – These are to cover future risks and liabilities. The balances at 31 March 2018 include: £6.5m Waste and Transport Levy reserve to smooth fluctuations in the levy payments; £5m Early Exit Costs Reserve for any unexpected future restructure or severance costs; £14m Care Together and Health Integration Reserve, of which £10.8m is earmarked to support Care Together over the next three years; £6m General Insurance Reserve to cover uninsured liabilities; £3.4m Children's Services Reserve; £3m Business Rates Reserve set aside to partially contribute to the deficit on the business rates collection fund and offset risks surrounding potential changes to the baseline and other fluctuations; and a number of small risk reserves for specific identified future liabilities and/or risks.
- General Reserves – These will fund additional one off investments in Children's Social Care of £18m over the next two years, and £10m will be used for the Manchester Airport loan referenced above.

6) The Financial Statements: basis of preparation, purpose and summary

Basis of preparation

The accounts that follow have been prepared to be:

- **Relevant:** The accounts provide information about the Council's financial performance and position that is useful for assessing the stewardship of public funds and for making economic decisions.
- **Reliable:** The financial information: Has been prepared so as to reflect the reality or substance of the transaction and activities underlying them; Is free from deliberate or systematic bias; Is free from material error;Is complete within the bounds of materiality.
- **Comparable:** The CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 ('the Code') establishes proper practice to be followed with regard to consistent financial reporting in Local Government. The financial statements have been prepared to be compliant with the code, and therefore aid comparability with other local authorities.
- **Understandable:** These accounts are based on accounting concepts, treatments and terminology that require reasonable knowledge of accounting and Local Government. However, every effort has been made to use plain language and where technical terms are unavoidable they have been explained in the glossary of terms.

Underlying Assumptions

The financial statements adopt the following underlying assumptions:

Accruals Basis

- The financial statements, other than the cash flow, are prepared on an accruals basis. Income and expenditure is recognised in the accounts in the period in which it is earned or incurred not as the cash is received or paid.

Going Concern

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

Materiality

- Throughout the financial statements consideration has been given to the materiality (significance) of an item. Information is considered to be material if omitting it or misstating it could influence decisions that users make on the basis of the financial information.

Purpose and Summary

The accounting statements have been prepared to comply with the requirements of the International Financial Reporting Standards (IFRS). The main statements are shown on pages 30-34, and further detailed information is presented in the accompanying notes.

Comprehensive Income and Expenditure Statement (CIES)

This statement sets out the Council's day to day revenue income and expenditure. It shows the cost of providing services in the year in accordance with IFRS, rather than the amount funded from Council Tax, and the cost of other activities of the Council.

The statement shows that the Council's gross expenditure on services in 2017/18 was £472.974m, but after income is included the Net Cost of Services was £166.184m. Once other items of Operating Expenditure such as Precepts and Levies, as well as Financing and Investment Income and Expenditure and Taxation and Non-specific Grant Income are taken into account, the Council's Deficit on the Provision of Services was £14.781m.
The deficit on the provision of Services arises because the accounts must contain a number of non-cash items in order to comply with proper accounting practice that do not need to be included in the Council's budget plans. The accounts include significant charges arising from revaluations and impairments of non-current assets charged to services, net of a reduction in service expenditure as a result of savings. The service lines within the Cost of Services section of the CIES represent the full cost of providing that service and include the non-cash items. Therefore, it should be noted that a large movement between years does not necessarily represent an increase or reduction in the level of spending in that area.

Note 1 to the CIES, the Expenditure and Funding Analysis (EFA), demonstrates to council tax payers how the funding available to the authority (i.e. government grants, rents, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's directorates, and provides a reconciliation between the net expenditure reported to officers and management (£174.054m) and the Net Cost of Services in the CIES (£166.184m) (as set out in Table 1 above).

Movement in Reserves Statement (MiRS)

This statement sets out the movements in the main reserves and balances of the Council. It distinguishes between unusable reserves (which are necessary under proper accounting practice, but which cannot be spent) from usable reserves (which can be spent). Usable reserves are further divided into General Fund Balances, Schools Balances, Earmarked Reserves (earmarked to specific objectives), Capital Grants Unapplied, and Capital Receipts Unapplied. It is a requirement placed on all councils that the level of reserves is regularly reviewed by the Director of Finance (Section 151 Officer) and due consideration is given to all local financial risks and liabilities when doing so (this is also reported in the Budget Report presented to Full Council each year).
At the 31 March 2018, the MiRS shows that the Council retained General Fund Balances of £17.295m. This amount includes general unallocated amounts and includes a core level of working balances set at £17m to provide for truly unexpected liabilities.

Also shown within usable reserves are £4.205m of Schools Balances. These amounts accrue from unspent school budgets, and are allocated to be spent in future years. The use of these amounts is determined by schools' governing bodies. This is a net balance and includes some deficit balances.

Finally, £160.562m of Earmarked Reserves are also included. These earmarked amounts are allocated to specific purposes or liabilities. Significant amounts within the earmarked reserves include reserves required legally (such as the £3.005m reserve for Health Equalities created from the unspent element of the Public Health Grant) as well as amounts set aside for future liabilities including the £39.952m Capital Investment Reserve (set aside to contribute to the capital programme), the Medium Term Financial Strategy Reserve (£37.375m) set aside to fund future pressures and risks, Unspent Revenue Grants and Contributions (£8.487m), and the Care Together Reserve (£10.8m). A large number of the Earmarked Reserves relate to specific liabilities that individual services have identified (such as Winter Gritting). The full detail of these is set out in Note 11.

Balance Sheet

The Balance Sheet summarises the financial position of the Council at 31 March 2018 and shows the net worth of the Council's assets and liabilities of £163.427m. It includes balances and reserves, and all assets and liabilities employed in the Council's operations. It shows that the Council has non-current assets (mainly Property, Plant and Equipment) with carrying values in the accounts of £558.5m, an increase of £33.9m from 31 March 2017.

Current Assets have reduced in year. Cash and Cash Equivalents, and Short Term Investments, have both reduced significantly, largely as a result of cash balances being used to fund the pensions advance payment (£42m) and capital expenditure (£29m). Short term debtors have increased following a review of provisions.

Usable reserves have reduced in line with expectations as the Council has utilised the Capital Investment Reserve to fund capital expenditure of £29m during 2017/18.

The notes to the accounts provide detailed explanations of the movements on all items within the Balance Sheet. Section 7 below provides further detail on significant transactions and balances.

Cash Flow Statement

This summarises the total movement on Cash and Cash Equivalents during the year for revenue and capital purposes. Notes 31 to 33 provide further detail on the cash movements during the year. The overall cash balance of the Council has reduced significantly over the course of 2017/18 due in part to the advance payment of pension contributions (which generates budget savings for the Council) and the use of £29m from reserves to fund the Capital Programme.

Collection Fund

The Collection Fund is a fund administered by the Council that shows the transactions of the billing authority (the Council), in relation to the collection from taxpayers of Council Tax and Non-Domestic Rates (NDR) and how the income from these sources has been distributed to precepting authorities, Central Government and the Council's General Fund Balances. The Collection Fund is maintained separately, as a statutory requirement.

The Collection Fund shows that the balances to carry forward as at 31 March 2018 were a £15.05m surplus relating to Council Tax (£11.467m surplus in 2016/17) and a £0.063m deficit on NDR (£6.66m deficit in 2016/17).

Greater Manchester Metropolitan Debt Administration Fund (GMMDAF)

At the winding up of the Greater Manchester County Council in 1986, some accumulated debt remained outstanding. This was then legally transferred to the successor councils, including Tameside. The debt will be fully redeemed in 2022. The accounts for GMMDAF are included in the Statement of Accounts for the Council because the Council has the lead responsibility for GMMDAF on behalf of the other Greater Manchester Councils.

This shows that net income and expenditure for the year was zero. The total debt outstanding as at 31 March 2018 is £76.543m (31 March 2017 £93.567m), and this is represented by the assets and liabilities of the Fund. The Fund has no long term assets (such as land or buildings) as it exists purely to administer the settlement over time, as set out in the statutory instrument.

Greater Manchester Pension Fund (GMPF)

The accounts of the GMPF are included in the Statement of Accounts of the Council because the Council administers the GMPF. The Fund is administered separately from the Council and has independent governance arrangements. The Accounts show the net assets of the Fund were £22.497bn at 31 March 2018 (£21.271bn at 31 March 2017), an increase of £1.225bn during the financial year.

Accompanying Statements Included in the Statement of Accounts

The purpose of the various accompanying statements included in the accounts is set out below:

- The **Statement of Responsibilities** sets out the respective responsibilities of the Council and the Chief Financial Officer for the accounts.
- The **Annual Governance Statement** gives a public assurance that the Council has proper arrangements in place to manage all of its affairs. It summarises the Council's responsibilities in the conduct of its business, the purpose and key elements of the system of internal control and the processes applied in maintaining, reviewing and developing the effectiveness of those control systems.

7) Significant transactions and balances

Care Together

As set out in section 4 above, there continues to be an increasing number of people that need access to adult social care services. Our response to this growing demand in Tameside is Care Together. Under Care Together a single body commissions health and social care services. The Strategic Commissioning function is made up from Tameside and Glossop CCG and Tameside Council.

On the financial front the first step last year was to enter into a section 75 agreement (under section 75 of the Health and Social Care Act) with Tameside and Glossop CCG to pool resources. For the 2017/18 financial year a risk sharing arrangement has been included in the agreement. Under the risk share arrangement, the Council has made a £4.2m contribution to the CCG for Continuing Health Care and Mental Health Individualised Commissioning. This is being financed from the Council's reserves and has no impact on the net expenditure position being reported for Adults and Early Intervention Services. The CCG is making a £0.5m contribution to Children's Services under the risk share. This contribution has been transferred to Council Reserves as the 2017/18 budget already includes £2.6m of reserves to support expenditure pressures in Children's Services.

Greater Manchester 100% Business Rates Retention Pilot

Greater Manchester is one of the regions piloting the full retention of Business Rates from 1 April 2017. The purpose of this Pilot is to develop and trial approaches to manage risk and reward, and to finance from additional Business Rates income new responsibilities and/or existing funding streams including those that support economic growth.

Being part of the Greater Manchester Pilot provides the Council and the Greater Manchester region with potential financial benefits with the guarantee that Authorities will not be worse off as a result of the Pilot. The 'No Detriment' agreement will guarantee that the resources available to the Council under the 100% Pilot will be the same as the 50% retention scheme that exists for non-pilot authorities.

As a result of the Pilot the Council did not receive the Revenue Support Grant or Public Health Grant from Government in 2017/18. Instead the Council retains 99% of its Non Domestic (Business) Rates income with 1% distributed to GMFRA. Further information on amounts credited to the CIES are set out in Note 4.

Borrowing and Other Long Term Liabilities

At 31 March 2018 the Council held borrowing with the PWLB and market lenders with a carrying value of £132.076m. These balances relate to borrowing that was used to finance capital expenditure in previous years. The majority of the Council's borrowing is with the Public Works Loans Board which offers concessionary rates to Local Government. These PWLB loans have fixed rates of interest and varying maturity profiles. The Council paid £6.088m in interest on its borrowings during 2017/18. Further information on borrowing can be found in notes 19 and 20.

Other long term liabilities relate mainly to the Pensions Liability (covered below) and the Private Finance Initiative (PFI) liability. PFI arrangements are a form of finance lease where responsibility for making available the property, plant and equipment passes to a PFI contractor. The Council has three PFI contracts in relation to various schools across the borough. The Council recognises the schools as assets on the balance sheet (on the same basis as other non-current assets) and a long term liability is recognised to reflect the capital cost of the asset which is repaid to the contractor over the life of the contract. Further information on the PFI schemes can be found in note 28.

Manchester Airport Group (MAG)

The Council holds a 3.22% shareholding in Manchester Airport Holdings Ltd (part of the Manchester Airport Group). The shares in this group are not traded and an external valuation is obtained on behalf of all the Greater Manchester Authorities. This valuation uses an earnings based method, which takes the profitability of the company, assessing its historic earnings and arriving at a view of 'maintainable' or 'prospective' earnings. The valuers have advised of an increase in the fair value of the Council's shareholding during the accounting period from £43.7m at 31 March 2017 to £51.9m at 31 March 2018.

In 2017/18 the Council received dividend income of £4.8m from this investment. This is a key item of income in the Council's MTFS and as such the Council is highly unlikely to dispose of its shareholding.

Pensions Liability and Advance Payment of Contributions

The actuarial valuation of the Council's Local government Pension Scheme liabilities has reduced from £294m at 31 March 2017 to £258m at 31 March 2018. This is partially as a result of the advance payment of pension contributions and due to changes to the financial assumptions used by the pension fund Actuary (Hymans Robertson). The change to financial assumptions relates to the discount rate used by the Actuary to discount future cash flows of the fund. These assumptions are determined by the Actuary based on professional judgement and reflect 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 pensions liability is calculated on an accounting basis and different methods are used in the three yearly valuation of the Fund. Both annual and tri-annual valuations consider the whole life of the fund and a horizon of 20-25 years. In this context, minor changes in assumed rates for inflation or interest can have a significant impact on the valuation of the scheme in the long term. Note 30 provides further information on the assumptions used by the actuary, including sensitivity analysis which illustrates the impact of small changes in assumptions.

Academy conversions

During the year five schools converted to academy status. On conversion, the Council derecognises the assets relating to these schools as they transfer to the Academy for nil consideration. Losses on the derecognition of assets are set out in Note 2. Disposals and derecognitions included in note 12 include the following Academy conversions which took place during 2017/18:

- Astley Sports College and Community High School – £5.918m
- Longdendale Community Language College - £4.074m
- Waterloo Primary School - £1.711m
- Broadoak Primary - £0.876m
- Leigh Primary - £2.641m

Review of provisions

As part of the regular review of general provisions and provisions for the non-collection of debtor balances, there have been some significant changes to the value of provisions in the financial statements. These changes relate to:

- The provision for non-collection of housing benefit has been reviewed and £0.863m has been released from this provision as it is no longer required. The impact of this change is to increase the balance on housing benefit overpayment debtors included within short term debtors, and reduce the net expenditure for the Director of Governance.
- The provision for non-collection of Council Tax has been reviewed and £3.002m has been released from this provision as it is no longer required. The impact of this change is to increase the surplus on the Council Tax Collection Fund and increase the balance of Council Tax Arrears included within short term debtors.
- General provisions have been reviewed and additional provision of £4.028m has been created for potential future liabilities arising from changes to legislation in respect of pay. This provision has been financed from the Medium Term Financial Strategy reserve.
- The Council's share of the provision for Business Rate appeals has increased to £6.958m (£3.793m at 31 March 2017) due to the impact of the 100% retention pilot which means that the Council now reflects 99% of the total provision required in its balance sheet (1% is accounted for by the Greater Manchester Fire and Rescue Authority). Previously only 49% of the total provision required was included on the Council's Balance sheet. (See note 3 to the Collection Fund for further information on the 100% retention pilot).

Prior Year Figures

The preparation of the 2017/18 financial statements identified two errors in the Council's debtor and creditor balances relating to the collection fund (the were no errors in the Collection Fund Statement itself) and a misclassification between debtors and cash. None of these errors and misclassifications had a material impact on the transactions and balances reported in the 2016/17 financial statements. The errors have been corrected in the 2017/18 financial statements. The balances and transactions impacted are as follows:

- There was a misclassification between short term debtors and cash balances at 31 March 2017 relating to schools cash balances. Short term debtors were overstated by £2.406m and cash was understated by the same amount.
- The Council's share of business rate arrears at 31 March 2017 had been omitted from short term debtors (meaning that short term debtors were understated by £3.065m). This balance had been incorrectly netted against short term creditors. Short term creditors included a balance of £6.014m relating to the Council's share of prior year distributed Council Tax Surplus which should have been credited to reserves (This balance had been netted down by the £3.065m relating to business rate arrears), meaning that reserves were understated by £6.014m. These errors have been corrected by an in year adjustment to the opening balances in 2017/18 and the £6.014m has been credited to the Medium term

Financial Strategy Reserve which holds balances to mitigate against future funding risks and pressures.

Acknowledgements

The production of the Statement of Accounts would not have been possible without the hard work of Members and Officers across the Council. I would like to express my gratitude to all colleagues who have assisted in the preparation of this document, and for their support during the financial year.

Further Information

Further information about these accounts is available from the Director of Finance (Section 151 Officer). If you require further clarification or information about any of the items included in the accounts, please contact me at the address below.

Signed:

30 July 2018

Kathy Roe
Director of Finance (Section 151 Officer)

Tameside Metropolitan Borough Council, PO Box 304, Ashton-under-Lyne, OL6 0GA

Statement of Responsibilities

This is a signed statement by the Director of Finance (Section 151 Officer) certifying that the accounts comply with requirements and 'present a true and fair view' of the Council's financial position as at 31 March 2018.

Statement of Responsibilities

The Council's Responsibilities

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to ensure that one of its Officers has the responsibility for the administration of those affairs. In this Council, that Officer is the Director of Finance (Section 151 Officer);
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Approve the Statement of Accounts.

The Director of Finance (Section 151 Officer) Responsibilities

The Director of Finance (Section 151 Officer) is responsible for the preparation of the Council's Statement of Accounts and those of the Greater Manchester Pension Fund in accordance with proper practices as set out in the CIPFA *Code of Practice on Local Authority Accounting in the United Kingdom 2017/18*.

In preparing this Statement of Accounts, the Director of Finance (Section 151 Officer) has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the International Financial Reporting Standards (IFRS).

The Director of Finance (Section 151 Officer) has also:

- Kept proper accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Director of Finance (Section 151 Officer) Certificate

I certify that the Statement of Accounts presents a true and fair view of the financial position of the Council and Greater Manchester Pension Fund at 31 March 2018, and its income and expenditure for the year ended 31 March 2018.

Signed: Date: 30 July 2018

Kathy Roe
Director of Finance (Section 151 Officer)

Financial Statements

Financial Statements are applicable to all local authorities and comprise:

1. Comprehensive Income and Expenditure Statement (CIES)
2. Movement in Reserves Statement (MiRS)
3. Balance Sheet (Statement of Financial Position)
4. Cash Flow Statement

Comprehensive Income and Expenditure Statement for the year ended 31 March 2018

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation.

		2017/18			2016/17		
	Note	Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
Children's Social Care		48,665	(3,128)	45,537	31,498	(2,162)	29,336
Education		159,240	(147,897)	11,343	167,226	(154,008)	13,218
Adults' Social Care		91,401	(41,877)	49,524	78,753	(33,535)	45,218
Public Health		18,762	(145)	18,617	24,423	(15,815)	8,608
Stronger Communities		8,049	(1,493)	6,556	8,248	(946)	7,302
Asset and Investment Partnership Management		10,285	(16,521)	(6,236)	25,184	(16,432)	8,752
Environmental Services		23,171	(1,392)	21,779	31,749	(4,432)	27,317
Development Growth and Investment		8,185	(5,920)	2,265	7,906	(3,797)	4,109
Digital Tameside		2,576	(548)	2,028	3,202	(617)	2,585
Finance*		2,033	(235)	1,798	2,006	(363)	1,643
Governance*		92,154	(86,754)	5,400	95,092	(90,298)	4,793
Corporate Costs		8,453	(880)	7,573	2,396	(1,305)	1,091
Cost Of Services	1	**472,974**	**(306,790)**	**166,184**	**477,683**	**(323,710)**	**153,973**
Other Operating Income and Expenditure	2	49,342	(4,336)	45,006	36,902	(4,139)	32,763
Financing and Investment Income and Expenditure	3	34,597	(18,397)	16,200	33,782	(16,807)	16,975
Taxation and Non-Specific Grant Income	4	0	(209,092)	(209,092)	0	(195,514)	(195,514)
(Surplus) or Deficit on Provision of Services		**556,913**	**(538,615)**	**18,298**	**548,367**	**(540,170)**	**8,197**
Other Comprehensive Income and Expenditure							
Revaluation Losses	10			(1,800)			(14,446)
Remeasurement of Net Defined Benefit Liability	10			(28,591)			11,916
(Surplus)/Deficit on Revaluation of Available for Sale Financial Assets	10			(8,200)			(3,901)
				(20,293)			**1,766**

**In 2017/18 the management reporting structure changed to report Finance and Governance as separate Directorates (previously Governance & Resources).*

Movement in Reserves Statement as at 31 March 2018

This statement shows the movement on the different reserves held by the Council.

Restated	General Fund Balances £000	Schools Balances £000	Earmarked Reserves £000	Total General Fund Balance £000	Capital Receipts Unapplied Account £000	Capital Grants and Other Contributions Unapplied Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 31 March 2016 *	**(17,248)**	**(7,097)**	**(185,931)**	**(210,276)**	**0**	**(8,666)**	**(218,942)**	**77,559**	**(141,383)**
(Surplus) or Deficit on the Provision of Services **	8,197	0	0	**8,197**	0	0	8,197	0	8,197
Other Comprehensive Income and Expenditure **	0	0	0	0	0	0	0	(6,431)	(6,431)
Total Comprehensive Income and Expenditure	**8,197**	**0**	**0**	**8,197**	**0**	**0**	**8,197**	**(6,431)**	**1,766**
Adjustments between accounting basis & funding basis under regulations ***	(8,211)	0	0	(8,211)	(3,556)	(6,532)	(18,299)	18,299	0
Net (increase)/decrease before transfers to Earmarked Reserves	**(14)**	**0**	**0**	**(14)**	**(3,556)**	**(6,532)**	**(10,102)**	**11,868**	**1,766**
Transfers to/(from) Earmarked Reserves and Schools Balances ****	(32)	2,621	(2,589)	0	0	0	0	0	0
(Increase)/decrease in year	**(46)**	**2,621**	**(2,589)**	**(15)**	**(3,556)**	**(6,532)**	**(10,102)**	**11,868**	**1,766**
Balance at 31 March 2017 *	**(17,295)**	**(4,476)**	**(188,520)**	**(210,292)**	**(3,556)**	**(15,199)**	**(229,045)**	**89,427**	**(139,617)**
(Surplus) or Deficit on the Provision of Services **	18,298	0	0	18,298	0	0	18,298	0	18,298
Other Comprehensive Income and Expenditure **	0	0	0	0	0	0	0	(38,591)	(38,591)
Total Comprehensive Income and Expenditure	**18,298**	**0**	**0**	**18,298**	**0**	**0**	18,298	**(38,591)**	**(20,293)**
Adjustments between accounting basis & funding basis under regulations ***	9,932	0	0	9,932	3,554	(2,733)	10,753	(10,753)	0
Net (increase)/decrease before transfers to Earmarked Reserves	**28,230**	**0**	**0**	**28,230**	**3,554**	**(2,733)**	29,051	**(49,342)**	**(20,293)**
Transfers to/(from) Earmarked Reserves and Schools Balances ****	(28,229)	271	27,958	0	0	0	0	0	0
(Increase)/decrease in year	**1**	**271**	**27,958**	**28,230**	**3,554**	**(2,733)**	**29,051**	**(49,342)**	**(20,293)**
Balance at 31 March 2018 *	**(17,295)**	**(4,205)**	**(160,562)**	**(182,062)**	**(2)**	**(17,932)**	**(199,994)**	**40,085**	**(159,910)**

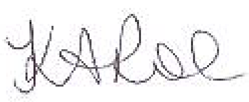
* Net worth of the Council at that date. Reconciles to Net Assets/ (Liabilities) and Total Reserves shown in the Balance Sheet.
** Taken directly from the CIES.
*** Adjustments needed to convert the Surplus or Deficit on the Provision of Services to the movement on General Fund Balances as defined by statutory provisions. See Note 8 for a full breakdown of the adjustments required to comply with proper accounting practice.
**** A further breakdown of the Council's Earmarked Reserves can be seen in Note 11.

Balance Sheet as at 31 March 2018

The Balance Sheet shows the value of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council.

	Note	2017/18 £000	2016/17 £000
Property, Plant and Equipment	12	433,969	417,063
Heritage Assets	13	12,471	12,471
Investment Properties	14	30,700	29,534
Intangible Assets	15	33	33
Long Term Debtors	18	17,581	19,469
Long Term Investments	19	60,270	46,069
Non-current Assets		**555,024**	**524,639**
Cash and Cash Equivalents	23	40,258	70,712
Short Term Investments	19	88,206	99,768
Inventories	21	425	484
Short Term Debtors	22	47,485	38,750
Assets Held for Sale (<1yr)	12d	1,230	1,502
Current Assets		**177,604**	**211,216**
Short Term Borrowing	19	(20,788)	(20,496)
Short Term Creditors	24	(40,239)	(33,192)
Short Term Provisions	26	(6,958)	(3,793)
Other Short Term Liabilities	25	(2,872)	(2,592)
Receipts In Advance (Grants and Contributions)		(1,919)	(992)
Current Liabilities		**(72,776)**	**(61,065)**
Long Term Borrowing	19	(112,687)	(112,776)
Long Term Provisions	26	(9,300)	(3,817)
Other Long Term Liabilities	25	(377,956)	(418,580)
Non-current Liabilities		**(499,943)**	**(535,173)**
Net Assets / (Liabilities)		**159,909**	**139,617**
Usable Reserves	9	(199,995)	(229,044)
Unusable Reserves	10	40,086	89,427
Total Reserves		**(159,909)**	**(139,617)**

The notes to the financial statements on pages 35-111 form part of this account. The financial statements on pages 30-34 were authorised for issue by the Director of Finance (Section 151 Officer) on 30 July 2018



Kathy Roe
30 July 2018
Director of Finance (Section 151 Officer)

Cash Flow Statement as at 31 March 2018

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

	Note	2017/18 £000	2016/17 £000
(Surplus) or Deficit on the Provision of Services		18,298	8,197
Adjustment to Surplus or Deficit on the Provision of Services for Non-cash Movements	31a	(59,966)	(55,639)
Adjust for Items Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	31b	20,435	26,869
Net Cash Flows from Operating Activities		**(21,232)**	**(20,573)**
Net Cash Flows from Investing Activities	32	19,228	4,823
Net Cash Flows from Financing Activities	33	4,500	639
Pension contributions advanced payment	32	27,957	0
Net (Increase) or Decrease in Cash and Cash Equivalents		**30,453**	**(15,110)**
Cash and Cash Equivalents at the Beginning of the Reporting Period	23	70,711	55,601
Cash and Cash Equivalents at the End of the Reporting Period	23	**40,258**	**70,711**

Notes to the Financial Statements

The Notes to the Financial Statements are shown together, as required by International Financial Reporting Standards, after the Financial Statements.

CONTENTS

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CIES) NOTES

1. Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax payers how the funding available to the Council (i.e. government grants, rents, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2017/18	As reported for financial mangement £000	Adjustment to arrive at the net amount chargeable to the General Fund (Note 1a) £000	Net Expenditure chageable to the General Fund £000	Adjustments between Funding and Accounting Basis (Note 1a) £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
Children's Social Care	43,801	36	**43,837**	1,700	45,537
Education	2,887	288	**3,175**	8,168	11,343
Adults' Social Care	43,642	3,485	**47,127**	2,396	49,523
Public Health	16,527	538	**17,065**	1,552	18,617
Stronger Communities	6,270	(448)	**5,822**	735	6,557
Asset and Investment Partnership Management	3,888	(13,682)	**(9,794)**	3,559	(6,235)
Environmental Services	42,151	(27,966)	**14,185**	7,595	21,780
Development Growth and Investment	2,287	(900)	**1,387**	878	2,265
Digital Tameside	1,808	(135)	**1,673**	356	2,029
Finance	1,722	(162)	**1,560**	238	1,798
Governance	4,681	(243)	**4,438**	962	5,400
Corporate Costs	4,390	2,796	**7,186**	384	7,570
Net costs of services	**174,054**	**(36,393)**	**137,661**	**28,523**	**166,184**
Other income and expenditure	(177,396)	36,393	**(141,003)**	(6,883)	(147,886)
(Surplus) or deficit	**(3,342)**	**0**	**(3,342)**	**21,640**	**18,298**

Opening General Fund	(17,295)
Add Surplus on General Fund Balance in Year	(3,342)
Less Transfer to Earmarked Reserves	3,342
Less Contribution to General Fund	0
Closing General Fund Balance at 31 March 2018	**(17,295)**

2016/17 (*Restated)	As reported for financial mangement £000	Adjustment to arrive at the net amount chargeable to the General Fund (Note 1a) £000	Net Expenditure chageable to the General Fund £000	Adjustments between Funding and Accounting Basis (Note 1a) £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
Children's Social Care	28,684	471	**29,155**	181	29,336
Education	3,213	128	**3,341**	9,877	13,218
Adults' Social Care	42,019	2,992	**45,011**	207	45,218
Public Health	1,507	(243)	**1,264**	7,344	8,608
Stronger Communities	6,652	395	**7,047**	255	7,302
Asset and Investment Partnership Management	3,344	(10,869)	**(7,525)**	16,277	8,752
Environmental Services	46,068	(33,806)	**12,262**	15,055	27,317
Development Growth and Investment	2,257	(600)	**1,657**	2,452	4,109
Digital Tameside	1,816	0	**1,816**	768	2,584
Finance*	1,822	(178)	**1,644**	0	1,644
Governance*	4,796	0	**4,796**	(2)	4,794
Corporate Costs	11,747	(4,353)	**7,394**	(6,304)	1,090
Net costs of services	**153,925**	**(46,063)**	**107,863**	**46,108**	**153,971**
Other income and expenditure	(162,301)	46,063	**(116,239)**	(29,535)	(145,774)
Surplus or deficit	**(8,376)**	**0**	**(8,376)**	**16,573**	**8,197**

Opening General Fund	(17,247)
Add Surplus on General Fund Balance in Year	(8,376)
Less Transfer to Earmarked Reserves	7,376
Less Contribution to General Fund	952
Closing General Fund Balance at 31 March 2017	**(17,295)**

**In 2017/18 the management reporting structure changed to report Finance and Governance as separate Directorates (previously Governance & Resources).*

1a. Note to the Expenditure and Funding Analysis

2017/18	Transfers to/from reserves at Directorate level £000	Capital expenditure charged against the General Fund balances £000	Adjustments for Other Operating Income and Expenditure £000	Adjustments for Financing and Investment Income and Expenditure £000	Adjustments for Taxation and Non-Specific Grant Income £000	Total to arrive at amount charge to general fund £000	Adjustment for Capital Purposes £000	Net change for the Pensions Adjustment £000	Other Differences £000	Total Adjustment Between funding and Accounting Basis £000
Children's Social Care	36	0	0	0	0	**36**	46	1,687	(33)	**1,700**
Education	288	0	0	0	0	**288**	3,775	3,970	423	**8,168**
Adults' Social Care	4,644	0	0	0	(1,159)	**3,485**	58	2,386	(47)	**2,396**
Public Health	644	(106)	0	0	0	**538**	1,458	97	(2)	**1,552**
Stronger Communities	(444)	(4)	0	0	0	**(448)**	84	658	(8)	**735**
Asset and Investment Partnership Management	(1,123)	107	(1,042)	(11,624)	0	**(13,682)**	3,377	182	(0)	**3,559**
Environmental Services	1,661	(1,759)	(27,868)	0	0	**(27,966)**	6,019	1,612	(36)	**7,595**
Development Growth and Investment	(681)	(84)	(135)	0	0	**(900)**	643	242	(7)	**878**
Digital Tameside	(135)	0	0	0	0	**(135)**	162	198	(4)	**356**
Finance	(162)	0	0	0	0	**(162)**	2	241	(5)	**238**
Governance	(243)	0	0	0	0	**(243)**	4	978	(20)	**962**
Corporate Costs	24,127	(28,798)	(31)	(7,093)	14,591	**2,796**	0	31	353	**384**
Net costs of services	**28,612**	**(30,644)**	**(29,076)**	**(18,717)**	**13,432**	**(36,393)**	**15,628**	**12,281**	**614**	**28,523**
Other income and expenditure	(28,612)	30,644	29,076	18,717	(13,432)	**36,393**	(15,628)	(12,281)	21,026	**(6,883)**
Total	0	0	0	0	0	**0**	0	0	21,640	**21,640**

2016/17 (*Restated)	Transfers to/from reserves at Directorate level £000	Capital expenditure charged against the General Fund balances £000	Adjustments for Other Operating Income and Expenditure £000	Adjustments for Financing and Investment Income and Expenditure £000	Adjustments for Taxation and Non-Specific Grant Income £000	Total to arrive at amount charge to general fund £000	Adjustment for Capital Purposes £000	Net change for the Pensions Adjustment £000	Other Differences £000	Total Adjustment Between funding and Accounting Basis £000
Children's Social Care	471	0	0	0	0	**471**	220	(56)	16	**181**
Education	128	0	0	0	0	**128**	10,026	(198)	49	**9,877**
Adults' Social Care	3,086	(94)	0	0	0	**2,992**	276	(97)	29	**207**
Public Health	(137)	(106)	0	0	0	**(243)**	7,348	(5)	2	**7,344**
Stronger Communities	398	(3)	0	0	0	**395**	268	(19)	6	**255**
Asset and Investment Partnership Management	(162)	(56)	(786)	(9,865)	0	**(10,869)**	16,278	(1)	0	**16,277**
Environmental Services	(6,074)	(1,110)	(26,622)	0	0	**(33,806)**	15,103	(69)	20	**15,055**
Development Growth and Investment	(160)	(200)	(240)	0	0	**(600)**	2,461	(13)	4	**2,452**
Digital Tameside	0	0	0	0	0	**0**	774	(8)	2	**768**
Finance*	(178)	0	0	0	0	**(178)**	9	(13)	4	**0**
Governance*	0	0	0	0	0	**0**	22	(34)	10	**(2)**
Corporate Costs	10,047	(19,190)	(31)	(7,462)	12,283	**(4,353)**	0	(6)	(6,298)	**(6,304)**
Net costs of services	**7,419**	**(20,759)**	**(27,679)**	**(17,327)**	**12,283**	**(46,063)**	**52,783**	**(518)**	**(6,156)**	**46,109**
Other income and expenditure	(7,419)	20,759	27,679	17,327	(12,283)	**46,063**	(52,783)	518	22,728	**(29,537)**
Total	0	0	0	0	0	**0**	0	0	16,572	**16,572**

1b. Expenditure and Income Analysed by Nature

Expenditure	2017/18 £000	2016/17 £000
Employee benefits expenses	198,893	187,275
Other service expenses	272,665	253,861
Depreciate amorisation and impairment	14,858	50,802
Loss on disposal of non-current assets	14,501	3,669
Interest payments	25,491	24,272
Precepts and levies	30,505	28,487
	556,913	**548,367**
Income		
Customer and Client Receipts	(41,999)	(44,554)
Income from Council tax and Business Rates	(184,581)	(129,790)
Government Grant Income	(269,813)	(309,513)
Other Grants Reimbursements and Contributions	(22,096)	(39,565)
Interest Income	(8,455)	(6,914)
Other Income	(11,670)	(9,834)
	(538,615)	**(540,170)**
Surplus/Deficit on provision of services	**18,298**	**8,197**

2. Other Operating Income and Expenditure

	31 March 2018			31 March 2017		
	Gross Exp-enditure £000	Gross Income £000	Net Exp-enditure £000	Gross Exp-enditure £000	Gross Income £000	Net Exp-enditure £000
Parish Council Precepts	31	0	31	31	0	31
Levies	30,474	0	30,474	29,063	0	29,063
(Gains)/losses on derecognition/ disposal of non-current assets	18,837	(4,336)	14,501	7,808	(4,139)	3,669
	49,342	**(4,336)**	**45,006**	**36,902**	**(4,139)**	**32,764**

3. Financing and Investment Income and Expenditure

	Gross Exp-enditure £000	Gross Income £000	Net Exp-enditure £000	Gross Exp-enditure £000	Gross Income £000	Net Exp-enditure £000
Interest Payable and Similar Charges	18,363	0	18,363	17,099	0	17,099
Net Interest on the Net Defined Benefit Liability (Asset)	8,012	0	8,012	9,572	0	9,572
Interest receiveable and similar income	0	(638)	(638)	0	(1,077)	(1,077)
Other investment income	0	(6,335)	(6,335)	0	(5,814)	(5,814)
Trading Services	5,612	(6,994)	(1,382)	3,765	(5,215)	(1,450)
Income and expenditure in relation to Investment Properties and changes in their fair value	2,611	(4,430)	(1,819)	3,346	(4,701)	(1,355)
	34,597	**(18,397)**	**16,200**	**33,783**	**(16,807)**	**16,975**

4. Taxation and Non-Specific Grant Income

Council Tax and Business Rates income included in the Comprehensive Income and Expenditure Statement includes the Council's share of accrued income recognised by billing authorities in the production of the Collection Fund Statements.

The difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Reserve is taken to the Collection Fund Adjustment Account and reported in the Movement in Reserves Statement.

The Council credited the following to the Taxation and Non Specific Grant Income line in the CIES:

	2017/18 £000	2016/17 £000
Council Tax Income	(86,473)	(78,645)
Revenue Support Grant	0	(34,493)
Retained Business Rates	(52,440)	(27,102)
Business Rates Top Up	(45,636)	(24,043)
New Homes Bonus Grant	(3,307)	(4,474)
Education Services Grant	(673)	(2,484)
Section 31 - Business Rates Grants	(7,450)	(2,412)
Other Non Ringfenced Government Grants	0	(1,189)
Other Capital Grants and Contributions	(13,113)	(20,672)
	(209,092)	**(195,514)**

5. Grants

Grants are recognised as income at the date that the Council has satisfied the conditions of entitlements and there is reasonable assurance that the monies will be received. Any grant received before these recognition criteria were satisfied would be held as a creditor (receipt in advance). Any grant which had met the recognition criteria but had not been received would be shown as a debtor.

Revenue grants will either be received to be used only for a specific purpose, or can be used for general purpose. Those for a specific purpose are recognised in the Comprehensive Income and Expenditure Statement within the Net Cost of Services. Those which are for general purpose are shown within Other Operating (Income) and Expenditure in the Comprehensive Expenditure and Income Statement.

The Council recognises capital grants and contributions as being related to capital assets and uses them to fund capital expenditure on those assets. Grants, contributions and donations are recognised as income at the date that the Council has satisfied the conditions of entitlement, and there is reasonable assurance that the monies will be received.

Any grant received before these recognition criteria were satisfied would be held as a creditor. Any grant which had met the recognition criteria but had not been received would be shown as a debtor. This is in line with the Accruals Concept.

Once the recognition criteria above have been satisfied, capital grants are recognised as income in the Comprehensive Income and Expenditure Statement.

In order to not impact on the level of Council Tax, the Council removes the credit from the General Reserves through the Movement in Reserves Statement, and makes a credit to the Capital Grants Unapplied Reserve.

Once expenditure has been incurred on the related asset, the credit is removed from the Capital Grants Unapplied Reserve and credited to the Capital Adjustment Account.

The Council credited the following, excluding the Capital Grants and Contributions, to Cost of Services in the CIES:

	2017/18 £000	2016/17 £000
Dedicated Schools Grant	(126,543)	(131,270)
Housing Benefit Subsidy Grant	(79,299)	(83,421)
Housing and Council Tax Benefit Administration Grant	(998)	(1,459)
Public Health Grant	0	(15,699)
Private Finance Initiative (PFI) Grant	(14,196)	(14,196)
Improved Better Care Fund	(5,364)	0
Better Care Fund	(11,948)	(10,969)
Adult Social Care Grant	(1,159)	0
Pupil Premium Grant	(8,562)	(9,706)
Universal Infant Free School Meals	(2,159)	(2,229)
Troubled Families Grant	(1,288)	(699)
Other Grants	(7,811)	(9,092)
Total Revenue Grants credited to Cost of Services	**(259,327)**	**(278,740)**
Capital Grants and Contributions		
Schools Basic Need	(4,883)	(7,606)
Local Transport Plan	(2,257)	(2,259)
Schools Capital Maintenance	(1,678)	(1,819)
Other Capital Grants and Contributions	(4,294)	(8,989)
Total Capital Grants and Contributions (credited to Taxation and Non-Specific Grant Income)	**(13,113)**	**(20,672)**

6. Dedicated Schools Grant (DSG)

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education. The DSG is ring fenced and can only be applied to meet expenditure properly included in the schools budget, as defined in the School Finance (England) Regulations 2017. Detail of the deployment of the DSG received is as follows:

	Central Expenditure £000	Individual Schools Budget £000	Total £000
Final DSG for 2017/18 before Academy recoupment			187,318
Academy figure recouped for 2017/18			(60,181)
Total DSG after Academy recoupment			**127,137**
Brought forward from 2016/17			4,024
Less: Carry forward to 2018/19 agreed in advance			3,545
Agreed budget distribution for 2017/18	**15,958**	**111,659**	**127,617**
In year adjustments	(220)	0	(220)
Final budget distribution for 2017/18	**15,738**	**111,659**	**127,397**
Actual central expenditure	14,781		14,781
Actual ISB deployed to schools		112,280	112,280
Carry forward to 2018/19	**957**	**(621)**	**3,881**

7. Trading Services

The Council has established a number of trading services that operate in a commercial environment and balance their budget by generating income from other parts of the Council, other organisations or the public. Details of those trading services are listed below:

	2017/18			2016/17		
	Expen-diture £000	Turnover £000	(Surplus)/ Deficit £000	Expen-diture £000	Turnover £000	(Surplus)/ Deficit £000
Cemeteries and Crematorium	1,171	(2,365)	(1,194)	957	(2,341)	(1,384)
Commercial Refuse Collection	275	(841)	(566)	199	(820)	(621)
Vehicle Maintenance	202	(308)	(106)	341	(228)	113
Civil Engineering	3,268	(3,325)	(57)	1,316	(1,459)	(143)
Community Buildings	564	(68)	496	645	(220)	425
Building Control	132	(87)	45	306	(146)	160
Total	**5,612**	**(6,994)**	**(1,382)**	**3,764**	**(5,214)**	**(1,450)**

MOVEMENT IN RESERVES STATEMENT (MiRS) NOTES

8. Adjustments Required to Comply with Proper Accounting Practice

The Council holds usable revenue reserves for the purpose of funding future expenditure. The General Fund Balance represents the balance of reserves to meet short term, unforeseeable expenditure and to enable significant changes in resources or expenditure to be properly managed over the period of the Medium Term Financial Strategy. Earmarked Reserves represent balances where approval has been received to use the reserve for a specific purpose.

Unusable revenue reserves represent timing differences such as those associated with the recognition of retirement benefits and financial instruments.

Movement in reserves are accounted through the Movement in Reserves Statement.

Revenue expenditure funded from Capital under Statute

Revenue Expenditure Funded from Capital under Statute represents expenditure which may be properly capitalised, but which does not result in the creation of any non-current asset to the Council. In line with the guidance contained in 'the Code', this expenditure is written off to the Comprehensive Income and Expenditure Statement in the year the expenditure is incurred, because the Council does not control the economic benefits arising from this expenditure.

Redemption of Debt (Minimum Revenue Provision)

Where capital expenditure has been financed by borrowing there is a provision for the repayment of debt to be made in accordance with the Minimum Revenue Provision requirements of the Local Authorities ('MRP' - as set out in Capital Financing and Accounting (Amendment) Regulations 2009).

For 2017/18 the Council has adopted the following policy in relation to calculating the Minimum Revenue Provision

Borrowing taken up prior to 01/04/2015 will be provided for using a straight-line method of calculating 'MRP'. A total of £185,215,128 will be provided for in equal instalments over 50 years which will result in an annual charge of £3.704m. The debt will be extinguished in full by 31 March 2065. If the Council elects to make additional voluntary MRP then the annual charge will be adjusted accordingly.

The following will be required in relation to borrowing taken up on or after 01/04/2015. 'MRP' is to be provided for based upon the average expected useful life of the assets funded by borrowing in the previous year. The debt will be repaid on a straight-line basis over the average useful life calculated; the debt will be fully extinguished at the end of period. In 2017/18 this results in an additional charge of £2.778m, and therefore a total MRP charge of £6.482m.

If the Council elects to make additional voluntary MRP then the annual charge will be adjusted accordingly.

For any finance leases and any on-balance sheet private finance initiative (PFI) schemes, the MRP charge will be equal to the principal repayment during the year, calculated in accordance with proper practices.

There will be no MRP charge for any cash backed Local Authority Mortgage Scheme (LAMS) that the Council operates. As for this type of scheme, any future debt liability would be met from the capital receipt arising from the deposit maturing after a five year period. Any repossession losses for this type of scheme would be charged to an LAMS reserve.

2017/18	Usable Reserves General Fund Balances £000	Capital Receipts Unapplied Account £000	Capital Grants and Other Contributions Unapplied Reserve £000	Movement in Unusable Reserves £000
Adjustments to Capital Adjustment Account:				
Reversal of items debited or credited to the CIES:				
Charges for depreciation of non-current assets	(13,966)	0	0	13,966
Revaluation losses on Property Plant and Equipment (PPE)	(1,084)	0	0	1,084
Revaluation gains on PPE (used to reverse previous revaluation losses)	192	0	0	(192)
Movements in the market value of Investment Properties	1,773	0	0	(1,773)
Amortisation of Intangible Assets	0	0	0	0
Capital grant and contributions received in year	15,806	0	(5,608)	(10,198)
Revenue expenditure funded from Capital under Statute	(3,464)	0	0	3,464
Amounts of non-current assets written off on disposal or sale as part of the gains/loss on disposal to the CIES	(18,837)	0	0	18,837
Insertion of items not debited or credited to the CIES:	0	0	0	0
Statutory provision for the financing of capital investment:	0	0	0	0
- Minimum Revenue Provision (MRP) for capital financing	6,482	0	0	(6,482)
- GM and Lancashire debt repayment	947	0	0	(947)
Capital expenditure charged against General Fund Balances	30,808	0	0	(30,808)
Capital grant and contributions received in previous years - applied	0	0	2,875	(2,875)
Use of the Capital Receipts Unapplied Account to finance capital expenditure	0	7,727	0	(7,727)
Adjustments to Capital Receipts Unapplied Account:				
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	4,336	(4,336)	0	0
4% disposal cost allowance	(163)	163	0	0
Contribution from the Capital Receipts Unapplied Account to finance the payments to the Government Capital Receipts Pool	0	0	0	0
Adjustments to Deferred Capital Receipts Reserve:				
Transfer to Capital Receipts Unapplied Account upon receipt of cash	0	0	0	0
Adjustments to Financial Instruments Adjustment Account:				
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	(102)	0	0	102
Adjustments to Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the CIES	(38,302)	0	0	38,302
Employer's pensions contributions and direct payments to pensioners payable in the year	18,009	0	0	(18,009)
Adjustments to Collection Fund Adjustment Account:				
Amount by which Council Tax and NDR income credited to the CIES is different from Council Tax and NDR income calculated for the year in accordance with statutory requirements	7,753	0	0	(7,753)
Adjustment to Accumulating Compensated Absences Adjustment Account:				
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(256)	0	0	256
Total Adjustments	**9,932**	**3,554**	**(2,733)**	**(10,753)**

2016/17	Usable Reserves General Fund Balances £000	Capital Receipts Unapplied Account £000	Capital Grants and Other Contributions Unapplied Reserve £000	Movement in Unusable Reserves £000
Adjustments to Capital Adjustment Account:				
Reversal of items debited or credited to the CIES:				
Charges for depreciation of non-current assets	(12,424)	0	0	12,424
Revaluation losses on Property Plant and Equipment (PPE)	(40,646)	0	0	40,646
Revaluation gains on PPE (used to reverse previous revaluation losses)	2,559	0	0	(2,559)
Movements in the market value of Investment Properties	1,390	0	0	(1,390)
Amortisation of Intangible Assets	(291)	0	0	291
Capital grant and contributions received in year	22,612	0	(9,850)	(12,762)
Revenue expenditure funded from Capital under Statute	(3,921)	0	0	3,921
Amounts of non-current assets written off on disposal or sale as part of the gains/loss on disposal to the CIES	(7,808)	0	0	7,808
Insertion of items not debited or credited to the CIES:				
Statutory provision for the financing of capital investment:				
- Minimum Revenue Provision (MRP) for capital financing	6,330	0	0	(6,330)
- GM and Lancashire debt repayment	894	0	0	(894)
Capital expenditure charged against General Fund Balances	20,760	0	0	(20,760)
Capital grant and contributions received in previous years - applied	0	0	3,318	(3,318)
Use of the Capital Receipts Unapplied Account to finance capital expenditure	0	418	0	(418)
Adjustments to Capital Receipts Unapplied Account:				
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	4,139	(4,139)	0	
4% disposal cost allowance	(166)	166	0	
Contribution from the Capital Receipts Unapplied Account to finance the payments to the Government Capital Receipts Pool	0	0	0	
Adjustments to Deferred Capital Receipts Reserve:				
Transfer to Capital Receipts Unapplied Account upon receipt of cash	0	(1)	0	1
Adjustments to Financial Instruments Adjustment Account:				
Proportion of premiums incurred in previous financial years to be	(105)	0	0	105
Adjustments to Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the CIES	(27,668)	0	0	27,668
Employer's pensions contributions and direct payments to pensioners payable in the year	18,614	0	0	(18,614)
Adjustments to Collection Fund Adjustment Account:				
Amount by which Council Tax and NDR income credited to the CIES is different from Council Tax and NDR income calculated for the year in accordance with statutory requirements	1,210	0	0	(1,210)
Adjustment to Accumulating Compensated Absences Adjustment Account:				
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(143)	0	0	143
Adjustment to Unequal Pay Provision:				
Unequal Pay Provision	6,454	0	0	(6,454)
Total Adjustments	**(8,210)**	**(3,556)**	**(6,532)**	**18,298**

9. Usable Reserves

Usable Reserves are those reserves that can be applied to fund expenditure or reduce local taxation. Further details can be found in the MiRS and below.

	2017/18 £000	2016/17 £000
General Fund Balances	(17,295)	(17,295)
Schools Balances	(4,205)	(4,476)
Earmarked Reserves	(160,562)	(188,520)
Capital Receipts Unapplied Account	(1)	(3,555)
Capital Grants and Other Contributions Unapplied Reserve	(17,932)	(15,198)
Total	**(199,995)**	**(229,044)**

Capital Receipts Unapplied Account

Capital receipts (in excess of £10,000) arising from the sale of non-current assets are credited to the Capital Receipts Unapplied Account.

Any capital receipts relating to the repayment of former Housing Revenue Account (HRA) mortgages (principal amounts) are subject to provisions included within the Local Government Act 2003. The Council is required to pay a specified amount from these receipts to the National Pool. All other capital receipts are usable.

Usable capital receipts are shown separately in the Balance Sheet and can be used either to finance new capital investment, to repay grant received in relation to the asset disposed of, to finance the premium sum arising from the rescheduling of debt, or set aside to reduce the Council's underlying need to borrow.

	2017/18 £000	2016/17 £000
Balance at 1 April	**(3,556)**	**0**
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	(4,337)	(4,139)
Use of the Capital Receipts Unapplied Account to finance new capital	7,728	418
Transfer from the Deferred Capital Receipts Reserve upon receipt of cash	0	(1)
4% disposal cost allowance	163	166
Balance at 31 March	**(2)**	**(3,556)**

Capital Grants and Other Contributions Unapplied Reserve

	2017/18 £000	2016/17 £000
Balance at 1 April	**(15,199)**	**(8,666)**
Grants and contributions received in previous years - applied	2,875	3,317
Grants and contributions received in year - not applied	(5,608)	(9,850)
Balance at 31 March	**(17,932)**	**(15,199)**

10. Unusable Reserves

Unusable Reserves are those reserves that are held for accounting purposes and that the Council is not able to utilise to provide services.

	2017/18 £000	2016/17 £000
Revaluation Reserve	(37,083)	(37,231)
Capital Adjustment Account	(152,316)	(126,717)
Pensions Reserve	286,604	294,902
Available For Sale Financial Instruments Reserve	(41,686)	(33,486)
Collection Fund Adjustment Account	(14,332)	(6,579)
Short Term Accumulating Compensated Absences Account	3,977	3,720
Holding in Manchester Airport Group	(5,701)	(5,701)
Financial Instruments Adjustment Account	633	531
Deferred Capital Receipts	(10)	(11)
Total	**40,086**	**89,428**

Holding in Manchester Airport Group (MAG) – Represents the value of shares at the point of transfer to the Council on the winding up of Greater Manchester Council.

10a Revaluation Reserve

The Revaluation Reserve contains 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; or*
- *Disposed of and the gains are realised.*

	2017/18 £000	2016/17 £000
Balance at 1 April	**(37,231)**	**(23,499)**
Upward revaluation of assets	(1,961)	(14,885)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	161	439
Surplus or deficit on revaluation of non-current assets posted to the Surplus/Deficit on the Provision of Services	**(1,800)**	**(14,446)**
Difference between fair value and historical cost depreciation	449	478
Accumulated gains on assets sold or scrapped	1,499	236
Amount written off to the Capital Adjustment Account	**1,948**	**714**
Balance at 31 March	**(37,083)**	**(37,230)**

10b 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 CIES (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 to finance the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties 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.

	2017/18 £000	2016/17 £000
Balance at 1 April	**(126,718)**	**(136,209)**
Reversal of items debited or credited to the CIES:		
Charges for depreciation of non-current assets	13,966	12,424
Revaluation losses on Property, Plant and Equipment	1,084	40,646
Revaluation gains on Property, Plant and Equipment (used to reverse previous revaluation losses)	(192)	(2,559)
Amortisation of Intangible Assets	0	291
Revenue expenditure funded from capital under statute	3,464	3,921
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	18,838	7,808
	37,160	**62,530**
Adjusting amounts written out of the Revaluation Reserve	(1,948)	(714)
Net written out amount of the cost of non-current assets consumed in the year	**35,212**	**61,816**
Capital financing applied in the year:		
Use of the Capital Receipts Unapplied Account to finance new capital expenditure	(7,728)	(418)
Capital grants and contributions credited to the CIES that have been applied to capital financing	(10,199)	(12,762)
Application of grants to capital financing from the Capital Grants and Other Contributions Unapplied Account	(2,875)	(3,317)
Statutory provision for the financing of capital investment charged against the General Fund	(7,429)	(7,224)
Capital expenditure charged against the General Fund and Reserves	(30,808)	(20,760)
	(59,038)	**(44,481)**
Movements in the market value of Investment Properties debited or credited to the CIES	(1,772)	(1,390)
Unequal Pay Provision	0	(6,454)
Balance at 31 March	**(152,316)**	**(126,717)**

10c 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 debit balance on the Pensions Reserve therefore shows a 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 come to be paid.

	2017/18 £000	2016/17 £000
Balance at 1 April	**294,902**	**273,932**
Remeasurement of net defined benefit liability	(28,591)	11,916
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	38,302	27,668
Employer's pensions contributions and direct payments to pensioners payable in the year	(18,009)	(18,614)
Balance at 31 March	**286,604**	**294,902**

10d Available For Sale Financial Instruments Reserve

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

- *Revalued downwards or impaired and the gains are lost;*
- *Disposed of and the gains are realised;*
- *Revalued downwards or impaired and the gains are lost; or*
- *Disposed of and the gains are realised.*

	2017/18 £000	2016/17 £000
Balance at 1 April	**(33,486)**	**(29,585)**
Revaluation of investment in Manchester Airport Group (MAG)	(8,200)	(3,901)
Balance at 31 March	**(41,686)**	**(33,486)**

10e Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax income and NDR income in the CIES as it falls due from Council Tax payers and NDR payers compared with the statutory arrangements for paying across amounts to General Fund Balances from the Collection Fund.

	2017/18 £000	2016/17 £000
Balance at 1 April	**(6,579)**	**(5,369)**
Amount by which Council Tax income and NDR income credited to the CIES is different from Council Tax income and NDR income calculated for the year in accordance with statutory requirements	(7,753)	(1,210)
Balance at 31 March	**(14,332)**	**(6,579)**

10f Short Term Accumulating Compensated Absences Account

The Short Term Accumulating Compensated Absences Account absorbs the differences that would otherwise arise on General Fund Balances 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 General Fund Balances is neutralised by transfers to or from the Account.

	2017/18 £000	2016/17 £000
Balance at 1 April	**3,720**	**3,577**
Settlement or cancellation of accrual made at the end of the preceding year	(3,720)	(3,577)
Amounts accrued at the end of the current year	3,977	3,720
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	**257**	**143**
Balance at 31 March	**3,977**	**3,720**

10g Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Account is used to manage premiums paid on the early redemption of loans.

	2017/18 £000	2016/17 £000
Balance at 1 April	**531**	**426**
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	102	105
Balance at 31 March	**633**	**531**

10h Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but 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.

	2017/18 £000	2016/17 £000
Balance at 1 April	**(11)**	**(12)**
Transfer to the Capital Receipts Unapplied Account on receipt of cash	1	1
Balance at 31 March	**(10)**	**(11)**

11. Transfers to/from Earmarked Reserves

Transfers to/from Earmarked Reserves are the net amounts set aside from General Fund Balances in earmarked reserves to provide financing for future expenditure plans, and the amounts posted back from earmarked reserves to meet General Fund expenditure in the accounting period.

	Balance at 1 April 2017 £000	Net Movement 2017/18 £000	Balance at 31 March 2018 £000	Balance at 1 April 2016 £000	Net Movement 2016/17 £000	Balance at 31 March 2017 £000	Purpose of the Earmarked Reserve
Building Schools for the Future (BSF) Affordability Reserve	(8,452)	(1,251)	(9,703)	(6,489)	(1,963)	(8,452)	For further information please see Note 28.
Capital Investment Reserve	(69,210)	29,258	(39,952)	(36,649)	(32,561)	(69,210)	To be used to finance the Council's Capital Investment Programme.
Contingent Liability Reserve	0	0	0	(16,000)	16,000	0	Use of this reserve has been reassesed.
Corporate Initiatives Reserve	(871)	0	(871)	(5,815)	4,943	(871)	To fund the implementation of projects that support the Council's cross-cutting corporate initiatives.
Early Exit Costs Reserve	(5,069)	0	(5,069)	(5,069)	0	(5,069)	To assist in meeting future years additional pension costs.
Earmarked Reserves with a balance at 31 March 2017 under £0.500m	(2,554)	(700)	(3,254)	(2,797)	244	(2,554)	Various
Future Premiums Reserve	0	0	0	(5,610)	5,610	0	Use of this reserve has been reassesed.
Hard Facilities Management Service Contract Reserve	(738)	35	(703)	(775)	37	(738)	To fund the affordability gap within the Facilities Management service.
Hattersley Reserve	(1,812)	0	(1,812)	(1,812)	0	(1,812)	To finance highway improvements and regeneration initiatives in Hattersley.
Health Equalities Reserve	(3,005)	0	(3,005)	(2,868)	(136)	(3,005)	Ringfenced Public Health reserve per section 10 of the Department of Health Grant determination.
Health Integration Reserve	(3,782)	433	(3,348)	(3,118)	(663)	(3,782)	To support the development and implementation of the Care Together Programme.
Insurance Reserves	(6,382)	154	(6,228)	(9,297)	2,915	(6,382)	An estimate of claims incurred but not reported. Includes element to cover any expenditure for insurance claims.
Medium Term Financial Strategy Reserve	(31,025)	(6,351)	(37,375)	(68,553)	37,528	(31,025)	To support the delivery of the Medium Term Financial Strategy.
Pay Equalities Reserve	0	0	0	(2,383)	2,383	0	Use of this reserve has been reassesed.
Pledges Reserve	(1,080)	774	(305)	(1,435)	355	(1,080)	Money set a side to deliver 2015/16 Pledges
PFI Reserve	(3,183)	(39)	(3,222)	(2,990)	(194)	(3,183)	For further information please see Note 28.
School Funding Reserve	(4,771)	477	(4,294)	(4,207)	(565)	(4,771)	Balance of Education grants to be utilised on Education and School related services.
Schools Teachers Early Retirement Reserve	(614)	0	(614)	(530)	(83)	(614)	To finance the associated ongoing pension liabilities of teachers who retire before the age of 60.
Traffic Management Reserve	(574)	(119)	(692)	(653)	80	(574)	To support future maintenance of the new development highway infrastructure.
Transport Replacement Fleet Reserve	(2,382)	(31)	(2,412)	(1,351)	(1,030)	(2,382)	To fund future maintenance of vehicles procured via Prudential Borrowing.

	Balance at 1 April 2017 £000	Net Movement 2017/18 £000	Balance at 31 March 2018 £000	Balance at 1 April 2016 £000	Net Movement 2016/17 £000	Balance at 31 March 2017 £000	Purpose of the Earmarked Reserve
Unspent Revenue Grant and Contribution Reserve	(4,567)	(3,920)	(8,487)	(4,805)	238	(4,567)	Unspent revenue grant, with no conditions attached. IFRS require these grants to be classed as reserves.
Waste PFI Reserve	(7,810)	1,294	(6,515)	(2,221)	(5,589)	(7,810)	To smooth the impact of future years levy increases and associated managed collection costs.
Winter Gritting Reserve	(517)	491	(26)	(504)	(13)	(517)	To fund additional winter maintenance costs in future years.
Business Rates Growth Pilot	(1,125)	652	(472)	0	(1,125)	(1,125)	To smooth the impact of the new Business Rates financing process.
NNDR Deficit	(3,000)	0	(3,000)	0	(3,000)	(3,000)	To fund any deficits arising from the newly implemented NNDR funding process.
Care Together	(15,000)	4,200	(10,800)	0	(15,000)	(15,000)	To assist any funding risks of the implementation of the Care Together Programme
Service Improvement	(5,000)	0	(5,000)	0	(5,000)	(5,000)	To support one off service improvements in future to allow services to balance budgets.
Children's Services	(6,000)	2,600	(3,400)	0	(6,000)	(6,000)	To support if required future demands on Children's Services and delivery of the Children's Services Improvement Plan.
Total	**(188,520)**	**27,958**	**(160,562)**	**(185,931)**	**(2,589)**	**(188,520)**	

BALANCE SHEET NOTES

NON-CURRENT ASSETS (INCLUDING FINANCIAL INSTRUMENTS)

12. Property, Plant and Equipment

Recognition

All expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis. Expenditure on the acquisition of an asset, or expenditure which adds to, and not merely maintains, the value of an existing asset, should be capitalised, provided that it yields benefits to the Council and the services it provides for a period of more than one year.

Capital expenditure includes:

- *The acquisition, reclamation, enhancement or laying out of land;*
- *Acquisition, construction, preparation, enhancement or replacement of roads, buildings and other structures; and*
- *Acquisition, installation or replacement of movable or immovable plant, machinery, apparatus, vehicles and vessels.*

In this context, enhancement means works which are intended to:

- *Lengthen substantially the useful life of the asset, or*
- *Increase substantially the market value of the asset, or*
- *Increase substantially the extent to which the asset can or will be used for the purposes of or in conjunction with the functions of the Council.*

Under this definition, improvement works and structural repairs should be capitalised, whereas expenditure to ensure that the non-current asset maintains its previously assessed standard of performance should be recognised in the revenue account as it is incurred.

A deminimis level of £1,000 has been adopted by the Council in relation to capital expenditure.

Measurement

Initially the assets are measured at cost, comprising the purchase price, plus any costs associated with bringing the asset into use. The measurement of an operational asset acquired other than through purchase is deemed to be its current value. The Code requires that non-operational property, plant and equipment classified as surplus assets are measured at fair value.

In accordance with 'the Code', Property, Plant and Equipment is further classified as:

- *Other Land and Buildings **
- *Infrastructure assets*
- *Vehicles, Plant and Equipment*
- *Community Assets*
- *Assets under Construction*
- *Surplus Assets*

Each of these asset classifications are valued on the base recommended by CIPFA and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by The Royal Institution of Chartered Surveyors (RICS), as follows:

- *Infrastructure, Community Assets and Assets Under Construction – depreciated historical cost (DRC)*
- *Other assets (excluding non-operational property) – current value, determined as the amount that would be paid for the asset in its existing use (EUV)*
- *Surplus assets (non-operational property, plant and equipment) – fair value*

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

**These asset categories are revalued on a five year rolling cycle. The programme of revaluations is continuing on this cyclical basis although values of those assets falling between scheduled valuation dates are reviewed annually to ensure that any material changes to asset valuations is adjusted in the interim period, as they occur. Assets where expenditure of £750,000 or above has been incurred, these are added to the preceding year's revaluation list*

Disposals

Receipts from the disposal of non-current assets are accounted for on an accruals basis. When an asset is disposed of, the value of the asset in the Balance Sheet is written out to the Comprehensive Income and Expenditure Statement, as is the disposal receipt. These amounts are not a charge or receipt to council tax as the cost of non-current assets is fully provided for under separate arrangements for capital financing. The asset value written out is appropriated to the Capital Adjustment Account, the capital receipt is appropriated to the Capital Receipts Unapplied Account, via the Movement in Reserve Statement. Any revaluation gains that have accumulated in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Usable Capital Receipts have been used to finance capital expenditure based on the policy of the Council.

Academy Schools are written out of the Council's Balance Sheet at the time that they legally transfer to Academy status. The net book value of the school at the time of the transfer is charged to Other Operating Income and Expenditure within the Comprehensive Income and Expenditure Statement as a loss on disposal/derecognition.

Depreciation / Amortisation

Depreciation is provided for on all non-current assets with a finite useful life (this can be determined at the time of acquisition or revaluation) according to the following policy:

All buildings (but not their land) are depreciated over their remaining useful lives. A land and building split has been determined by the Council's external valuers. Estimates of the useful life are determined for each property and where material for components of those properties as part of the valuation process. These estimates of economic life may vary considerably from property to property.
Investment Properties are not depreciated, rather an annual review is undertaken of the fair carrying value. Any changes to these values are charged to the Provision of Services within the Comprehensive Income and Expenditure Statement in the period that they occur.
Infrastructure is depreciated over a 40 year period.
Vehicles, Plant, and Equipment is depreciated over 10 years or less depending on the nature of the asset.

Depreciation is calculated on a straight-line basis. Depreciation is not charged in the year of asset acquisition. Depreciation is charged to the Comprehensive Income and Expenditure Statement but does not impact on council tax and is written out to the Capital Adjustment Account via the Movement in Reserves Statement. Where non-current assets have been re-valued the current value depreciation will be higher than the historic cost depreciation, this increased depreciation charge is written out against the Revaluation Reserve with an offsetting entry to the Capital Adjustment Account.

Impairment of Non-current Assets

Assets have been reviewed for any impairment loss in respect of the consumption of economic benefit (e.g. physical damage). Where an impairment loss occurs this would be charged to the service revenue account, with a corresponding entry made to reduce the value of the asset in the Balance Sheet.

To remove the impact of the impairment loss on the budget, a credit entry is made in the Movement in Reserves Statement as a charge to the Capital Adjustment Account.

Impairments reflecting a general fall in prices would be recognised in the Revaluation Reserve, up to the value of revaluation for the individual asset, and any further impairment would be treated as a consumption of economic benefit and charged to the service revenue account.

Revaluations

Revaluation of property is undertaken on at least a five year "rolling programme" to ensure all property is measured at current value or fair value as appropriate. A desk top valuation exercise can take place more frequently, however, if the valuer believes that market changes within the year are more significant, an interim valuation will be undertaken. Investment Properties are revalued annually to determine any material change in the carrying value.

A Revaluation Reserve for non-current assets (other than Investment Properties) is held in the Balance Sheet made up of unrealised revaluation gains relating to individual non-current assets, with movements in valuations being managed at an individual non-current asset level.

Movement in the valuation of Investment Properties are charged or credited to the Comprehensive Income Expenditure Statement. Gains arising from the revaluation of Investment Properties are not held within a revaluation reserve.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of the reserves formal implementation. Gains arising before that date were subsequently consolidated into the Capital Adjustment Account. Movements in the valuations of non-current assets do not impact on General Fund Balances and are not a charge or credit to council tax levies.

Charges to revenue for non-current assets

The Cost of Services includes the following amounts to record the real cost of holding non-current assets throughout the year:

- *Depreciation attributable to the assets used by the relevant service*
- *Impairment losses attributable to non-current assets used by the service in excess of the balances held in the Revaluation Reserve*
- *Amortisation of Intangible Assets attributable to the service*

The Council does not raise council tax to cover depreciation, impairment loss or amortisations. The Council does, however, make an annual provision from revenue to reduce its borrowing requirement, (see note 8). Depreciation, impairment losses, amortisation and gains or losses on the disposal of non-current assets are therefore written out in the Movement in Reserves Statement, by way of an adjusting transaction within the Capital Adjustment Account.

12a. Details of movements in Property, Plant and Equipment in 2017/18:

	Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000	PFI Assets Included in Property, Plant and Equipment £000
Cost or Valuation								
At 1 April 2017	271,379	32,293	133,597	18,198	5,705	26,742	487,912	78,650
Additions	12,194	7,744	6,850	110	0	20,974	47,872	53
Upward revaluation of assets recognised in the Revaluation Reserve	(197)	0	0	0	823	0	626	(270)
Upward revaluation of assets reversing prior year loss to Surplus/Deficit on the Provision of Services	47	0	0	0	142	0	189	0
Revaluation losses recognised in the Revaluation Reserve	(241)	0	0	0	(32)	0	(273)	0
Revaluation losses recognised in the Surplus/Deficit on the Provision of Services	(1,945)	0	0	0	(8)	0	(1,953)	0
Derecognition/disposal of non-current assets	(17,993)	(2,181)	0	0	(1,612)	0	(21,786)	0
Assets reclassified in year	0	0	0	0	0	0	0	0
Other movements	0	0	0	0	0	0	0	0
At 31 March 2018	**263,244**	**37,856**	**140,447**	**18,308**	**5,017**	**47,716**	**512,587**	**78,432**
Accumulated Depreciation and Impairment								
At 1 April 2017	(19,498)	(21,432)	(25,793)	(3,590)	(535)	0	(70,848)	(2,760)
Depreciation charge	(7,451)	(3,106)	(3,409)	0	0	0	(13,966)	(1,975)
Upward revaluation of assets written out to the Revaluation Reserve	928	0	0	0	407	0	1,335	583
Upward revaluation of assets written out to the Surplus/Deficit on the Provision of Services	3	0	0	0	0	0	3	0
Revaluation losses recognised in the Revaluation Reserve	112	0	0	0	0	0	112	0
Revaluation losses recognised in the Surplus/Deficit on the Provision of Services	869	0	0	0	0	0	869	0
Derecognition/disposal of non-current assets	1,697	2,181	0	0	0	0	3,878	0
At 31 March 2018	**(23,341)**	**(22,357)**	**(29,202)**	**(3,590)**	**(128)**	**0**	**(78,617)**	**(4,152)**
Net Book Value								
At 31 March 2018	**239,904**	**15,499**	**111,245**	**14,718**	**4,889**	**47,716**	**433,970**	**74,281**
At 31 March 2017	**251,881**	**10,861**	**107,804**	**14,608**	**5,170**	**26,742**	**417,064**	**75,890**
Nature of asset owned at 31 March 2018								
Owned	165,622	15,499	111,245	14,718	4,889	47,716	359,690	0
Finance Lease	0	0	0	0	0	0	0	0
PFI	74,281	0	0	0	0	0	74,281	74,281
	239,903	**15,499**	**111,245**	**14,718**	**4,889**	**47,716**	**433,971**	**74,281**

12b. Details of the prior year movements in Property, Plant and Equipment:

	Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000	PFI Assets Included in Property, Plant and Equipment £000
Cost or Valuation								
At 1 April 2016	307,149	30,278	124,884	18,067	23,211	15,114	518,703	114,876
Additions	8,497	2,354	8,713	131	49	11,628	31,372	150
Upward revaluation of assets recognised in the Revaluation Reserve	10,823	0	0	0	150	0	10,972	863
Upward revaluation of assets reversing prior year loss to Surplus/Deficit on the Provision of Services	286	0	0	0	30	0	316	328
Revaluation losses recognised in the Revaluation Reserve	(754)	0	0	0	(8)	0	(762)	0
Revaluation losses recognised in the Surplus/Deficit on the Provision of Services	(47,312)	0	0	0	(14,761)	0	(62,073)	(37,568)
Derecognition/disposal of non-current assets	(7,142)	(339)	0	0	(2,865)	0	(10,346)	0
Assets reclassified in year	(169)	0	0	0	(101)	0	(270)	0
Other movements	0	0	0	0	0	0	0	0
At 31 March 2016	**271,379**	**32,293**	**133,597**	**18,198**	**5,705**	**26,742**	**487,912**	**78,650**
Accumulated Depreciation and Impairment								
At 1 April 2016	(30,369)	(18,318)	(22,602)	(3,590)	(15,034)	0	(89,914)	(10,019)
Depreciation charge	(5,781)	(3,453)	(3,191)	0	0	0	(12,424)	(2,294)
Upward revaluation of assets written out to the Revaluation Reserve	3,912	0	0	0	0	0	3,912	1,682
Upward revaluation of assets written out to the Surplus/Deficit on the Provision of Services	2,243	0	0	0	0	0	2,243	0
Revaluation losses recognised in the Revaluation Reserve	323	0	0	0	0	0	323	0
Revaluation losses recognised in the Surplus/Deficit on the Provision of Services	9,506	0	0	0	11,921	0	21,427	7,871
Derecognition/disposal of non-current assets	667	339	0	0	2,578	0	3,584	0
At 31 March 2017	**(19,499)**	**(21,432)**	**(25,793)**	**(3,590)**	**(535)**	**0**	**(70,849)**	**(2,760)**
Net Book Value								
At 31 March 2017	251,880	10,861	107,804	14,608	5,170	26,742	417,063	75,890
At 31 March 2016	276,779	11,960	102,282	14,477	8,177	15,114	428,789	104,857
Nature of asset owned at 31 March 2017								
Owned	175,987	10,861	107,804	14,608	5,170	26,742	341,172	0
Finance Lease	2	0	0	0	0	0	2	0
PFI	75,890	0	0	0	0	0	75,890	75,890
	251,879	**10,861**	**107,804**	**14,608**	**5,170**	**26,742**	**417,064**	**75,890**

12c. The effective date of revaluation for non-current assets was 1st April 2017. An analysis of the Council's rolling programme of revaluations:

	Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total £000
Historical Cost	**19,480**	**37,856**	**140,447**	**18,308**	**5,017**	**47,716**	**268,825**
Fair Value at year end:							**0**
31 March 2013	0	0	0	0	0	0	**0**
31 March 2014	54,417	0	0	0	0	0	**54,417**
31 March 2015	36,192	0	0	0	0	0	**36,192**
31 March 2016	25,603	0	0	0	0	0	**25,603**
31 March 2017	114,981	0	0	0	0	0	**114,981**
31 March 2018	12,571	0	0	0	0	0	**12,571**
Total Cost or Valuation	**263,244**	**37,856**	**140,447**	**18,308**	**5,017**	**47,716**	**512,589**

12d. Assets Held for Sale

	2017/18 £000	2016/17 £000
Balance at start of the year	**1,502**	**960**
Assets newly classified as held for sale	0	542
Disposals in year	(272)	0
Balance at end of the year	**1,230**	**1,502**

13. Heritage Assets

Heritage Assets are held for their cultural, environmental or historical associations. With the exception of "Statues and Other Monuments", which by their nature are located across the Borough, they are mainly held in the Council's art galleries and museums.

This collection of Heritage Assets has been secured over many years from a variety of sources, being mainly bequeaths, donations and long term loans. Assets acquired from these sources may have conditions attached which govern how the assets may be managed in the future. Any assets with conditions attached are recognised in Donated Assets as a long term liability in the Balance Sheet until any outstanding conditions cease.

Any acquisitions of Heritage Assets are initially recognised at cost and donations are recognised at valuation with valuations provided by external valuers. The Council's collections of Heritage Assets are accounted for as follows:

- *Art Collection;*
- *Militaria;*
- *Civic Regalia and Silver; and*
- *Statues and Other Monuments.*

	Civic Regalia £000	Art Collection £000	Militaria £000	Statues and Other Monuments £000	Total Heritage Assets £000
Cost or Valuation					
At 31 March 2017	578	9,507	1,475	911	12,471
At 31 March 2018	578	9,507	1,475	911	12,471

14. Investment Properties

Investment Property is held solely to earn rental income or for capital appreciation or both. Investment Property is initially recognised at cost, but is subject to valuation at fair value at the end of each accounting period. Losses or gains are recognised in the Comprehensive Income and Expenditure Statement.

The following items of income and expense have been accounted for in the Comprehensive Income and Expenditure Statement

	2017/18 £000	2016/17 £000
Rental income from investment property	(1,888)	(1,872)
Direct operating expenses arising from investment property	1,841	1,907
Gains in fair value of investment property	(2,542)	(2,829)
Losses in the fair value of investment property	770	1,439
Net position	**(1,819)**	**(1,355)**

The following table summarises the movement in the fair value of investment properties:

	2017/18 £000	2016/17 £000
Balance at start of the year	**29,534**	**29,428**
Additions	50	34
Movements in the fair value of investment property	1,773	1,390
Derecognition/disposal of non-current assets	(657)	(1,046)
Assets reclassified in year	0	(272)
Balance at end of the year	**30,700**	**29,534**

15. Intangible Assets

Intangible Assets represent non-current assets that do not have physical substance, but are identifiable and are controlled by the Council through custodial or legal rights. All purchased Intangible Assets are capitalised at historical cost in line with 'the Code'. The Council's Intangible Assets consist of computer software and licences.

In line with other non-current assets, their useful economic life is determined based on the length of time that the benefit will accrue to the Council. Based on the best estimate of the useful economic life, the Intangible Asset is charged to the Comprehensive Income and Expenditure Statement over this period.

	2017/18 £000	2016/17 £000
Gross carrying amount	1,963	1,963
Accumulated amortisation	(1,930)	(1,639)
Balance at start of the year	**33**	**324**
In year amortisation	0	(291)
Balance at end of the year	**33**	**33**

16. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below, 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.

Revenue Expenditure Funded from Capital under Statute represents expenditure which may be properly capitalised, but which does not result in the creation of any non-current asset to the Council. In line with the guidance contained in 'the Code', this expenditure is written off to the Comprehensive Income and Expenditure Statement in the year the expenditure is incurred, because the Council does not control the economic benefits arising from this expenditure

	2017/18 £000	2016/17 £000
Opening CFR plus PFI added in Year	**292,789**	**301,048**
Capital Investment		
Property, Plant and Equipment	47,872	31,373
Investment Properties	50	34
Revenue Expenditure Funded from Capital under Statute	3,464	3,921
Other Long Term Investments	0	0
Sources of Finance		
Capital Receipts	(7,728)	(418)
Government Grants and Other Contributions	(13,073)	(16,079)
Capital expenditure charged against General Fund Balances	(30,808)	(20,760)
Minimum Revenue Provision	(7,429)	(6,330)
Closing CFR	**285,138**	**292,789**

Explanation of movements in year:

	2017/18 £000	2016/17 £000
Change in Underlying Need to Borrow	(5,063)	(5,821)
Principal Element of Finance Lease Repayments	(4)	(6)
Principal Element of PFI Lease Repayments	(2,584)	(2,432)
Increase / (decrease) in CFR	**(7,651)**	**(8,259)**

17. Capital Commitments

At the Balance Sheet date, the Council had one contractual commitment for the construction or enhancement of Property, Plant and Equipment in 2018/19 and future years which is shown below:

	2017/18 £000
Vision Tameside	6,677

18. Long Term Debtors

Long Term Debtors comprise amounts owed to the Council that are not investments and that are not expected to be realised within 12 months of the Balance Sheet date.

	2017/18 £000	2016/17 £000
Inspiredspaces Tameside (Holdings 1) Ltd	1,796	1,823
Inspiredspaces Tameside (Holdings 2) Ltd	3,224	3,308
Local Authority Mortgage Scheme (LAMS)	0	1,000
Manchester Airport	8,677	8,677
Tameside Sports Trust	3,751	4,524
Other Long Term Debtors	134	137
Total	**17,581**	**19,469**

Inspiredspaces Tameside (Holdings 1) Ltd and Inspiredspaces Tameside (Holdings 2) Ltd – Loan stock held by the Council.

LAMS – A £1m advance with Lloyds Banking Group, which reflects the Council's share of financial assistance through the provision of an indemnity. The Scheme ended during 2017/18 and the advance has been returned to the Council.

Manchester Airport – The Council's share of loan debt relating to the construction of Terminal 2 and the Council's share of debt owing to the Greater Manchester Metropolitan Debt Administration Fund by the Airport. The Airport pays annual fixed interest of 12% on both and will repay the loans by 2055.

Tameside Sports Trust – Loans to finance the purchase of equipment and the refurbishment of three leisure centres. The Trust reimburses the Council with the full cost of servicing this debt. This is due to be repaid by 2025.

19. Financial Instruments

A Financial Instrument is defined as "any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another". Although this covers a wide range of items, the main implications are in terms of investments and borrowings.

As reflected in 'the Code', accounting standards on Financial Instruments IAS 32, 39 and IFRS 7 cover the concepts of recognition, measurement, presentation and disclosure. A financial asset or liability should be recognised in the Balance Sheet when, and only when, the holder becomes a party to the contractual provision of the instrument.

Financial liabilities and assets are initially measured at fair value less transaction costs and carried at their amortised cost. Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable and willing parties in an arm's length transaction. Annual charges to the Comprehensive Income and Expenditure Statement for interest payable and receivable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For the borrowings and investments of the Council, this means that the amount included in the Balance Sheet is the outstanding principal repayable plus accrued interest to the end of the financial year. Interest charged to the Comprehensive Income and Expenditure Statement is the effective amount payable for the year in the loan agreement (which is not necessarily the cash amount payable).

When long term borrowing is reviewed for rescheduling opportunities, the early repayment results in gains and losses (discounts and premiums) which are credited or debited to the Comprehensive Income and Expenditure Statement. If the Council decides to write off these gains or losses on early repurchase/settlement then this can be done over ten years or over the life of the new loan or over a shorter more prudent time scale. The Comprehensive Income and Expenditure Statement is charged with one year related costs with the rest being taken to the Financial Instruments Adjustment Account in the Balance Sheet via the Movement in Reserves Statement. The accounting policy is to charge gains and losses to Net Operating Expenditure in the year of repurchase/settlement.

- **Financial Instrument Balances**

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments:

	31 March 2018		31 March 2017	
	Long Term £000	Current £000	Long Term £000	Current £000
Financial Liabilities Principal Amount	111,692	19,351	112,012	19,255
Adjustment for Amortised Cost	995	1,437	764	1,241
Financial Liabilities at amortised cost	112,687	20,788	112,776	20,496
Total Borrowing	**112,687**	**20,788**	**112,776**	**20,496**
Loans and Receivables Principal Amount	6,000	121,081	0	164,456
Adjustment for amortised cost	1	205	0	272
Amounts treated as Cash Equivalents	0	(33,081)	0	(64,960)
Loans and Receivables at amortised cost	6,001	88,206	0	99,768
Other Investments	8	0	8	0
Available for Sale				
Inspiredspaces Tameside (Holdings 1) Ltd	852	0	852	0
Inspiredspaces Tameside (Holdings 2) Ltd	1,509	0	1,509	0
Manchester Airport Group (MAG)	51,900	0	43,700	0
Total Investments	**60,270**	**88,206**	**46,069**	**99,768**

There are material changes to the Fair Values disclosed in these notes, some based on the category of their initial valuation:

• Level 1 Inputs – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date.
• Level 2 Inputs – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
• Level 3 Inputs – unobservable inputs for the asset or liability.

Some of the authority'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. There have been no transfers between valuation levels, additions, disposals or recognised gains or losses.

Financial Assets Measured at Fair Value

Recurring fair value measurements	Input level	Valuation Technique	31 March 2018 £'000	31 March 2017 £'000
Available for Sale				
Inspiredspaces Tameside (Holdings 1) Ltd	Level 3	Discounted cash flow (see * below)	852	852
Inspiredspaces Tameside (Holdings 2) Ltd	Level 3	Discounted cash flow (see * below)	1,509	1,509
Manchester Airport Group (MAG)	Level 2	Market Value	51,900	43,700
Total			**54,261**	**46,061**

Inspiredspaces Tameside (Holdings1) Ltd and Inspiredspaces Tameside (Holdings2) Ltd –The Council's equity holding remained unchanged during the accounting period.

MAG – The Council holds a 3.22% shareholding in Manchester Airport Holdings Ltd (part of the Manchester Airport Group). The shares in this group are not traded and an external valuation is obtained on behalf of all the Greater Manchester Authorities. This valuation uses an earnings based method, which takes the profitability of the company, assessing its historic earnings and arriving at a view of 'maintainable' or 'prospective' earnings. The valuers have advised of an increase in the fair value of the Council's shareholding during the accounting period from £43.7m at 31 March 2017 to £51.9m at 31 March 2018.

In 2017/18 the Council received dividend income of £4.8m from this investment, which is included in Financing and Investment Income and Expenditure. It is a key item of income in the Council's Medium Term Financial Strategy and as such, the Council is highly unlikely to dispose of its shareholding.

- **Fair Value of Financial Assets and Liabilities Carried at Amortised Cost**

Financial assets and liabilities represented by loans and receivables are carried on the Balance Sheet at amortised cost. Their fair value (level 2) 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:

Where an instrument has a maturity of less than twelve months the fair value is taken to be the principal outstanding;

- The fair value of receivables is taken to be the invoiced or billed amount;
- Short term debtors and creditors are carried at cost.

The fair values for financial liabilities have been determined by reference to the PWLB redemption rules and prevailing PWLB redemption rates at the Balance Sheet date, and include accrued interest. The fair value of non-PWLB debt has also been calculated using the same procedures and interest rates. The fair values are as follows:

	31 March 2018		31 March 2017	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
PWLB Debt	72,685	127,085	79,150	135,995
Non PWLB Debt	59,392	92,669	53,156	86,327
	132,076	**219,756**	**132,306**	**222,321**

The fair value 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. The difference between the carrying amount and the fair value measures the additional interest that the authority 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 a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. A supplementary measure of the additional interest that the authority will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £72.685m would be valued at £106.567m. But, if the authority were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that will not now be paid. The exit price for the PWLB loans would include the penalty charge of £34.027m, principal of £72.011m and accrued interest of £0.672m, totalling £106.712m.

The Council's financial assets are as follows:

	31 March 2018		31 March 2017	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Money Market Loans				
Less Than 1 Year	121,286	121,286	164,728	164,728
Greater Than 1 Year	6,001	6,001	0	0
Long Term Debtors	17,580	17,580	19,469	19,469
Total Loans and Receivables	**144,867**	**144,867**	**184,197**	**184,197**

- **Mark to Model Valuation for Financial Instruments**

As at 31st March the Council held £144.867m financial assets and £132.076m financial liabilities for which Level 2 valuations will apply. All the financial assets are classed as Loans and Receivables and held with Money Market Funds, Local Authorities and Notice Accounts. The financial liabilities are held with PWLB and Market lenders. All of these investments and borrowings were not quoted on an active market and a Level 1 valuation is not available. To provide a fair value which provides a comparison to the carrying amount, we have used a financial model valuation provided by Link Asset Services. This valuation applies the Net Present, Value approach, which provides an estimate of the value of payments in the future in today's terms as at the balance sheet date. This is a widely accepted valuation technique commonly used by the private sector. Our accounting policy uses early repayment rates to discount the future cash flows.

20. Nature and Extent of Risks Arising from Financial Instruments

Key Risks

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;
- 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 rate movements.

Overall Procedures for Managing Risk

The Council's overall risk management procedures focus on the unpredictability of financial markets, and are structured to implement suitable controls to minimise these risks. The procedures for risk management are set out through a legal framework in the Local Government Act 2003 and the associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act. Overall these procedures require the Council to manage risk in the following ways:

- By formally adopting the requirements of the Code of Practice;
- By the adoption of a Treasury Policy Statement and treasury management clauses within its constitution;
- By approving annually in advance prudential indicators for the following three years limiting:
- The Council's overall borrowing;
    - Its maximum and minimum exposures to fixed and variable rates;
    - Its maximum and minimum exposures to the maturity structure of its debt; and
    - Its maximum annual exposures to investments maturing beyond a year.
    - By approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance.

These are required to be reported and approved at or before the Council's annual budget setting meeting. These items are reported with the annual Treasury Management Strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported bi-annually to Members.

The 2017/18 Budget Report, which incorporates the prudential indicators, was approved by Council on 28 February 2017 and is available on the Council website. The key indicators were:

Indicator	Limit	Outturn
Ratio of financing costs to net revenue stream	0.05	0.05
Capital financing requirement	185,354,973.02	181,457,120.46
Capital expenditure in year	128,514,000.00	51,386,333.01
Incremental impact on capital investment decisions	3.14	-
Authorised limit for external debt	232,871,702.99	131,184,763.97
Operational boundary for external debt	212,871,702.99	131,184,763.97
Upper limit for fixed interest rate exposure	185,354,973.02	- 28,698,569.58
Upper limit for variable interest rate exposure	61,778,812.51	- 81,585,437.04
Upper limit for total principal sums invested for over 364 days	30,000,000.00	-

These policies are implemented by the Treasury Management team. The Council maintains 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 through Treasury Management practices. These Treasury Management practices are a requirement of the Code and are reviewed periodically.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard and Poor Ratings Services. The Annual Investment Strategy also imposes a maximum amount and time limits in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. Additional selection criteria are also applied after this initial criteria is applied.

The key areas of the Investment Strategy are that the minimum criteria for investment counterparties include:

- Credit ratings of Short Term F1, Long Term A- or greater. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.
- Domiciled in a country which has a minimum sovereign rating AA;
- UK Institutions provided with support from the UK Government.

The full Investment Strategy for 2017/18 was approved by Full Council on 28 February 2017 and is available on the Council's website.

The Council's maximum exposure to credit risk in relation to its investments in banks and financial institutions of £63.075m 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 individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at the Balance Sheet date that this was likely to crystallise.

The following analysis summarises the Council's potential maximum exposure to credit risk, based on experience of default, adjusted to reflect current market conditions.

	Amount at 31 March 2018 £000	Historical experience of default %	Adjustment for market conditions at 31 March 2018 %	Estimated maximum exposure to default £000
	(a)	(b)	(c)	(a * c)
Deposits with banks and financial institutions (principal amount)	63,075	0.04	0.04	25

No breaches of the Council's counterparty criteria occurred during the year and the Council does not expect any losses from non-performance by any of it's counterparties in relation to deposits.

The Council does not generally allow credit for its trade debtors. At the Balance Sheet date a balance of £12.213m was outstanding and is analysed by age below:

	2017/18 £000	2016/17 £000
Less than three months	4,490	6,591
Three to four months	254	282
More than four months	7,469	7,681
Total	**12,213**	**14,554**

Liquidity Risk

The Council manages its liquidity position through the risk management procedures above, as well as through a comprehensive cash flow management system, as required by the Code. This seeks to ensure that cash is available when it is needed.

The Council has ready access to borrowings from the Money Markets to cover any day to day cash flow need, and the PWLB and Money Markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The maturity analysis of financial assets (principal amount) is as follows:

	2017/18 £000	2016/17 £000
Less than one year	121,081	164,456
Greater than one year	6,000	0
Total	**127,081**	**164,456**

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 prudential indicator limits for the maturity structure of debt and the limits placed on investments of greater than one year in duration are the key parameters used to address this risk.

The Council's approved Treasury Management and Investment Strategies address the main risks and the Treasury Management team address the operational risks within the approved parameters. These include:

- Monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- Monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of financial liabilities (principal amount) is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period:

	Approved maximum limits %	Approved minimum limits %	31 March 2018 £000	31 March 2017 £000
Less than one year	15	0	19,351	19,255
Between one and two years	15	0	333	320
Between two and five years	30	0	1,941	1,052
Between five and ten years	40	0	6,943	5,165
More than ten years	100	50	102,475	105,475
Total			**131,043**	**131,267**

Market Risk

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

- Borrowings at variable rates – the interest expense charged to the CIES will rise;
- Borrowings at fixed rates – the fair value of the borrowing liability will fall (no impact on revenue balances);
- Investments at variable rates – the interest income credited to the CIES will rise;
- 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 CIES. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the CIES and affect General Fund Balances, subject to influences from Government grants. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the CIES.

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

If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	31 March 2018 £000	31 March 2017 £000
Decrease in the fair value of fixed rate borrowings liabilities (no impact on CIES)	37,505	38,356

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 Note 19 –

Fair value of Financial Assets and Liabilities Carried at Amortised Cost. If using new borrowing rates rather than redemption rates, the equivalent change in fair value would be £28.388m.

Price Risk - The Council, excluding the Greater Manchester Pension Fund, does not generally invest in equity shares but does in common with all Greater Manchester Districts have a 3.22% shareholding in Manchester Airport Group (except Manchester City Council which holds 35.5%). The shares are shown in the Balance Sheet at an estimated fair value of £51.9m. Whilst this holding is generally illiquid, the Council is exposed to losses arising from movements in the price of the shares.

As the shareholding has arisen from the acquisition of a specific interest, the Council is not in a position to limit its exposure to price movements by diversifying its portfolio. Instead the Council monitors factors that might cause a fall in the value of its shareholding.

Foreign Exchange Risk - The Council has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

<u>CURRENT ASSETS</u>

21. Inventories

Materials or supplies that will be consumed in producing goods or providing services or will be sold or distributed as part of the Council's ordinary business. Inventories are valued at the lower of cost and net realisable value.

	2017/18 £000	2016/17 £000
Balance outstanding at start of year	484	347
Purchases	1,310	1,220
Recognised as an expense in the year	(1,369)	(1,084)
Balance outstanding at year end	**425**	**484**

22. Short Term Debtors

Short Term Debtors comprise amounts due to the Council that are not investments and that have not been received at the Balance Sheet date.

The Council maintains an allowance for bad or doubtful debts for any potential non-payment of debtors. Assessment is made based on the risk of the debtors' ability to pay future cash flows due under the contractual terms. This risk is estimated based on historical loss experience, credit rating for a debtor and other impacting factors. The allowance for bad or doubtful debts is offset against the debtor amount shown, the movement in the allowance is charged against the relevant service line in the CIES.

	2017/18 £000	2016/17 £000
Central Government Bodies	5,673	5,305
NHS Bodies	459	0
Other Local Authorities	277	273
Other Entities and Individuals	52,700	43,811
Public Corporations and Trading Funds	(51)	9
Allowance for Bad or Doubtful Debts	(14,715)	(18,506)
	44,343	**30,892**
Capital Debtors	464	1,536
Payments In Advance	2,646	6,290
Transferred Services	32	32
Total	**47,485**	**38,750**

23. Cash and Cash Equivalents

Cash and Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The Council has deemed that deposits held within money market funds are categorised as cash equivalents.

	2017/18 £000	2016/17 £000
Cash held by the Council	22	23
Short Term Investments	33,080	64,961
Bank Current Accounts	7,156	5,728
Bank Overdraft	0	0
Total	**40,258**	**70,712**

CURRENT LIABILITIES

24. Short Term Creditors

Short Term Creditors comprise amounts owed by the Council for work done, goods received or services rendered, for which payment has not been received at the Balance Sheet date.

	2017/18 £000	2016/17 £000
Central Government Bodies	(4,613)	(3,143)
NHS Bodies	(592)	(1,609)
Other Local Authorities	(279)	(570)
Other Entities and Individuals	(23,918)	(16,897)
Public Corporations and Trading Funds	(670)	(1,008)
Total	**(30,072)**	**(23,227)**
Capital Creditors	(4,922)	(4,833)
Deposits and Receipts in Advance	(1,268)	(1,412)
Short Term Accumulating Compensated Absences	(3,977)	(3,720)
Total	**(40,239)**	**(33,192)**

25. Other Long Term and Short Term Liabilities

Other Long Term and Short Term Liabilities comprise amounts due to individuals or organisations which will have to be paid at some time in the future. Long term liabilities are usually payable more than one year from the Balance Sheet date.

	Note	Long Term £000	Short Term £000	Total £000
2017/18				
Pension Liability	30	(258,092)	0	(258,092)
PFI	28	(102,309)	(2,872)	(105,181)
Finance Leases	27	(2,613)	0	(2,614)
Former Transferred Debt		(4,247)	0	(4,247)
Donated Assets		(10,658)	0	(10,658)
Rent Deposit on Leased Buildings		(37)	0	(37)
Total		**(377,956)**	**(2,872)**	**(380,829)**
2016/17				
Pension Liability	30	(294,902)	0	(294,902)
PFI	28	(105,179)	(2,585)	(107,764)
Finance Leases	27	(2,617)	(7)	(2,624)
Former Transferred Debt		(5,194)	0	(5,194)
Donated Assets		(10,658)	0	(10,658)
Rent Deposit on Leased Buildings		(30)	0	(30)
Total		**(418,580)**	**(2,592)**	**(421,172)**

Former Transferred Debt – The debt associated with the non-current assets of the former Greater Manchester and Lancashire County Councils, passed to the successor authorities with debt administration being managed by the Council. Further information can be found on pages 118-122.

Donated Assets – Assets donated to the Council with conditions attached are recognised until any conditions cease.

26. Provisions

Provision has been made in the Balance Sheet for liabilities that have been incurred by the Council, but where the amounts or dates on which they will arise are uncertain.

Provisions are required to be recognised when the Council has a present obligation, as a result of a past event, where it is probable that an outflow of resources embodying economic benefit or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When expenditure is incurred to which the provision relates, it is charged directly against the provision in the Balance Sheet and not against the CIES.

	Business Rate Appeals £000	Pay Provision £000	Insurance Fund £000	Other Provisions £000	Total £000
Balance at 1 April 2017	**(3,793)**	**0**	**(3,649)**	**(168)**	**(7,610)**
Additional provisions made in the period	(5,128)	(4,028)	(2,161)	(40)	**(11,357)**
Provision - written back	1,963	0	0	0	**1,963**
Amounts used	0	0	705	41	**746**
Provision Balance at 31 March 2018	**(6,958)**	**(4,028)**	**(5,106)**	**(166)**	**(16,258)**
Long Term Provision	0	(4,028)	(5,106)	(166)	**(9,300)**
Short term Provision	(6,958)	0	0	0	**(6,958)**
Total	**(6,958)**	**(4,028)**	**(5,106)**	**(166)**	**(16,258)**

27. Leases

The Council recognises a lease to be any agreement which transfers the right to use an asset for an agreed period in exchange for payment, or a series of payments. This includes; leases, hire purchase, rental, contracts of service, service level agreements and any other arrangement where the ability to use an asset is conveyed.

Finance Leases

A finance lease is where substantially all of the risks and rewards relating to ownership transfer to the lessee.
Tests to give an indication of the transfer of risk and reward are:

- *If the lessee will gain ownership of the asset at the end of the lease term (e.g. hire purchase)*
- *If the lessee has an option to purchase the asset at a sufficiently favourable price that it is reasonably certain, at the inception of the lease, that it will be exercised*
- *If the lease term is for the major part of the economic life of the asset even if the title is not transferred. Measures to identify this are:*
    - *The economic life of the asset is deemed to be that which is consistent with the class of asset in the depreciation policy.*
    - *The Council recognises 'major part' to be 75% of the life of the asset, unless on an individual case basis this would not give a true representation of the substance of the transaction.*
- *At the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset. Measures to identify this are:*
    - *Fair value of the leased asset is assessed by a RICS qualified valuer.*
    - *The present value of the minimum lease payments is calculated by discounting at the rate inherent in the lease.*
    - *If this rate cannot be determined the incremental borrowing rate applicable for that year is used.*
    - *The Council recognises 'substantially all' to be 75% of the value of the asset, unless on an individual case basis this would not give a true representation of the substance of the transaction.*

- *The leased assets are of such a specialised nature that only the lessee can use them without major modifications.*
- *If the lessee cancels the lease, the losses of the lessor, associated with the cancellation are borne by the lessee.*
- *Gains or losses from the fluctuation in the fair value of the residual accrue to the lessee (e.g. in the form of a rent rebate equalling most of the sales proceeds at the end of the lease).*
- *The lessee has the ability to continue the lease for a secondary period at a rent that is substantially lower than market rent.*

A suitably experienced accountant, with assistance from qualified valuers, will make a judgement based on the level of risk and reward held by the Council as to whether an asset is operating or finance.

Lessor Accounting for a Finance Lease
Where the Council is the lessor for a finance lease, the asset is not recognised in the asset register; however a long term debtor at the present value of minimum lease payments is recognised. Income received is split between capital – credited against the debtor, and finance income – credited to the Comprehensive Income and Expenditure Statement as interest receivable.

Lessee Accounting for a Finance Lease
Where the Council is tenant in a property, or is, by definition of IFRIC 4, leasing an asset which is deemed under IAS 17 to be a finance lease the Council will recognise that asset within the asset register, and account for that asset as though it were an owned asset.

The initial recognition of the asset is at the fair value of the property, or if lower, the present value of the minimum lease payments. A liability is also recognised at this value, which is reduced as lease payments are made.

The Council had three assets under finance leases in the year. The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

	2017/18 £000	2016/17 £000
Other Land and Buildings	2	2
Total	**2**	**2**

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

	2017/18 £000	2016/17 £000
Finance lease liabilities (net present value of minimum lease payments):		
- current	(4)	(7)
- non-current	(2,609)	(2,619)
Finance costs payable in future years	(16,053)	(16,270)
Minimum lease payments	**(18,666)**	**(18,896)**

The minimum lease payments will be payable over the following periods:

	Minimum Lease Payments 2017/18 £000	Finance Lease Liabilities 2017/18 £000	Minimum Lease Payments 2016/17 £000	Finance Lease Liabilities 2016/17 £000
Not later than one year	(223)	(4)	(226)	(7)
Later than one year and not later than five years	(892)	(21)	(895)	(25)
Later than five years	(17,552)	(2,588)	(17,775)	(2,594)
	(18,667)	**(2,613)**	**(18,896)**	**(2,626)**

Operating Leases

The Council recognises an operating lease to be a lease which is not a finance lease. Where the Council is the lessor for an operating lease, normally the asset is classified as an Investment Property. Any rental income is credited to the relevant service income.

The Council had nine assets under operating leases in the year, with typical lives of 1-5 years. The future minimum lease payments due under non-cancellable leases in future years are:

	2017/18 £000	2016/17 £000
Not later than one year	4	9
Later than one year and not later than five years	4	0
	8	**9**

The expenditure charged to Cost of Services in the CIES during the year in relation to these leases was:

	2017/18 £000	2016/17 £000
Minimum lease payments	12	116

Council as Lessor

During the year the Council continued to lease land and buildings by means of operating leases. The future minimum lease payments due under non-cancellable leases in future years are:

	2017/18 £000	2016/17 £000
Not later than one year	950	970
Later than one year and not later than five years	3,488	3,551
Later than five years	63,309	66,879
	67,747	**71,400**

28. Service Concession Agreements (Private Finance Initiatives (PFI) and Similar Contracts)

PFI and similar schemes are accounted for in a manner that is consistent with the adaptation of IFRIC 12 Service Concession Arrangements. They 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. PFI and similar contracts are assessed to determine whether the risks and rewards incidental to ownership lie with the Council or the contractor.

Those which lie with the contractor – payments made during the life of the contract are chargeable to revenue as incurred.

Those which lie with the Council – are recognised as an asset in the Balance Sheet for the construction costs of the asset. Once recognised this asset is treated in line with all non-current assets. A corresponding long term liability is also recognised at the construction value. Payments made during the life of the contract are split into finance costs, capital costs and service costs. Determining the split of payments is calculated at the inception of the contract and is based on the inherent interest rate within the original agreement. Finance costs are chargeable to the Comprehensive Income and Expenditure Statement (CIES) as interest payable. Capital costs reduce the level of liability in the Balance Sheet. Service costs are chargeable Cost of Services within the CIES. Pre-payments reduce the level of liability at the start of the contract.

PFI credits are treated as revenue grants and included in Cost of Services within the CIES.

General

The Council has entered into three PFI contracts to construct, finance, maintain and operate various schools across the Borough. These contracts are:

- Hattersley Schools PFI Project;
- Inspiredspaces Tameside (Project Co 1) Ltd;
- Inspiredspaces Tameside (Project Co 2) Ltd.

Hattersley Schools PFI Project

The Council entered into a 30 year PFI contract on 19 June 2002 to deliver new schools and facilities management services for Arundale Primary and Nursery School, Pinfold Primary School and Alder Community High School. Services commenced at the primary schools on 9 September 2002 and at the high school in April 2003.

The Council pays an annual unitary charge for the provision of accommodation and facilities management at the schools of £2.548m in 1 April 2001 prices. 44% of the unitary charge is subject to inflation at RPI which mirrors the proportion of cost base that is variable, i.e. operational costs, versus the proportion that is fixed, i.e. relating to funding / capital costs.

The Council has set up an interest bearing equalisation reserve effective for the period of the contract, to ensure that future estimated unitary charge payments are provided for over the remaining term of the contract. The affordability of future unitary charge payments will be assessed on an annual basis.

The Council does not hold an equity share in this contract.

Inspiredspaces Tameside (Project Co 1) Ltd – Mossley Hollins & St Damians PFI Contract

The Council entered into a 25 year Building Schools for the Future (BSF) PFI agreement to deliver new schools and facilities management services for Mossley Hollins and St Damians High Schools

on 4 February 2009. Services commenced at Mossley Hollins in February 2011 and St Damians in April 2011.
The Council pays an annual unitary charge for the provision of accommodation and facilities management at the schools of £5.405m in 1 April 2008 prices. 40% of the unitary charge is subject to inflation at RPIx which mirrors the proportion of cost base that is variable, i.e. operational costs, versus the proportion that is fixed, i.e. relating to funding / capital costs.

The Council has a 46% equity share in this contract.

<u>Inspiredspaces Tameside (Project Co 2) Ltd – Five School PFI Contract</u>

A second 25 year BSF PFI contract was signed in April 2010, to deliver new facilities and services for Hyde Community College, Thomas Ashton School, Denton Community College, White Bridge College and Elmbridge School. The first school, White Bridge College, was completed and services commenced in September 2011, with the remaining four being completed with services commencing in January 2012.

The Council pays an annual unitary charge for the provision of accommodation and facilities management at the schools of £9.409m in 1 April 2010 prices. 27% of the unitary charge is subject to inflation at RPIx which mirrors the proportion of cost base that is variable, i.e. operational costs, versus the proportion that is fixed, i.e. relating to funding / capital costs.

The Council has a 46% equity share in this contract.

<u>Affordability</u>

The affordability of the PFI contracts was tested on the basis of predetermined, sensitivities of projected budgets, inflation and interest rates as determined by HM Treasury, prior to the contracts being agreed by the Government.

The cost of the unitary charge is met by pre-agreed payments as follows:

- An annual PFI grant from the Government;
- Pre agreed capital contributions;
- Annual contributions from the schools from the Dedicated Schools Grant;
- Contributions from individual school budgets;
- Accumulation of interest, equity returns and directors fees.

However, there have been significant changes in the way that the Department for Education allocate revenue funding to schools in recent years, meaning that more and more funding is allocated to schools through a formula and there is less opportunity to provide support for individual schools. Inflation and interest rates have also been significantly different from that projected.

Details of movements in PFI assets in the accounting period are below:

	Hattersley £000	Inspiredspaces Tameside (Hold Co 1) Ltd £000	Inspiredspaces Tameside (Hold Co 2) Ltd £000	Total £000
Cost or Valuation				
At 1 April 2017	16,536	22,638	39,477	78,650
Additions	53	0	0	53
Revaluation losses recognised in the Revaluation Reserve	0	0	(270)	(270)
At 31 March 2018	**16,589**	**22,638**	**39,207**	**78,434**
Accumulated Depreciation and Impairment				
At 1 April 2017	(338)	(770)	(1,652)	(2,760)
Depreciation charge	(351)	(438)	(1,185)	(1,975)
Revaluation losses recognised in the Revaluation Reserve	0	0	583	583
At 31 March 2018	**(690)**	**(1,209)**	**(2,254)**	**(4,153)**
Net Book Value				
At 31 March 2018	**15,899**	**21,429**	**36,953**	**74,281**
At 31 March 2017	**16,198**	**21,868**	**37,825**	**75,890**

Details of the comparative movements in PFI assets are below:

	Hattersley £000	Inspiredspaces Tameside (Hold Co 1) Ltd £000	Inspiredspaces Tameside (Hold Co 2) Ltd £000	Total £000
Cost or Valuation				
At 1 April 2016	15,950	39,223	59,703	114,876
Additions	86	16	48	150
Revaluation losses recognised in the Revaluation Reserve	500	(16,601)	(20,274)	(36,376)
Assets reclassified in year	0	0	0	0
At 31 March 2017	**16,536**	**22,638**	**39,477**	**78,650**
Accumulated Depreciation and Impairment				
At 1 April 2016	(1,786)	(3,491)	(4,742)	(10,019)
Depreciation charge	(338)	(770)	(1,185)	(2,294)
Revaluation losses recognised in the Revaluation Reserve	1,786	3,491	4,275	9,553
At 31 March 2017	**(338)**	**(770)**	**(1,652)**	**(2,760)**
Net Book Value				
At 31 March 2017	**16,198**	**21,868**	**37,825**	**75,890**
At 31 March 2016	**14,164**	**35,732**	**54,961**	**104,857**

Details of movements in PFI liabilities in the accounting period are below:

	Hattersley £000	Inspiredspaces Tameside (Hold Co 1) Ltd £000	Inspiredspaces Tameside (Hold Co 2) Ltd £000	Total £000
Liability outstanding at 1 April 2017	(12,997)	(34,901)	(59,867)	(107,765)
Payments made during the year	459	849	1,277	2,584
Liability outstanding at 31 March 2018	**(12,538)**	**(34,052)**	**(58,590)**	**(105,181)**
Short Term Finance Lease Liability (2018-19)	(511)	(908)	(1,452)	(2,871)
Long Term Finance Lease Liability (Future Years)	(12,027)	(33,144)	(57,138)	(102,310)
	(12,538)	**(34,052)**	**(58,590)**	**(105,181)**

Details of comparative movements in PFI liabilities are below:

	Hattersley £000	Inspiredspaces Tameside (Hold Co 1) Ltd £000	Inspiredspaces Tameside (Hold Co 2) Ltd £000	Total £000
Liability outstanding at 1 April 2016	(13,401)	(35,653)	(61,142)	(110,196)
Payments made during the year	404	753	1,275	2,432
Liability outstanding at 31 March 2017	**(12,997)**	**(34,900)**	**(59,867)**	**(107,764)**
Short Term Finance Lease Liability (2017-18)	(459)	(849)	(1,277)	(2,584)
Long Term Finance Lease Liability (Future Years)	(12,538)	(34,052)	(58,590)	(105,181)
	(12,997)	**(34,901)**	**(59,867)**	**(107,765)**

The fair value of the Council's PFI liabilities can be calculated based on the prevailing PWLB new loan rates, making this a level 2 fair value calculation. The following table shows the fair value of these liabilities:

	31 March 2018		31 March 2017	
	Carrying Value	Fair Value	Carrying Value	Fair Value
PFI Liabilities	105,181	188,689	107,765	202,780
Total PFI Liabilities	**105,181**	**188,689**	**107,765**	**202,780**

The table below summarises the estimated basic contract payment values for each PFI contract:

	Payments						
	Liability £000	Finance Costs £000	Contingent Rental Finance Costs £000	Service Charges incl. Lifecycle Costs £000	Total £000	Indexation	Contract Expiry
Hattersley							
Payments within 1 year	511	1,344	534	1,150	3,539	RPI	2033
Payments within 2 to 5 years	1,523	4,941	2,160	6,582	15,206		
Payments within 6 to 10 years	4,164	4,861	3,842	7,322	20,189		
Payments within 11 to 15 years	6,341	2,152	4,565	8,524	21,582		
	12,538	**13,298**	**11,101**	**23,579**	**60,516**		
Inspiredspaces Tameside (Hold Co 1) Ltd							
Payments within 1 year	908	3,073	633	2,072	6,686	RPI	2036
Payments within 2 to 5 years	3,984	11,500	3,024	9,562	28,070		
Payments within 6 to 10 years	7,805	11,857	5,209	13,140	38,012		
Payments within 11 to 15 years	10,159	7,931	6,370	18,178	42,638		
Payments within 16 to 20 years	11,197	2,043	5,774	12,170	31,184		
	34,052	**36,405**	**21,010**	**55,122**	**146,589**		
Inspiredspaces Tameside (Hold Co 2) Ltd							
Payments within 1 year	1,452	5,819	611	2,795	10,677	RPI	2038
Payments within 2 to 5 years	6,186	21,781	2,983	13,476	44,427		
Payments within 6 to 10 years	12,011	22,986	5,290	18,801	59,089		
Payments within 11 to 15 years	16,122	16,371	6,734	25,635	64,863		
Payments within 16 to 20 years	22,818	6,447	7,823	24,307	61,396		
	58,590	**73,405**	**23,442**	**85,015**	**240,453**		

29. Pension Schemes Accounted for as Defined Contribution Schemes

<u>Pensions Costs</u>
Employees of the Council are members of three separate pension schemes:

***Teachers' Pension Scheme** is a defined benefit scheme administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE). The assets and liabilities of the Teachers' Pension Scheme are not attributable to the Council, therefore the Council accounts for the scheme as if it were a defined contribution scheme. This means that the Children and Education Services line in the CIES will include the Council's contributions payable to the scheme.*

***NHS Pension Scheme** is a defined benefit scheme administered by EA Finance NHS Pensions. The assets and liabilities of the NHS Pension Scheme are not attributable to the Council, therefore the Council accounts for the scheme as if it were a defined contribution scheme. This means that the Public Health Services line in the CIES will include the Council's contributions payable to the scheme.*

***Greater Manchester Local Government Pension Scheme** is administered by the Council and is accounted for as a defined benefit scheme. The liabilities of the scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method i.e. 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.*

Pension liabilities are measured using the projected unit method, discounted using the rate on high quality corporate bonds of equivalent term to the liabilities. The discount rate is the weighted average of "spot yields" on AA rated corporate bonds.

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

Service cost comprising:

***Current service cost** – the increase in liabilities as a result of years of service earned this year – allocated in the CIES 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 CIES.*

***Net interest** on the net defined benefit liability i.e. net interest expense for the Council - 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 CIES. 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.*

Re-measurement 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.*

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the Pension Fund in the year, not the amount calculated according to the relevant accounting standards. Adjustments are therefore made in the Movement in Reserves Statement.

Early Retirement, Discretionary Payments
The Council has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies which are applied to the Local Government Pension Scheme.

Teachers' Pension Scheme

In 2017/18 the Council paid £7.316m to the Teachers' Pension Agency in respect of the employers' contribution rate for teacher's pensions (£8.122m in 2016/17). These contributions are based on a national rate of 16.48% throughout the financial year.

In addition, the Council is responsible for all pension payments relating to added years that it has awarded (plus annual related increases). The Council is also responsible for apportioned pension costs for supported early retirements (teachers taking early retirement between the ages of 50 to 60), together with the related increases. In 2017/18 these costs amounted to £1.789m (£1.888m in 2016/17). All the above figures exclude teachers' pay and pension contributions for the academies that have retained responsibility for their own payrolls.

The Council is responsible for any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis and detailed in Note 30.

NHS Staff Pension Scheme

In 2017/18, the Council paid £0.049m (£0.055m in 2016/17) to the NHS Pension Scheme in respect of former NHS staff retirement benefits. These contributions are based on a national rate of 13.8% throughout the financial year.

The Council is responsible for the costs awarded upon early retirement outside the terms of the NHS scheme; however no such additional benefits have been awarded in 2017/18.

30. Defined Benefit Pension Schemes

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

All employees (except those mentioned in Note 29) are, unless they have opted out, members of The Greater Manchester Pension Fund (the Fund) which is administered by the Council and operates in accordance with the regulations of the Local Government Pension Scheme. This is a funded scheme, meaning that the Council and employees pay contributions into the Fund, calculated at a level intended to balance the pension liabilities with investment assets.

In 2017/18 the Council paid an employer's contribution of £14.811m (£15.113m in 2016/17) into the Fund representing 19.8% (20.2% in 2016/17) of pensionable pay. The Council also paid £1.452m in 2017/18 (£1.564m in 2016/17) for pension payments relating to added years that it has awarded, together with related increases for these representing 1.9% (2.1% in 2016/17) of pensionable pay.

The following transactions have been made in the CIES and General Fund Balances via the MiRS during the year:

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 General Fund Balances through the MiRS. The following transactions have been made in the CIES and General Fund Balances through the MiRS during the year:

	2017/18 £000	2016/17 £000
Service Cost		
- Current service costs	30,099	17,806
- Past service costs (including curtailments)	191	290
Total Service Cost	30,290	18,096
Financing and Investment Income and Expenditure		
- Interest income on scheme assets	(23,098)	(26,305)
- Interest cost on defined benefit obligation	31,110	35,877
Total Net Interest	8,012	9,572
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	**38,302**	**27,668**
Remeasurements of the Net Defined Liability		
- Return on plan assets excluding amounts included in net interest	(5,144)	(128,468)
- Actuarial losses arising from changes in financial assumptions	(22,133)	179,350
- Actuarial losses arising from changes in demographic assumptions	0	1,212
- Other experience	(1,314)	(40,178)
Total Remeasurements Recognised in Other Comprehensive Income and Expenditure	**(28,591)**	**11,916**
Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement	**9,711**	**39,584**
Movement in Reserves Statement		
- Reversal of net charges made to the surplus or deficit on provision of services	(38,302)	46,282
- Employers' Contribution payable to the scheme	18,009	18,614

a. Pensions Assets and Liabilities Recognised in the Balance Sheet

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

	2017/18 £000	2016/17 £000
Fair value of emloyers assets	947,811	901,572
Present value of funded liabilities	(1,161,809)	(1,148,861)
Present value of unfunded liabilities	(44,094)	(47,613)
Net liability arising from Defined Benefit obligation	**(258,092)**	**(294,902)**

Reconciliation of the Movements in Fair Value of Scheme Assets:

	2017/18 £000	2016/17 £000
Opening fair value of scheme assets	**901,572**	**757,314**
Interest income	23,098	26,305
Remeasurement gain		
- Return on plan assets excluding amounts included in net interest	5,144	128,468
Contributions from employer	46,521	18,614
Contributions from employees into the scheme	4,801	4,746
Benefits paid	(33,325)	(33,875)
Closing fair value of scheme assets	**947,811**	**901,572**

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

	2017/18 £000	2016/17 £000
Opening fair value of scheme liabilities	**(1,196,474)**	**(1,031,246)**
Current service cost	(30,099)	(17,806)
Interest cost	(31,110)	(35,877)
Contributions from scheme participants	(4,801)	(4,746)
Remeasurement gain		
- Actuarial losses arising from changes in financial assumptions	22,133	(179,350)
- Actuarial losses arising from changes in demographic assumptions	0	(1,212)
- Other experience	1,314	40,178
Past service cost	(191)	(290)
Benefits paid	33,325	33,875
Closing fair value of scheme liabilities	**(1,205,903)**	**(1,196,474)**

Asset Category	31 March 2018				31 March 2017			
	Quoted Prices in Active Markets £000	Prices Not Quoted in Active Markets £000	Total £000	%	Quoted Prices in Active Markets £000	Prices Not Quoted in Active Markets £000	Total £000	%
Equity Securities:								
Consumer	54,083	0	54,083	6%	73,279	0	73,279	8%
Manufacturing	64,881	0	64,881	7%	75,035	0	75,035	8%
Energy and Utilities	51,374	0	51,374	5%	60,017	0	60,017	7%
Financial Institutes	78,063	0	78,063	8%	92,168	0	92,168	10%
Health and Care	24,225	0	24,225	3%	32,347	0	32,347	4%
Information Technolo	15,192	0	15,192	2%	22,905	0	22,905	3%
Other	9,271	0	9,271	1%	15,358	0	15,358	2%
Debt Securities:								
Corporate Bonds (investment grade)	35,133	0	35,133	4%	42,771	0	42,771	5%
Corporate Bonds (non-investment grade)	0	0	0	0%	0	0	0	
UK Government	8,213	0	8,213	1%	11,862	0	11,862	1%
Other	26,375	0	26,375	3%	28,482	0	28,482	3%
Private Equity:								
All	0	31,717	31,717	3%	0	25,616	25,616	3%
Real Estate:								
UK Property	0	32,450	32,450	3%	0	24,724	24,724	3%
Investment funds and Unit Trusts:								
Equities	256,470	0	256,470	27%	225,719	0	225,719	25%
Bonds	122,894	0	122,894	13%	64,352	0	64,352	7%
Infrastructure	0	24,540	24,540	3%	0	20,786	20,786	2%
Other	24,960	53,302	78,262	8%	16,167	44,936	61,103	7%
Derivatives:								
Other	0	0	0	0%	0	0	0	0%
Cash and Cash Equivalents:								
All	34,668	0	34,668	4%	25,051	0	25,051	3%
Totals	805,801	142,010	947,811	100%	785,510	116,062	901,572	100%

b. Basis for Estimating Assets and Liabilities

The Council's liabilities in respect of the Greater Manchester Pension Fund have been assessed under IAS19 (Employee Benefits) by Hymans Robertson, an independent firm of actuaries, using the projected unit credit method. The liabilities have been estimated based on the results of the Fund's 31 March 2016 actuarial valuation.

The significant assumptions used by the actuary in his assessment are as follows:

	2017/18	2016/17
Mortality assumptions *		
Longevity at 65 for current pensioners:		
Men	21.5 years	21.5 years
Women	24.1 years	24.1 years
Longevity at 65 for future pensioners:		
Men	23.7 years	23.7 years
Women	26.2 years	26.2 years
Rate of inflation	2.40%	2.40%
Rate of increase in salaries	2.50%	2.50%
Rate of increase in pensions	2.40%	2.40%
Rate for discounting scheme liabilities	2.70%	2.60%

* The mortality assumptions included in the table above are measured using VitaCurves, which is a method of measuring mortality to specifically fit the membership profile of the Fund.

An allowance is included for future retirements to elect to take 55% of the maximum additional tax free cash up to the HRMC limits for pre-April 2008 service and 80% of the maximum tax-free cash for post-April 2008 service.

c. Sensitivity Analysis

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

The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below are consistent with that adopted in the previous year.

Change in Assumptions at 31 March 2018	Approximate % change to Employer Liability	Approximate Monetary Amount £000
0.5% decrease in Real Discount Rate	10%	115,116
0.5% increase in the Salary Increase Rate	1%	15,266
0.5% increase in the Pension Increase Rate	8%	98,611

d. Impact on the Council's Cash Flows

As the Administering Authority of Greater Manchester Pension Fund (the Fund), the Council has prepared a Funding Strategy Statement (FSS) which sets out the funding objectives for the Fund. The main valuation objectives within the FSS are to hold sufficient assets to meet the cost of members' accrued pension benefits on the target funding basis and to set employer contribution rates which ensure the long term solvency and cost efficiency of the Fund.

The most recent actuarial valuation of the Fund was as at 31 March 2016 which revealed that the Fund's assets, which were valued at £17,325 million, were sufficient to meet 93% of the liabilities (i.e. present value of promised retirement benefits) accrued up to that date. The resulting deficit at the 2016 valuation was £1,371 million.

Each employer had contribution requirements set at the valuation, with the aim of achieving full funding within a time horizon and probability measure as per the FSS.

The next actuarial valuation will be carried out as at 31 March 2019. The FSS will also be reviewed at that time.

The Council made an advance payment of three years' employer's contributions totalling £42.768m on 1 April 2017 for the three financial years 2017/18 to 2019/20. Further details behind this can be found in the report to Executive Cabinet on 8 February 2017.

The weighted average duration of the defined benefit obligation for scheme members is 17.1 years.

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

CASH FLOW STATEMENT NOTES

31. Operating Activities

The cash flows for operating activities include the following items:

a) Adjust net surplus or deficit on the provision of services for non-cash movements	2017/18 £000	2016/17 £000
Depreciation and amortisation of non-current assets	(13,966)	(12,716)
(Increase)/Decrease in inventories	(59)	0
(Increase)/Decrease in Creditors	(7,293)	2,701
Increase/(Decrease) in Debtors	8,251	1,696
Pensions Liability	(20,293)	(9,054)
Revaluation Losses	(892)	(38,086)
Carrying value on disposal of non-current assets	(18,838)	(7,808)
Other non-cash adjustments	(6,876)	7,629
	(59,966)	**(55,639)**

b) Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities	2017/18 £000	2016/17 £000
Proceeds from the sale of non-current assets	4,336	4,139
Capital grants received	16,099	22,730
	20,435	**26,869**

c) Interest received, interest paid and dividends received	2017/18 £000	2016/17 £000
Interest received	(2,159)	(2,770)
Interest paid	18,363	17,098
Dividends received	(4,813)	(4,006)
	11,391	**10,322**

32. Investing Activities

	2017/18 £000	2016/17 £000
Purchase of property, plant and equipment, investment property and intangible assets	47,833	31,449
Pension contributions advanced payment	27,957	0
Purchase of short term and long term investments	162,000	186,100
Other movements in investing activities	(773)	2,265
Proceeds from the sale of non-current assets	(4,337)	(4,140)
Proceeds from short term and long term investments	(167,500)	(187,600)
Other receipts from investing activities	(17,994)	(23,251)
Net cash flows from investing activities	**47,185**	**4,823**

33. Financing Activities

	2017/18 £000	2016/17 £000
Cash receipts of short term and long term borrowing	(6,241)	(12,643)
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	2,873	2,591
Repayments of short term and long term borrowing	6,038	8,481
Billing Authority - Council Tax and NDR adjustments	1,830	2,210
Net cash flows from financing activities	**4,500**	**639**

OTHER NOTES

34. Member's Allowances

	2017/18 £000	2016/17 £000
Payments to Members	1,134	1,119

35. 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 service 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 General Fund Balances 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.

Exit package cost band (including special payments)	Number of Compulsory Redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band £000	
	2017/18	2016/17	20/17/18	2016/17	2017/18	2016/17	2017/18	2016/17
£0-£20,000	0	0	21	63	21	63	179	448
£20,001-£40,000	0	0	1	5	1	5	26	137
£40,001-£80,000	0	0	1	0	1	0	48	0
Total	**0**	**0**	**23**	**68**	**23**	**68**	**253**	**585**

36. Officer's Remuneration

The remuneration paid to the Council's Senior Officers is as follows:

	2017/18				
Post Holder Information	**Salary Entitle-ment Full Time £**	**Salary, Fees and Allow-ances Paid £**	**Compen-sation for Loss of Office £**	**Employ-er's Pensions Contrib-ution £**	**Total £**
Chief Executive - Steven Pleasant (i)	170,284	170,284	0	35,760	**206,044**
Executive Director of People (ii)	126,292	63,146	0	13,261	**76,407**
Executive Director of Adults (ii)	95,832	47,916	0	10,062	**57,978**
Executive Director of Childrens (iii)	0	0	0	0	**0**
Executive Director of Place (iv)	117,600	117,600	0	24,696	**142,296**
Director of Operations and Neighbourhoods (iv)	95,000	23,750	0	4,659	**28,409**
Executive Director of Governance & Pensions (Borough Solicitor)	126,495	126,495	0	26,564	**153,059**
Director of Population Health (v)	99,437	90,305	0	12,986	**103,291**
Executive Director of Finance (Section 151 Officer) (vi)	8,000	4,000	0	0	**4,000**

(i) The Chief Executive holds a joint role, also covering the role of Chief Accountable Officer for Tameside and Glossop CCG. The salary is paid in full by the Council and there is no recharge to the CCG.

(ii) The Executive Director of People covered Adults,Childrens Social Care and Education for the period 1st April 2017 to 21st September 2017. Between 22nd September 2017 and 31st March 2018 the postholder was Executive Director of Adults only.

(iii) The Executive Director of People covered Adults,Childrens Social Care and Education between 1st April 2017 and 21st September 2017. The post of Executive Director of

Childrens (covering Childrens Social Care and Education) was created on 22nd September 2017 and was filled by an Interim Officer between 9th October 2017 and 31st March 2018. The cost of the Interim Officer for this period was £112,750.

(iv) Executive Director of Place role was split from 1 January 2018 - with a new role of Director of Operations and Neighbourhoods being created.

(v) The Director of Population Health was only in post 1st April 2017 to 28th February 2018.

(vi) The role of Section 151 Officer was filled by an Interim Officer between 1st April 2017 and 30th September 2017. The cost of the Interim Officer for this period was £76,707. The role of Executive Director of Finance is a joint post with the Tameside and Glossop CCG and the salary paid by the CCG for the period 1st October 2017 to 31st March was £53,513. The Council paid a further £4,000 for this period.

The Single Leadership Team includes two further posts, both paid for in full by the CCG. The role of Director of Quality and Safeguarding is a post within the CCG and the total cost paid by the CCG for the period 1st April 2017 to 31st March 2018 was £90,766. The role of Interim Director of Commissioning is a post within the CCG and the total cost paid by the CCG for the period 1st April 2017 to 31st March 2018 was £100,273.

	2016/17				
Post Holder Information	**Salary Entitle-ment Full Time £**	**Salary, Fees and Allow-ances £**	**Compen-sation for Loss of Office £**	**Employ-er's Pensions Contrib-ution £**	**Total £**
Chief Executive - Steven Pleasant	168,598	168,598	0	34,057	**202,655**
Executive Director of People	125,042	125,042	0	25,258	**150,300**
Executive Director of Place	116,436	116,436	0	23,520	**139,956**
Executive Director of Governance & Resources (Borough Solicitor)	125,243	125,243	0	25,299	**150,542**
Executive Director of Pensions (i)	9,274	9,054	0	37,965	**47,019**
Director of Public Health	97,478	92,965	0	19,691	**112,656**
Assistant Executive Director (Section 151 Officer) (ii)	0	0	0	0	**0**

(i) The Executive Director of Pensions left the Authority on 29 April 2016 and this responsibility now falls under that of the Executive Director of Governance, Resources & Pensions

(ii) The role of Section 151 Officer was filled by two Interim Officers consecutively between April 2016 and March 2017. The cost of the Interim Officers for this period was £141,430.

Employees' Remuneration

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

Remuneration Band	Number of employees (excluding severance payments) 2017/18	Number of employees (including severance payments) 2017/18	Number of employees (excluding severance payments) 2016/17 *Restated**	Number of employees (including severance payments) 2016/17 *Restated**
£50,000 - £54,999	33	33	59	58
£55,000 - £59,999	49	50	35	35
£60,000 - £64,999	24	23	27	27
£65,000 - £69,999	9	9	9	9
£70,000 - £74,999	8	8	12	12
£75,000 - £79,999	8	8	8	8
£80,000 - £84,999	2	4	2	3
£85,000 - £89,999	3	3	3	3
£100,000 - £104,999	0	0	3	3
£105,000 - £109,999	3	3	0	0
£110,000 - £114,999	0	0	1	1
£125,000 - £129,999	1	1	1	1
Total	**140**	**142**	**160**	**160**

A number of employees in the accounting period received one off severance payments and left the organisation. The figures above have been presented both excluding and including this payment.

*The 2016/17 figures have been restated as the note last year contained salaries relating to employees earning in excess of £50k in voluntary aided schools where the Council is not deemed to be the employer.

37. 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 have been disclosed below.

The Council has the following contingent liabilities at the Balance Sheet date:

Manchester Airport Group (MAG)

In 2009/10 there was a restructure of various loans used to finance capital expenditure that the Airport had agreed to reimburse the Council. As a consequence, the loans to the Airport that were previously secured became unsecured but a higher coupon rate became receivable. The loan agreement expires in 2055. The risk of default is considered to be low and no provision has been made for potential losses.

Guarantees

The Council is guarantor for Tameside Sports Trust in respect of the Pulse Fitness Agreements.

Warranties relating to the housing transfer

The Council has warranties relating to the housing transfer. These cover unlimited environmental warranties for which the Council has taken out insurance.

Maintenance of Pathways and Roads

Court rulings have determined that councils have a statutory duty to maintain certain footways, carriageways and public rights of way on former council housing estates that have been transferred to housing associations and other social landlords. This ruling has had an impact on the maintenance and insurance liabilities of the Council and the cost of maintaining highways within the Borough.

Greater Manchester Loan Funds Guarantee

The Council agreed to enter into an indemnity agreement to support the Greater Manchester Loan Fund. The fund was set up to provide loans to new and growing business in Greater Manchester. This was entered into alongside other Greater Manchester Authorities and given to Manchester City Council in order to underwrite the initial £12m to £14m capital in proportion to its percentage of GM population at the date of the establishment of the fund (June 2013).

For Tameside Council the maximum indemnity will be £1.138m which is 8.13% of the total indemnity.

At 31 March 2018 loans totalling £5.550m have been advanced.

The risk of the indemnity being called upon is considered to be low.

Droylsden Canalside Development

The Council received grant income of £5.86m from the North West Development Agency (NWDA) on 15 May 2006. The funding agreement contains a potential claw back provision that would require the Council to return funding in certain events. The end date of the claw back period is 6 years from completion of the development.

Housing Investment Fund

The Greater Manchester Devolution Agreement provides for a Housing Investment Fund of £300m over ten years, to be invested in the form of recoverable loans and equity into property investments to deliver the growth ambitions of Greater Manchester (GM).

The Fund was set-up on 1 April 2015 and is administered by Manchester City Council as accountable body.

The Fund provides the opportunity to invest in locally prioritised schemes and give the flexibility required to stimulate the market, accelerate growth and increase housing supply.

In return for GM receiving this Fund it must guarantee that 80% of the funds drawn down, to a maximum of £240m, will be repaid to Her Majesty's Treasury (HMT) at the end of the Fund life (this is likely to be in 2028 when all loans advanced are repaid). The Department of Communities and Local Government (DCLG) will underwrite the first 20% of any loss to the Fund (up to a maximum of £60m).

Each GM District will indemnify a proportion of the Fund based on its percentage of GM population as at 1 April 2015. For Tameside Metropolitan Borough Council the maximum indemnity will be £19.388m which is 8.08% of the total indemnity.

At 31 March 2018 the amount drawn down was £44.127m

It is not currently anticipated that there will be any call on this indemnity.

38. 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 have been disclosed below where it is probable that there will be an inflow of economic benefits or service potential.

The Council has no material contingent assets at 31 March 2018.

39. External Audit Costs

The Council has incurred the following costs in relation to services provided by the Council's external auditors (Grant Thornton):

	2017/18 £000	2016/17 £000
Fees payable with regard to external audit services	105	105
Fees payable for the certification of grant claims and returns	30	24
Fees payable in respect of other services	15	10
Total	**151**	**139**

40. Events after the Balance Sheet Date

Events after the Balance Sheet date are reflected up to the date when the Statement of Accounts is authorised for issue. This date and who gave that authorisation is disclosed in the notes to the accounts, including confirmation that this is the date up to which events after the Balance Sheet date have been considered.

Where a material event is identified after the Balance Sheet date, whether favourable or unfavourable, for which it can be shown that the conditions already existed at the Balance Sheet date, it is an adjusting event and the amounts in the accounts would be adjusted accordingly.

However, where a material event is identified which occurred after the Balance Sheet date but it cannot be shown that the conditions existed before the Balance Sheet date, then it is a non-adjusting event and the accounts would not be adjusted (although a disclosure would be made in the notes to the accounts).

The audited Statement of Accounts was authorised for issue by the Director of Finance (Section 151 Officer) on 30 July 2018. 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 2018, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

On 1st April 2018 Poplar Street Primary School converted to Academy status. The net book value of Property, Plant and Equipment on the Council's Balance sheet at 31 March 2018 (and included within land and buildings in note 12) includes £2.212m relating to the land and buildings for this school. These assets will be derecognised in the 2018/19 financial statements.

Vision Tameside

The Council has a contract with the Local Education Partnership (LEP) for the Vision Tameside Contract. The LEP then contracted with Carillion Plc for the completion of the works. The contractual capital commitments relating to this contract with the LEP are disclosed in the Capital Commitments note 17.

All construction work on the site of the VTP2 project stopped following the announcement of the liquidation of Carillion Plc on 15 January 2018. The immediate uncertainty meant that all the sub-contractors chose to suspend work, pending further clarification of the situation.

The LEP signed an Early Works Agreement with Robertson Construction Group Limited on 13 February 2018, initially for an 8-week period and the LEP subsequently advised the Council that it had signed further variations to extend the Early Works Agreement until 2 July 2018. The LEP has worked with Robertson and their sub-contractors to review the remaining packages of work, and to determine the additional costs of re-mobilising the site and completing the programme. The LEP Proposal for completing the construction works was submitted to the Council on 1 June 2018.

A report was considered by Executive Cabinet on 20 June 2018, which approved a contract variation with the LEP for completion of the works on Vision Tameside. Executive Cabinet approved:

- an additional budget allocation of £8.289m from the Capital Programme for the Vision Tameside Phase 2 project from resources available to the Council, pending the outcome of a bid for additional Skills Capital funding to GMCA;
- a provisional risk and insurance budget up to £1.100m to manage any residual contract risk with such expenditure to be approved by the Director of Finance subject to final due diligence; and
- authorisation for the Director of Growth, in consultation with the Borough Solicitor, to negotiate and approve the final terms of all associated agreements and oversee the delivery of the project to completion within the approved funding and to submit bids for external funding towards the additional costs of the project as appropriate.

41. Accounting Policies

The accounting policies adopted by the Council determine the accounting treatment that is applied to transactions during the financial year and in the preparation of the Statement of Accounts at the year end. They determine the specific principles, bases, conventions, rules and practices that will be applied by the Council in preparing and presenting its financial statements.

General Policies

The Statement of Accounts summarises the Council's transactions for the 2017/18 financial year and its position at 31 March 2018.

The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2003 (as amended), which require the accounts to be prepared in accordance with proper accounting practices.

These practices primarily comprise the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 ('the Code') supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

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 Council's accounting policies are included in the relevant notes to the accounts, in the section to which they relate. The general accounting principles that have been adopted by the Council are set out below. These accounting policies outline how the Council will account for all income, expenditure, assets and liabilities held and incurred during the 2017/18 financial year. The Accounting Policies of the Council have been developed to ensure that the accounts of the Council are understandable, relevant, free from material error or misstatement, reliable and comparable.

Going Concern

The Council prepares its accounts on the basis that it remains a going concern; that is that there is the assumption that the functions of the Council will continue in operational existence. In the case of a pending local government reorganisation, where assets and liabilities are due to be redistributed, the Council would still account on the basis of going concern as the provision of services would continue in another Council.

Accruals Concept

The Council accounts for income and expenditure in the period to which the service has taken place, rather than when cash payments are received or made.

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. Equally, where cash has been received or paid which is not yet recognised as income or expenditure, a creditor (income in advance) or debtor (payment in advance) is recorded in the Balance Sheet.

Cost of Services

The cost of services analysis within the Comprehensive Income and Expenditure Statement (CIES) is shown by Council Directorates in line with the revenue monitoring reports to Executive Cabinet and internal reporting. The CIES reports income and expenditure in accordance with generally accepted accounting practice. The Expenditure and Funding Analysis is then intended to demonstrate how the funding available to the Council (i.e. government grants, rents, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices.

Value Added Tax (VAT)

The Comprehensive Income and Expenditure Statement excludes amounts relating to VAT and will be included as an expense only if it is not recoverable from Her Majesty's Revenue and Customs (HMRC). VAT receivable is excluded from income within the Council's Income and Expenditure statement

Changes in Accounting Policy

Where there is a known future change in accounting policy required by the CIPFA Code, the Council will disclose the following in the notes to the accounts:

- The nature of the change in accounting policy;
- The reasons why applying the new accounting policy provides reliable and more relevant information;
- For both the current reporting period, and the previous year comparatives reported, the extent to which the change in accounting policy would have impacted on the financial statements if it had been adopted in that year;
- The amount of adjustment relating to years previous to those reported in the set of financial statements, had the proposed policy been adopted retrospectively;

- If retrospective application is impracticable for a particular period, the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied.

The Council will also disclose information relating to an accounting standard which has been issued but not yet adopted.

Previous Year Adjustments

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about 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 way of a prior period adjustment and an appropriate disclosure in the notes to the accounts.

A change to the accounting policy may also require that the basis of estimates is changed. This will be disclosed in accordance with the policy on changes to accounting estimates.

Material Items

When items of income and expenditure are individually material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance. Commentary on significant transactions and balances is included within the narrative report.

REVENUE ACCOUNTING

Recognition of Revenue Expenditure

The Council recognises revenue expenditure as expenditure which is not capital.

Employee Costs

In accordance with IAS 19, the Council accounts for the total benefit earned by employees during the financial year.

Employee Costs are split into 3 categories; short term benefits, termination benefits and pensions costs.

<u>Short Term Employee Benefits</u>

- Salaries and Wages – The total salary and wages earned by employees during the financial year are charged to the Comprehensive Income and Expenditure Statement. Where the amount accrued exceeds the amount paid at the 31 March, a creditor will be reflected in the accounts.
- Leave Owed, Accumulating Absences – The Council allows employees to earn time off in one period with the resulting cost to the Council in a later period when that time is either taken off or paid to the employee. Examples of this accumulating leave are annual leave, flexi-time and time off in lieu. In order to correctly reflect the cost of time owed to staff, a charge has been made to the Comprehensive Income and Expenditure Statement and a creditor accrual has

been reflected in the Balance Sheet. This charge is reflective of the estimated time cost value of all accumulating leave owed to employees.

- Non-accumulating Absences – are periods of leave that cannot be carried forward for use in future periods. Examples include Maternity Leave, Special Leave, Sick Leave and Jury Service. The Council does not recognise non-accumulating compensated absences until the time that the absence occurs.
- Non-monetary Benefits – Where employees have non-monetary benefits (e.g. retirement benefits or life insurance), the associated cost of providing that benefit has been charged to the Comprehensive Income and Expenditure Statement.

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 service 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.

Pensions Costs

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

- Teachers Pension Scheme is a defined benefit scheme administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE). The assets and liabilities of the Teachers Pension Scheme are not attributable to the Council, therefore the Council accounts for the scheme as if it were a defined contribution scheme. This means that the Children and Education Services line in the Comprehensive Income and Expenditure Statement will only include the Council's contributions payable to the scheme.

- NHS Pension Scheme is a defined benefit scheme administered by EA Finance NHS Pensions. The assets and liabilities of the NHS Pension Scheme are not attributable to the Council, therefore the Council accounts for the scheme as if it were a defined contribution scheme. This means that the Public Health Services line in the Comprehensive Income and Expenditure Statement will only include the Council's contributions payable to the scheme.

- The Greater Manchester Local Government Pension Scheme, administered by the Council, is accounted for as a defined benefit scheme. The liabilities of the scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method - i.e. 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. Pension liabilities are measured using the projected unit method, discounted using the rate on high quality corporate bonds of equivalent term to the liabilities. The discount rate is the weighted average of "spot yields" on AA rated corporate bonds.

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

Service cost comprising:

- Current service cost – the increase in liabilities as a result of years of service earned this 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 i.e. net interest expense for the Council - the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

Re-measurement 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.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the Pension Fund in the year, not the amount calculated according to the relevant accounting standards. Adjustments are therefore made in the Movement in Reserves Statement.

Early Retirement, Discretionary Payments

The Council has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies which are applied to the Local Government Pension Scheme

Lessee Accounting for an Operating Lease

Costs associated with operating leased assets where the Council is the lessee are charged immediately to the Comprehensive Income and Expenditure Statement within the Net Cost of Services on an accruals basis.

Provisions

Provision has been made in the Comprehensive Income and Expenditure Statement for liabilities that have been incurred by the Council, but where the amounts or dates on which they will arise are uncertain.

Provisions are required to be recognised when the Council has a present obligation, as a result of a past event, where it is probable that an outflow of resources embodying economic benefit or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation, (IAS 37 – Provisions, Contingent Liabilities and Contingent Assets).

When expenditure is incurred to which the provision relates, it is charged directly against the provision in the Balance Sheet and not against the Comprehensive Income and Expenditure Statement.

Revenue Recognition

Revenue is a sub-set of income and is defined as the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net worth.

Revenue is measured at the fair value of the consideration received or receivable. In most cases, the consideration receivable is in the form of cash and cash equivalents and the amount of revenue is the amount of cash and cash equivalents receivable. Where the Council is acting as an agent of another organisation the amounts collected for that organisation are excluded from revenue.

Revenue relating to the sale of goods is recognised when the amount of revenue can be measured reliably, it is probable the revenue will be received by the Council and the risks and rewards of ownership have passed to the purchaser. Revenue relating to the provision of services is recognised when the amount of revenue can be measured reliably, it is probable the revenue will be received by the Council and the stage of completion of the service can be measured.

Revenue Grants and Contributions

Grants, contributions and donations (referred to as grants for the purposes of this policy) are recognised as income at the date that the Council has satisfied the conditions of entitlement, and there is reasonable assurance that the monies will be received. Any grant received before these recognition criteria were satisfied would be held as a creditor (income in advance). Any grant which had met the recognition criteria but had not been received would be shown as a debtor.

Revenue grants will either be received to be used only for a specific purpose, or can be used for general purpose. Those for a specific purpose are recognised in the Comprehensive Income and Expenditure Statement within the Net Cost of Services. Those which are for general purpose are shown within Other Operating (Income) and Expenditure in the Comprehensive Expenditure and Income Statement.

Revenue Reserves

The Council holds usable revenue reserves for the purpose of funding future expenditure. The General Fund Balance represents the balance of reserves to meet short term, unforeseeable expenditure and to enable significant changes in resources or expenditure to be properly managed over the period of the Medium Term Financial Strategy. Earmarked Reserves represent balances where approval has been received to use the reserve for a specific purpose.

Unusable revenue reserves represent timing differences such as those associated with the recognition of retirement benefits, Council tax income and financial instruments.

Movement in reserves are accounted through the Movement in Reserves Statement.

Council Tax and Business Rates Recognition

Billing authorities act as agents, collecting council tax and business rates on behalf of the major preceptors and, as principals, collecting council tax and business rates for themselves. Billing authorities are required by statute to maintain a separate fund (the Collection Fund) for the collection and distribution of amounts due in respect of council tax and business rates. Under the legislative framework for the Collection Fund, billing authorities and major preceptors share proportionately the risks and rewards that the amount of council tax and business rates collected could be less or more than predicted.

The council tax and business rates income included in the Comprehensive Income and Expenditure Statement is the Council's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Council's General Fund. Therefore the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Reserve is taken to the Collection Fund Adjustment Account and reported in the Movement in Reserves Statement. The Balance Sheet includes the Council's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

42. Accounting Policies Issued but not yet adopted

At the balance sheet date the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom:

- IFRS 9 Financial Instruments, which introduces changes to the classification and measurement of financial assets, and a new "expected credit loss" model for impairing financial assets. The impact will be to reclassify assets currently classified as loans and receivables, and available for sale to amortised cost and fair value through other comprehensive income respectively based on the contractual cash flows and business model for holding the assets. There are not expected to be any changes in the measurement of financial assets. Assessment of the Council's financial assets does not anticipate any impairment.

- IFRS 15 Revenue from Contracts with Customers presents new requirements for the recognition of revenue, based on a control-based revenue recognition model. The Council does not have any material revenue streams within the scope of the new standard.

- IAS 7 Statement of Cash Flows (Disclosure Initiative) will potentially require some additional analysis of Cash Flows from Financing Activities (disclosed at Note 33) in future years.

- IAS 12 Income Taxes (Recognition of Deferred tax Assets for Unrealised Losses) applies to deferred tax assets related to debt instruments measured at fair value. This is not expected to have any impact on the Council's activities.

- IFRS 16 Leases will require local authorities that are lessees to recognise most leases on their balance sheets as right-of-use assets with corresponding lease liabilities (there is recognition for low-value and short-term leases). It is not yet clear how this will impact on the Code as it is still under consultation.

43. Critical Judgements in Applying Accounting Policies

The following are critical management judgements in applying the accounting policies of the Council that have the most significant effect on the financial statements. Critical estimation uncertainties are described in Note 44.

Accounting for Schools – Consolidation

In line with accounting standards and 'the Code' on group accounts and consolidation, all maintained schools in the Borough are now 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.

Accounting for Schools – Balance Sheet Recognition of Schools

The Council recognises schools in line with the provisions of the Code. Schools are recognised on the Balance Sheet only if the future economic benefits or service potential associated with the school will flow to the Council. The Council regards that the economic benefits or service potential of a school flows to the Council where the Council has the ability to appoint the employees of the school and is able to set the admission criteria.

There are generally five categories of schools:

- Community schools
- Voluntary Controlled (VC) schools
- Voluntary Aided (VA) schools
- Foundation/Trust schools
- Academies

Employees at community schools are appointed by the Council and the Council sets the admission criteria. These schools are therefore recognised on the Council's Balance Sheet.

In order to comply with the Code of Practice on Local Authority Accounting the Council wrote to each of the diocese who occupy schools within the borough of Tameside in order to establish the accounting arrangements.

Diocese of Salford, The Church of England Diocese of Chester, The Church of England Diocese of Manchester and Diocese of Shrewsbury have all responded in writing to confirm that the schools occupy the school premises under the direction of the trustees and that the legal ownership resides with the religious body. The Council has also had confirmation that the religious bodies referred to above account for the school buildings within their Balance Sheets.

The legal ownership of Voluntary Controlled School buildings belong to a charity, normally a religious body, therefore the Council does not recognise these non-current assets on the Balance Sheet. However the adjoining school playing fields remain in Council ownership and are therefore included on the Council's Balance Sheet.

Foundation Trust, Voluntary Aided and Academy school employees are appointed by the schools' governing body, which also set the admission criteria. As a consequence the Council does not receive the economic benefit or service potential of these schools and does not recognise them on the Council's Balance Sheet. However the playing fields surrounding Voluntary Aided schools remain in Council ownership and are therefore included on the Council's Balance Sheet.

Type of School	**Number of Primary Schools**	**Number of Secondary Schools**	**Number of Special Schools**	**Total**	**Land included on the Balance Sheet £000s**	**Buildings included on the Balance Sheet £000s**
Community	30	4	4	**38**	**28,692**	**107,097**
Voluntary Controlled (VC)	8	0	0	**8**	**1,800**	0
Voluntary Aided (VA)	21	2	0	**23**	**7,926**	0
Foundation	0	0	0	**0**	0	0
Foundation Trust	0	0	0	**0**	0	0
Maintained Schools	**59**	**6**	**4**	**69**	0	0
Academies	18	9	1	28	0	0
Total	**77**	**15**	**5**	**97**	**38,418**	**107,097**

Accounting for schools - Transfers to Academy status

When a school that is held on the Council's Balance Sheet transfers to Academy status the Council accounts for this as a disposal for nil consideration on the date that the school converts to Academy status, rather than as an impairment on the date that approval to transfer to Academy status is announced.

Where the Council has entered into construction contracts for replacement schools on behalf of an Academy, the Council charges the cost of construction against Assets Under Construction (part of Property, Plant and Equipment), whilst the Academy is constructed. Once the construction is complete the asset is transferred to Property, Plant and Equipment on the date of transfer to Academy status. The Council accounts for this as a disposal for nil consideration.

Investment Properties

Investment Properties have been identified using criteria under 'the Code', and are those assets held solely for rental income or for capital appreciation, or both. The assessment of Investment Properties using these criteria is subject to interpretation.

Leases

The Council has examined its leases, and classified them as either operational or finance leases. In some cases the lease transaction is not always conclusive and the Council uses judgement in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and rewards incidental to ownership. In assessing leases the Council has estimated the implied interest rate within the lease to calculate interest and principal payments.

Funding

There remains uncertainty about future levels of funding for Local Government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

44. Assumptions made about the future and other major sources of estimated uncertainty

Property, Plant and Equipment

An asset is depreciated over a useful life that is dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to the individual asset. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance bringing into doubt the useful life assigned to assets. If the useful life of an asset is reduced, the depreciation charge increases and the carrying amount of the asset falls.

An important estimation contained in the accounts is that of the useful economic life of non-current assets (or useful remaining economic life where assets are revalued). This is important as it determines the depreciation charge posted to the Comprehensive Income and Expenditure Statement.

Depreciation is provided for on all non-current assets with a finite useful life (this can be determined at the time of acquisition or revaluation) according to the following policy:

Asset Category	Useful Economic Life
Buildings	2-70 years
Infrastructure assets (such as roads)	40 years
Other non-current assets (such as	10 years or less

vehicles, plant and equipment)	
Investment properties	Not depreciated - revalued each year
Surplus assets	Not depreciated - revalued each year

All assets held at current value are revalued as a minimum every five years. Specific assets may be valued more frequently depending on the wider economic context, particularly if it is expected that there has been a material reduction in their value during the year.

Depreciation could also be calculated by adopting a fixed policy regarding economic life for each identified class of asset. However, it has been determined by the Council that a 'catch-all' policy cannot be as accurate as the case-by-case review that is employed, because of the wide variety of assets held.

Business Rates

Since the introduction of the Business Rates Retention Scheme effective from 1 April 2013, Local Authorities are liable for the cost of successful appeals against business rates charged to businesses in their proportionate share. Appeals are managed by the Valuation Office (VOA) on a case by case basis. The Council cannot be fully aware, at all times, of all changes to businesses and to business premises, and it is the responsibility of the individual business to seek adjustments for their business rates bill where this is appropriate. Therefore, a provision is recognised in the accounts for the best estimate of the possible liability to the Council for business rates appeals, to 31 March 2018. This is calculated using the VOA's latest list of appeals, which includes information on the average levels of successful and unsuccessful claims.

Debt Impairment

All debts due to the Council are regarded as collectible, unless firm evidence transpires that they are uncollectible and so are 'bad' debts. However, some debts which are proving difficult to collect may be properly termed 'doubtful'. The Council has included an impairment allowance for doubtful debts in the accounts based on a review of the Council's significant short term debtor balances. In the current economic climate it is not certain that the impairment allowance for doubtful debts would be sufficient. If collection rates were to deteriorate an increase in the impairment allowance would be required.

PFI and similar arrangements

PFI and similar arrangements have been considered to have an implied finance lease within the agreement. In reassessing PFI 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.

Pensions Fund Liability

The estimation of the Pension Fund liability 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. The estimation of the defined benefit obligations is sensitive to the actuarial assumptions. Further information is set out in note 30.

Manchester Airport Group (MAG)

The Council's shareholding in MAG is valued using the earning based method and discounted cash flow 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 nine minority local authority shareholders to provide an independent valuation which includes reviewing the financial performance, stability and business assumptions of MAG. 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.

Reserves

A number of assumptions are made regarding the required level of Council reserves. The Government has previously criticised the level of reserves held by councils as being too high. However, the professional consensus is that reserves are more necessary in times of greater risk and uncertainty.

The level of financial risk being faced by the Council continues to increase. Reserves provide a way for the Council to ensure that any unforeseen financial impacts can be absorbed without immediately impacting on frontline service delivery. Currently, potential impacts may arise from a number of sources, including:

- The further significant loss of Government funding.
- Significant changes to local government responsibilities and the unknown impact of these.
- Other cost pressures or national policy changes e.g. the impact of an ageing population and pressures within the local health economy.
- Delays in securing further, significant, ongoing savings targets.
- Volatility of the Business Rates base.
- Potential legal judgements and the confirmation of obligations that led the Council to recognise contingent liabilities in the Statement of Accounts.

These and other factors must be borne in mind when estimating the required level of reserves and the anticipated profile of use.

Minimum Revenue Provision

The Council has adopted the following policy in relation to calculating the Minimum Revenue Provision:

- Borrowing taken up prior to 01/04/2015 will be provided for using a straight-line method of calculating MRP. It will be provided for in equal instalments over 50 years. The debt will be extinguished in full by 31 March 2065. If the Council elects to make additional voluntary MRP then the annual charge will be adjusted accordingly.
- The following will be required in relation to borrowing taken up on or after 01/04/2015. ‘MRP is to be provided for based upon the average expected useful life of the assets funded by borrowing in the previous year. The debt will be repaid on a straight-line basis over the average useful life calculated; the debt will be fully extinguished at the end of period.
- For certain investment projects it may be deemed more prudent to use the asset life annuity method in order to calculate MRP. In this case the Council will use the annuity method, with the MRP based on the prevailing PWLB interest rate for a loan with a term equal to the estimated life of the project.

45. 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 allows readers to assess 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. In this context, related parties include Central Government (UK), Members, Officers, other public bodies and entities controlled or significantly influenced by the Council.

Central Government (UK)

Central Government (UK) 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 and Housing Benefits). Grants received from government departments are set out in Note 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 2017/18 is shown in Note 34.

Members' interests outside of the Council are recorded in the register of interests and register of gifts and hospitality maintained by the monitoring officer. A small number of members hold official positions in organisations independent of their role as elected members of the Council. Where the Council has contracts for services and/or has awarded grants to such organisations, the Council's standing orders were fully complied with, ensuring proper consideration of any declaration of interests.

Members hold positions on boards of various community and voluntary organisations in and around Tameside. In 2017/18 there were no material transactions with any individual bodies where a member has a controlling interest in the organisation. Transactions with the individual bodies where a member has an influence in the organisation are as follows;

a. New Charter Housing Trust

During the year £1.855m was paid by the Council in respect of supported accommodation and homelessness. The Council received £0.191m from New Charter Housing Trust.

b. Tameside Sports Trust

During the year £2.887m was paid to the Trust in respect of: an annual management fee to operate leisure facilities; improvement works to facilities; educational programmes; and adult day care provision. In the year the Council received loan repayments of £0.787m from Tameside Sports Trust.

Chief Officers

All Chief Officers have been asked to disclose any material transactions with related parties.

The Chief Executive has disclosed his joint role as the Chief Accountable Officer of the NHS Tameside and Glossop CCG, this role started on the 1st October 2016. Salary information relating to this role is disclosed in note 36.

The Director of Finance has disclosed her joint role as the Chief Finance Officer of the NHS Tameside and Glossop CCG, this role started on the 1st October 2017. Salary information relating to this role is disclosed in note 36.

The Assistant Executive Director of Finance is a Director on the Board of Inspiredspaces Tameside Limited, and is also a Director on the boards of Inspiredspaces Tameside (Holdings1) Ltd and Inspiredspaces Tameside (Holdings2) Ltd. Further detail is set out below in the sub-section 'Entities controlled or significantly influenced by the Council'

Other Public Bodies

The Council pays levies towards the services provided by the Greater Manchester Waste Disposal Authority (£21.651m), the Greater Manchester Combined Authority Transport Levy (£8.355m), the Environment Agency Levy £0.111m and the Canal and Rivers Trust Levy £0.088m.

Greater Manchester Pension Fund (GMPF)

The Council administers the GMPF, but there are separate management and governance arrangements in place to ensure the GMPF is able to act as an independent entity. Further details can be found in the GMPF Statement of Accounts on page 118.

In the course of fulfilling its role as administering authority to the GMPF, the Council incurred costs for services (e.g. salaries and support costs), totalling £6.497m on behalf of the GMPF and reclaimed from HMRC VAT (net) of £1.676m. Total payments due to Tameside MBC therefore, amounted to £4.821m (2016/17 £5.902). The GMPF reimbursed the Council £3.538m for these charges in year and there is a creditor of £1.283m owing to Tameside MBC at the year-end (2016/17 £0.622m).

During 2017/18, the Council also purchased Guardsman Tony Downs House from the GMPF for a sum of £7.0m. Further information relating to this transaction can be found in the report to the Strategic Planning and Capital monitoring panel on 9th October 2017.

Entities Controlled or Significantly Influenced by the Council

Where the Council has material interests in companies and other entities that have the nature of subsidiaries, associates and joint arrangements, it is required to prepare group accounts. In the Council's own single-entity accounts, the interests in companies and other entities are recorded as investments, i.e. at cost, less any provision for losses.

'The Code' contains revised provisions following the issue of new IFRS standards and the amendment of related existing standards. The new provisions have effect in three main areas:

- *A new definition of subsidiaries based on a remodelled control test;*
- *New classifications for joint operations and joint ventures; and*
- *Extended and revised disclosure requirements for group accounts.*

A group structure may exist where the Council has a controlling (or significant ability to influence) another entity. A group structure would necessitate the preparation of group accounts.

The Council's group boundaries have been assessed using the criteria outlined in 'the Code'. It was determined that the Council had a significant influence over Inspiredspaces Tameside (Holdings1) Ltd and Inspiredspaces Tameside (Holdings2) Ltd, with effective total shareholdings of 46% and two directors represented on the boards. However, on the basis of materiality the

Council has determined that the preparation of group accounts for these Associate companies is not required.

The Council also has a 10% stake in Inspiredspaces Tameside Ltd, which itself held 10% of the shares in Inspiredspaces Tameside (Holdings1) Ltd and Inspiredspaces Tameside (Holdings2) Ltd. As the Council's share ownership of Inspiredspaces Tameside Ltd has not changed during the year (10%) and as it is only represented by two of the nine Directors, there is no significant control over this company and, therefore, it will not be consolidated for group accounts purposes.

The net value of transactions with Inspiredspaces Tameside (Holdings1) Ltd and Inspiredspaces Tameside (Holdings2) Ltd during the year is as follows:

	2017/18 £000	2016/17 £000
Inspiredspaces Tameside (Holdings1) Ltd & Inspiredspaces Tameside (Holdings2) Ltd	708	766
	708	**766**

The following amounts were due from Inspiredspaces Tameside (Holdings1) Ltd and Inspiredspaces Tameside (Holdings2) Ltd at the Balance Sheet date and are included in Short Term Debtors:

	2017/18 £000	2016/17 £000
Inspiredspaces Tameside (Holdings1) Ltd & Inspiredspaces Tameside (Holdings2) Ltd	339	338
	339	**338**

On 15th January 2018 Carillion Plc went into compulsory liquidation. Carillion Plc were the main contractor for the delivery of facilities management and catering arrangements at the two PFI project company special purpose vehicles (SPV) that Tameside Council has a 46% direct shareholding in. As per the provisions of the funding agreement that the SPV's are subject to, the Carillion Plc liquidation has resulted in a temporary 'lock down' of any distributions of dividend payments or repayment of subordinated debt owed to shareholders. This is done as a precaution to protect the main funders and owners of the senior debt in the SPVs. As a result there will be a delay to the Council receiving its payments in relation to the holding in the SPV's. It is not anticipated that there will be a reduction to either the level of expected dividends or repayment of the Council's sub-ordinated debt.

A review of the Council's relationship with other entities has also been undertaken to ensure they are properly reported. Following the current guidance, with the exception of the investments in the two holding companies above, it is clear that the Council is not in a further group arrangement, as it does not have the ability to exercise either influence or control at a material level over another entity.

46. Agency Services and Pooled Budgets

Agency Services

	HMP £000	iStandUK £000	i-Network £000	GMPHN £000
Balance Brought Forward	**(3,583)**	**(52)**	**0**	**(645)**
Contributions	(763)	(355)	(587)	(545)
Interest earned on Balances	(14)	0	0	0
Total Income	**(777)**	**(355)**	**(587)**	**(545)**
Employee Expenses	0	5	239	201
Payments as per Business Plan	218	0	0	0
Project Payments to Authorities	0	0	0	0
Supplies and Services Expenses	0	359	262	351
Total Expenditure	**218**	**365**	**501**	**552**
Balance Carried Forward	**(4,142)**	**(43)**	**(85)**	**(638)**

Hattersley/Mottram Project (HMP)

HMP involves the regeneration of land previously owned by Manchester City Council and the Council mainly for residential use. In addition, the former Manchester City Council housing stock was transferred and is now owned by Onward. This is being improved and refurbished as part of the latter's business plan, for which £18.5m has been provided from the proceeds from the sale of the land.

The Council's partners in the project are Homes England and Onward. The partners operate under a Collaboration Agreement and, in accordance with this Agreement signed by the principal partners, the Council acts as the accountable body on behalf of the partnership. The Council receives funds from the developer (Base Hattersley) as per the respective development agreement and distributes the funds to the partners in priority ranking as per the Agreement. The balance will be carried forward into 2018/19 and used to fund the remaining elements of the Hattersley Business Plan.

iStandUK

iStandUK was established to develop and promote eStandards that support the efficiency, transformation, and transparency of local public services in the UK. The Council is the lead partner and accountable body for the project. The 17/18 balance will be carried forward into 2018/19 to continue the work of the project.

i-Network

iNetwork brings together local authorities, police, fire, health, housing and voluntary sector organisations across the North and Midlands to support innovation and the transformation of local public services. It is chaired by the Chief Executive of the Council, who act as accountable body. iNetwork charges membership fees in order to sustain the partnership and deliver set outcomes. During 17/18, in partnership with iStand UK, it also facilitated the delivery of national programmes for Government. The 17/18 balance will be carried forward into 2018/19.

Greater Manchester Public Health Network (GMPHN)

GMPHN is a collaborative organisation that works on behalf of the Greater Manchester Directors of Public Health. The network supports Greater Manchester Local Authorities to fulfil their statutory public health functions under the Health and Social Care Act 2012. The network works with local partners to help reduce the impact of ill health on individuals and the Greater Manchester economy. The Council has been the accountable body for the GMPHN since 1 April 2013 and the Council's Chief Executive is the lead Chief Executive for Health. The Network is funded by its members and the balance will be carried forward into 2018/19.

Pooled Budgets

Integrated Community Equipment Service (ICES)

The Council is the host for the ICES. The aim of the ICES is to provide a community equipment service, responsive to authorised requests, which removes the burden and responsibilities from the partners regarding equipment sourcing, centralised storing, distribution, fitting and technical demonstrations, collection, recycling and servicing and maintenance. The net surplus arising on the pooled budget during the year was £0.265m and the Council's share of this surplus was £0.070m.

47. Building Control

The Council sets charges for work carried out in relation to building regulations with the aim of covering all costs incurred. The Council aims to ensure that, taking one financial year with the next, Building Control fees are set to cover costs without generating a material surplus or loss.

However, certain activities performed by the Building Control Unit cannot be charged for, such as providing general advice and liaising with other statutory authorities, including pre-application advice of up to one hour duration. The total net cost of operating the Building Control Unit was £0.045m in 2017/18, which was made up of a deficit on chargeable activities of £0.025m and a deficit on non-chargeable activities of £0.020m.

	2017/18		
	Chargeable	Non-Chargeable	Total
	£000	£000	£000
EXPENDITURE:			
Employee Expenses	89	38	127
Premises	11	5	16
Transport	0	0	0
Supplies and Services	12	5	17
Central and Support Service Charges	0	9	9
	112	**57**	**169**
INCOME:			
Building Regulation Charges	(87)	(37)	(124)
Miscellaneous Income	0	0	0
	(87)	**(37)**	**(124)**
(SURPLUS)/DEFICIT FOR YEAR	**25**	**20**	**45**

48. Integrated Commissioning Fund (ICF)

Tameside Council and Tameside and Glossop CCG are partners in the provision of services to support health and social care integration within the locality. The table summarises the ICF in its totality (of which the Section 75 forms part). The Better Care Fund is included with the Section 75 element of the ICF.

The Integrated Commissioning Fund supports the Tameside and Glossop Locality Plan. The plan has the following key objectives:

- to improve health and wellbeing of residents with a focus on prevention and public health, and providing care closer to home;
- to make urgent progress on addressing health inequalities;

- to promote integration of health and social care as a key component of public sector reform;
- to contribute to growth, in particular through employment support and early years services
- to build partnerships between health, social care, and knowledge sectors for the benefit of the population.

The ICF is categorised into 3 distinct areas;

Section 75 Services
This relates to the legislation that allows the establishment of pooled funds between NHS bodies and local authorities at a local level.

Aligned Services
Funding contributions for services that cannot be delegated for formal joint provision.

In Collaboration Services
Services which cannot be included within Section 75 arrangements without a change in the legislation. These specialised services are jointly commissioned with NHS England.
During March 2016, the Council and the CCG approved that the Council would be the host organisation for the ICF and that each constituent organisation would be responsible for its own surplus / deficit arising at 31 March 2018

Council services included within the ICF are:

- Adult Social Care;
- Public Health;
- Children's Services.

It should be noted that related Council overhead expenditure for these services is excluded from the details provided within the supporting tables.

	2017/18 £000		
Funding provided to the pooled budget:	**Council**	**Tameside & Glossop CCG**	**Total**
Section 75	59,456	206,054	**265,510**
Wider Aligned Budget	36,628	150,093	**186,721**
In Collaboration Services	0	33,234	**33,234**
Total	**96,084**	**389,381**	**485,465**

	2017/18 £000		
Expenditure met from the pooled budget:	**Council**	**Tameside & Glossop CCG**	**Total**
Section 75	58,766	205,950	**264,716**
Wider Aligned Budget	45,205	150,727	**195,932**
In Collaboration Services	0	32,704	**32,704**
Total	**103,971**	**389,381**	**493,352**

Supplementary Financial Statements

This section contains the accounts of the Collection Fund and of the Greater Manchester Metropolitan Debt Administration Fund (GMMDAF).

Collection Fund

Section 89 of the Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992) for billing authorities to establish and maintain a separate Collection Fund account that holds details of transactions relating to Council Tax, Non-Domestic Rates and Precept Demands (and any Residual Community Charge adjustments), together with details of how any balances have been distributed.

Income and Expenditure Account for the year ended 31 March 2018

This account reflects statutory requirements for billing authorities to maintain a separate Collection Fund to account for the income from Council Tax and NDR.

	31 March 2018			31 March 2017		
	Council Tax £000	NDR £000	Total £000	Council Tax £000	NDR £000	Total £000
Income						
Income from Council Tax	(97,866)		**(97,866)**	(92,872)		**(92,872)**
Income from NDR		(55,999)	**(55,999)**	0	(58,550)	**(58,550)**
Total Income	**(97,866)**	**(55,999)**	**(153,864)**	**(92,872)**	**(58,550)**	**(151,422)**
Expenditure						
Council Tax						
The Council	80,491		**80,491**	74,333		**74,333**
Police and Crime Commissioner of GM	9,703		**9,703**	9,119		**9,119**
GM Fire and Rescue Authority	3,584		**3,584**	3,407		**3,407**
NDR						
The Council		49,702	**49,702**		28,698	**28,698**
Central Government					29,284	**29,284**
GM Fire and Rescue Authority		502	**502**		586	**586**
Allowance for cost of collection		291	**291**		301	**301**
Transitional Protection Payments		3,184	**3,184**		123	**123**
Increase/(decrease) in:						
Allowance for non-collection	(3,002)	(12)	**(3,014)**	1,007	1,027	**2,034**
Provision for appeals		(712)	**(712)**		1,789	**1,789**
(Surplus)/deficit allocated/paid out in year:						
The Council	3,000	(1,741)	**1,259**	1,000	506	**1,506**
Central Government		(1,777)	**(1,777)**		517	**517**
Police and Crime Commissioner of GM	368		**368**	123		**123**
GM Fire and Rescue Authority	138	(36)	**102**	47	10	**57**
Total Expenditure	**94,282**	**49,402**	**143,684**	**89,036**	**62,841**	**151,877**
(Surplus)/deficit for the year	**(3,583)**	**(6,597)**	**(10,180)**	**(3,836)**	**4,291**	**455**
Balance brought forward	(11,467)	6,660	**(4,807)**	(7,631)	2,369	**(5,262)**
(Surplus)/deficit for the year	(3,583)	(6,597)	**(10,180)**	(3,836)	4,291	**455**
Balance carried forward	**(15,050)**	**63**	**(14,987)**	**(11,467)**	**6,660**	**(4,807)**
Share of (surplus)/deficit						
The Council	(12,856)	(1,491)	**(14,347)**	(9,842)	3,263	**(6,579)**
Central Government		1,553	**1,553**		3,330	**3,330**
Police and Crime Commissioner of GM	(1,582)		**(1,582)**	(1,187)		**(1,187)**
GM Fire and Rescue Authority	(613)	1	**(612)**	(438)	67	**(371)**
	(15,050)	**63**	**(14,987)**	**(11,467)**	**6,660**	**(4,807)**

Notes to the Collection Fund

1. Overview

The Collection Fund is a statement that reflects the statutory obligation of Tameside as the billing authority to maintain a separate Collection Fund. The Collection Fund statement shows the Council's transactions in relation to the collection from taxpayers of Council Tax and Non-Domestic Rates (NDR) and its distribution to the relevant preceptors and Central Government.

The Council has a statutory obligation under section 89 of the Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992) to maintain a separate Collection Fund. The purpose of the Collection Fund is to isolate the income and expenditure relating to Council Tax and NDR. The administrative costs associated with the collection process are charged to General Fund Balances.

'The Code' stipulates that a Collection Fund Income and Expenditure account is included in the Council's Statement of Accounts. The Collection Fund Balance Sheet meanwhile is incorporated into the Council's Balance Sheet.

2. Council Tax

All domestic properties are placed in one of eight valuation bands. Each year the Council must estimate the number of properties in each band and after allowing for discounts, exemptions and losses on collection, the net number of properties is then converted into a Band D equivalent in order to calculate the Council Tax base for tax setting purposes. The income which the Council requires to be raised is then divided by the Council Tax Base to give the Band D equivalent Council Tax for the year.

The Council Tax level for each of the bands is assessed as a proportion of the tax rate for a Band D property.

Council Tax Base for 2017/18

The Council Tax base for 2017/18 was set in January 2017. A copy of the Key Decision can be found on the Council's website at http://tameside.moderngov.co.uk/ieDecisionDetails.aspx?ID=37

Table showing the tax base for the whole Council and Council Tax for properties outside the Mossley Parish Council boundary:

Tameside 2017/18 Tax Base (Excluding Mossley Parish)								
	Total Number of Dwellings	Equivalent Number of Dwellings after Discounts applied	Specified ratio for Council Tax	Number of Band D Equivalent Dwellings	Tameside MBC Precept 2017/18 (Excluding Mossley)	Police & Crime Commissioner for Greater Manchester	Greater Manchester Fire & Rescue Authority	2017/18 Council Tax (Excluding Mossley Parish)
Disabled Relief		55	5/9	31				
Band A	52,329	34,025	6/9	22,683	£897.20	£108.20	£39.96	£1,045.36
Band B	18,686	15,426	7/9	11,998	£1,046.73	£126.23	£46.62	£1,219.58
Band C	19,018	16,702	8/9	14,846	£1,196.26	£144.27	£53.28	£1,393.81
Band D	6,598	6,154	9/9	6,154	£1,345.79	£162.30	£59.95	£1,568.04
Band E	3,608	3,469	11/9	4,240	£1,644.85	£198.37	£73.27	£1,916.49
Band F	899	863	13/9	1,246	£1,943.91	£234.43	£86.59	£2,264.93
Band G	391	402	15/9	670	£2,242.99	£270.50	£99.91	£2,613.40
Band H	44	43	18/9	86	£2,691.58	£324.60	£119.90	£3,136.08
Total	101,573	77,139		61,954				
Less Allowance for Losses on Collection				(2,167.5)				
MOD Properties				0				
Total Tameside Tax Base 2017/18				59,786.5				

Table showing the tax base and Council Tax for properties within the Mossley Parish Council:

Tameside 2017/18 Tax Base (Including Mossley Parish)									
	Total Number of Dwellings	Equivalent Number of Dwellings after Discounts applied	Specified ratio for Council Tax	Number of Band D Equivalent Dwellings	Tameside MBC Precept 2017/18 (Excluding Mossley)	Mossley Precept 2017/18	Police & Crime Commissioner for Greater Manchester	Greater Manchester Fire & Rescue Authority	2017/18 Council Tax (Including Mossley Parish)
Disabled Relief		2	5/9	1					
Band A	2,817	1,973	6/9	1,315	£897.20	£6.38	£108.20	£39.96	£1,051.74
Band B	884	756	7/9	588	£1,046.73	£7.44	£126.23	£46.62	£1,227.02
Band C	1,010	897	8/9	797	£1,196.26	£8.51	£144.27	£53.28	£1,402.32
Band D	375	354	9/9	354	£1,345.79	£9.57	£162.30	£59.95	£1,577.61
Band E	176	171	11/9	209	£1,644.85	£11.70	£198.37	£73.27	£1,928.19
Band F	49	47	13/9	68	£1,943.91	£13.82	£234.43	£86.59	£2,278.75
Band G	13	14	15/9	23	£2,242.99	£15.95	£270.50	£99.91	£2,629.35
Band H	1	0	18/9	0	£2,691.58	£19.14	£324.60	£119.90	£3,155.22
Total	5,325	4,214		3,356					
Less Allowance for Losses on Collection				(117.3)					
MOD Properties				0					
Total Mossley Parish Tax Base 2017/18				3,238.7					

3. Non-Domestic Rates (NDR)

The Council collects NDR 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 2017/18, the total Non-Domestic Rateable value at 31 March 2018 is £147.5m (£148.6m in 2016/17). The national multipliers for 2017/18 were 46.6p for qualifying small businesses, and the standard multiplier being 47.9p for all other businesses (48.4p and 49.7p respectively in 2016/17).

Local authorities retain a proportion of the total collectable rates due. In previous years, the local share for Tameside was 49%, with the remainder distributed to the Greater Manchester Fire and Rescue Authority (GMFRA) (1%) and Central Government (50%). For 2017/18 Tameside was part of the 100% retention pilot for Greater Manchester. This means that for 2017/18 Tameside retains 99% of total collectible rates, with 1% distributed to the GMFRA.

The NDR shares paid in 2017/18, (excluding previous years distribution) were £49.702m to the Council and £0.502m to GMFRA. (2016/17 shares paid were £29.284m to Central Government, £0.586m to GMFRA and £28.698m to the Council).

Greater Manchester 100% Business Rates Retention Pilot

Greater Manchester is one of the regions piloting the full retention of Business Rates from 1 April 2017. The purpose of this Pilot is to develop and trial approaches to manage risk and reward, and to finance from additional Business Rates income new responsibilities and/or existing funding streams including those that support economic growth.
Being part of the Greater Manchester Pilot provides the Council and the Greater Manchester region with potential financial benefits with the guarantee that Authorities will not be worse off as a result of the Pilot. The 'No Detriment' agreement will guarantee that the resources available to the Council under the 100% Pilot will be the same as the 50% retention scheme that exists for non-pilot authorities.

As a result of the Pilot the Council did not receive the Revenue Support Grant or Public Health Grant from Government in 2017/18. Instead the Council retains 99% of its Non Domestic (Business) Rates income with 1% distributed to GMFRA. Further details on the amounts credited to the Comprehensive Income and Expenditure Statement (CIES) can be found in note 4 to the CIES.

Greater Manchester Metropolitan Debt Administration Fund (GMMDAF)

The Council is the lead council responsible for the administration of the debt of the former Greater Manchester County Council, on behalf of all ten Greater Manchester Metropolitan Authorities. All expenditure of the fund is shared by the authorities on a population basis.

Income and Expenditure Account for the year ended 31 March 2018

	2017/18 £000	2016/17 £000
Income		
Interest recharged to responsible authorities	(4,433)	(5,581)
Gains/Losses on repurchase of debt	0	0
Total Income	**(4,433)**	**(5,581)**
Expenditure		
Interest on loans: Public Works Loan Board	4,222	5,393
Interest on loans: Pre 1974 Transferred Debt	10	11
Interest on loans: Temporary Borrowing	102	62
	4,334	5,466
Charge for future Premiums	54	54
Debt management expenses	45	61
Total Expenditure	**4,433**	**5,581**
(Surplus)/Deficit for year	**0**	**0**

The Balance Sheet as at 31 March 2018

	2017/18 £000	2016/17 £000
Debt Outstanding	**76,543**	**93,566**
Long Term Liabilities		
External Loans: Public Works Loan Board	48,963	64,964
External Loans: Pre 1974 Transferred	161	191
	49,124	65,155
Current Liabilities		
Creditors: Temporary Loans	26,771	27,948
Charge for future premiums	647	593
	27,418	28,541
Current Assets		
Debtors	0	(129)
	0	(129)
Net Current Liabilities	27,418	28,412
	76,543	**93,567**

1. Analysis by Responsible Authority

	2017/18 £000	2016/17 £000
Police and Crime Commissioner of GM	5,327	6,511
GM Fire and Rescue Service	2,607	3,187
GM Integrated Passenger Authority	12,945	15,824
Bolton MBC	5,134	6,276
Bury MBC	3,522	4,305
City of Manchester	9,777	11,951
Oldham MBC	10,348	12,650
Rochdale MBC	4,127	5,045
City of Salford	5,156	6,302
Stockport MBC	5,680	6,944
Tameside MBC	4,309	5,268
Trafford MBC	617	755
Wigan MBC	6,994	8,549
	76,543	**93,567**

The outstanding debt of £76.543m at 31 March 2018 includes former Manchester Airport debt of £6.692m and former Greater Manchester Probation Service debt of £0.647m.

Debt for Manchester Airport and Greater Manchester Probation Service is allocated over the 10 Greater Manchester Metropolitan Districts on a population basis.

Manchester Airport re-negotiated the terms of its loan arrangement with the 10 Greater Manchester Councils during 2009/10, as a result of this agreement the 10 Councils have taken responsibility to service the former Manchester Airport debt, previously the debt was serviced by the airport itself.

2. Analysis by Type of Loan

	2017/18 £000	Year on Year Change £000	2016/17 £000	Year on Year Change £000
Public Works Loan Board	48,963	(16,000)	64,963	(3,000)
Debt administered by other authorities	161	(30)	191	(47)
Debt falling out in next 12 months	17,697	14,234	3,463	(29,500)
Temporary Loan	9,074	(15,283)	24,357	16,412
Revenue and other balances temporarily used for capital purposes	647	54	593	54
	76,543	**(17,025)**	**93,567**	**(16,081)**

3. Financial Instrument Balances

Under accounting requirements the financial instrument value shown in the Balance Sheet include the principal amount borrowed plus accrued interest.

	31 March 2018		31 March 2017	
	Long Term £000	Current £000	Long Term £000	Current £000
Financial Liabilities Principal Amount	49,124	25,074	65,154	27,356
Adjustment for Amortised Cost	0	1,705	0	598
Financial Liabilities at Amortised Cost	**49,124**	**26,779**	**65,154**	**27,954**
Total Borrowings	**49,124**	**26,779**	**65,154**	**27,954**

4. Financial Instruments Gains / Losses

The gains and losses recognised in the Income and Expenditure Account in relation to Financial Instruments are made up as follows:

	31 March 2018	31 March 2017
	Financial Liabilities Measured at Amortised Cost £000	Financial Liabilities Measured at Amortised Cost £000
Interest expense	(4,222)	(5,393)
Losses on derecognition	0	0
Interest payable and similar charges	**(4,222)**	**(5,393)**
Net loss for the year	**(4,222)**	**(5,393)**

5. Fair Value of Financial Assets and Liabilities Carried at Amortised Cost

Financial liabilities and financial assets represented by loans and receivables are carried on the Balance Sheet at amortised cost. Their fair value (level 2) 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:

- Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values for financial liabilities have been determined by reference to the Public Works Loan Board (PWLB) redemption rules and prevailing PWLB redemption rates at the Balance Sheet date, and include accrued interest.

The fair values are as follows:

	31 March 2018		31 March 2017	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
PWLB Debt	64,963	76,778	67,963	83,783
Total Liabilities	**64,963**	**76,778**	**67,963**	**83,783**

The fair value is greater than the carrying amount because the portfolio of loans relating to the GMMDAF 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. The difference between the carrying amount and the fair value measures the additional interest that the Fund 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..

However, the Council has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. A supplementary measure of the additional interest that the authority will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £64.963m would be valued at £74.966m. But, if the authority were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that will not now be paid. The exit price for the PWLB loans would include the penalty charge of £8.347m, principal of £64.963m and accrued interest of £1.656m, totalling £74.966m.

The above represents the fair value of PWLB debt managed by the Council on behalf of the GMMDAF. The fair value of transferred debt relating to GMMDAF will be shown by those authorities that manage this element of the debt.

6. Nature and extent of risks arising from Financial Instruments

Please see Note 20 within the Council's Notes to the Financial Statements

Glossary of Financial 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
Actuaries assess financial and non-financial information provided by the Council to project levels of future pension fund requirements. Changes in actuarial deficits or surpluses can arise leading to a loss or gain because:

- events have not coincided with the actuarial assumptions made for the last valuation;
- the actuarial assumptions have changed.

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

Associate Companies
This is an entity other than a subsidiary or joint venture in which the reporting Authority has a participating interest and over whose operating and financial policies the reporting Authority is able to exercise 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.

Billing Authority
An authority which collects Council Tax, Business Rates and precepts on behalf of itself and other bodies.

Capital Expenditure
This is expenditure on the acquisition of a fixed asset, or expenditure, which adds to, and not merely maintains, the value of an existing fixed asset.

Capital Financing Costs
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 Finance Requirement (CFR)
Introduced as a result of the Prudential Framework for Capital Accounting and measures the underlying need of the Council to borrow for expenditure of a capital nature.

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.

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

Cash and Cash Equivalents
Cash is represented by cash in hand and deposits with financial institutions payable without penalty on notice of not more than 24 hours. Cash equivalents are investments which are readily convertible to known amounts of cash with insignificant risk of change in value.

Chartered Institute of Public Finance and Accountancy (CIPFA)
CIPFA is the leading professional accountancy body for public services.

Collection Fund
A fund administered by the Council that shows the transactions of the billing authority, in relation to the collection from taxpayers of Council Tax and NDR and how the income from these sources has been distributed to precepting authorities, Central Government and the Council's General Fund Balances. The Collection Fund is maintained separately, as a statutory requirement.

Community Assets
Non-current assets that an authority 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.

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.

Corporate and Democratic Core
Corporate and Democratic Core comprises all activities which local authorities engage in specifically because they are elected, multi-purpose authorities.

Corporate Governance
Corporate governance is the Council's accountability for the stewardship of resources, risk management and relationship with the community. It encompasses policies on whistle blowing, fraud and corruption.

Council Tax
This is the main source of local taxation to Local Authorities. Council Tax is levied on households within its area by the Billing Authority and the proceeds are paid into its Collection Fund for distribution to precepting Authorities and for use by its own General Fund Balances.

Council Tax Requirement
This is the estimated revenue expenditure on General Fund services that needs to be financed from the Council Tax after deducting income from fees and charges, certain 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.

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

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 Communities and Local Government (DCLG)
A Department of Central Government with an overriding responsibility for determining the allocation of general resources to Local Authorities.

Derecognition
This is when financial assets and liabilities are removed from the Balance Sheet once performance under the contract is complete or the contract is terminated.

Depreciation
This is the measure of the wearing out, consumption, or other reduction in the useful economic life of a fixed asset.

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.

Exceptional Items
Material items deriving from events or transactions that fall within the ordinary activities of the Council, but which need to be separately disclosed by virtue of their size and/or incidence to give a fair presentation of the accounts.

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 Council has made proper arrangements to secure value for money in its use of resources.

Expenditure
This is amounts paid by the Council for goods received or services rendered of either a capital or revenue nature. This does not necessarily involve a cash payment since expenditure is deemed to have been incurred once the goods or services have been received even if they have not been paid for.

Fair Value
Fair value is the price at which an asset could be exchanged in an arm's length transaction, less any grants receivable towards the purchase or use of the asset.

Finance Lease
A finance lease is a lease that transfers substantially all of the risks and rewards of ownership of a fixed 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.

General Fund Balances
The main revenue fund of the Council and includes the net cost of all services financed by local taxpayers and Government grants.

Greater Manchester Waste Disposal Authority (GMWDA)
This is a levying Authority that provides a waste disposal strategy, policy and services to nine of the AGMA Councils.

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 on low income (or none) 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.

Impairment
A reduction in the value of a non-current asset 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.

Income
These are amounts due to the Council for goods supplied or services rendered of either a capital or a revenue nature. This does not necessarily involve a cash payment. Income is deemed to have been earned once the goods or services have been supplied even if the payment has not been received (in which case the recipient is a debtor to the Council).

Infrastructure Assets
Those non-current assets from which benefit can be obtained only by continued use of the asset created e.g. highways, footpaths and bridges.

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

International Financial Reporting Standards (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.

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.

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.

Liquid Resources
Current asset investments that are readily disposable by the Council without disrupting its business and are either readily convertible to known amounts of cash at or close to the amount they are held at on the Balance Sheet, or traded in an active market.

Materiality
The concept that any omission from or inaccuracy of the Statement of Accounts should not be large enough to affect the understanding of those statements by the reader. Materiality must be considered for individual amounts and also all amounts together.

Medium Term Financial Plan (MTFP)
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 and capital programme.

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

Non-Domestic rates (NDR) (also known as Business Rates)
Business Rates 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 a 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 by depreciation.

Non-current Asset
Assets that yield benefits to the Council and the services it provides for a period of more than one year.

Non Distributed Costs
These are overheads for which no user now benefits and should not be apportioned to services.

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

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

Precept
The amount levied by one authority which is collected on its behalf by another (the billing authority).

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.

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 and Loans Board (PWLB)
An arm of Central Government which is the major provider of loans to finance long term funding requirements of Local Authorities.

Related Parties
Related parties are Central Government, other Local Authorities, precepting and levying bodies, subsidiary and associated companies, Elected Members, all Senior Officers from Assistant Director and above and the Pension Fund.

Reserves
Amounts set aside for general contingencies, to provide working balances or earmarked to specific future expenditure.

Revenue Expenditure
Expenditure incurred on the day-to-day running of the Council. This mainly includes employee costs, general running expenses and capital financing costs.

Revenue Expenditure Funded from Capital under Statute (REFCUS)
Expenditure incurred during the year that may be capitalised under statutory provision but that does not result in the creation of a non-current asset that has been charged as expenditure to the CIES.

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

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

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.

Useful Economic Life
The period over which the Council will derive benefits from the use of an asset.

Independent auditor's report to the members of Tameside Metropolitan Borough Council on the financial statements of the Greater Manchester Pension Fund

Opinion

We have audited the financial statements of the Greater Manchester Pension Fund (the 'pension fund') for the year ended 31 March 2018 which comprise the Fund Account, the Net Assets Statement and Notes to the Greater Manchester Pension Fund, including the Accounting Policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2017/18.

In our opinion the financial statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2018 and of the amount and disposition at that date of the fund's assets and liabilities;
- have been prepared properly in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2017/18; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the pension fund in accordance with the ethical requirements that are relevant to our audit of the pension fund financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

This report is made solely to the members of Tameside Metropolitan Borough Council, (the 'Administering Authority') as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Administering Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Administering Authority and the Administering Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Director of Finance (Section 151 Officer)'s use of the going concern basis of accounting in the preparation of the pension fund financial statements is not appropriate; or
- the Director of Finance (Section 151 Officer) has not disclosed in the pension fund financial statements any identified material uncertainties that may cast significant doubt about the Administering Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Director of Finance (Section 151 Officer) is responsible for the other information. The other information comprises the information included in the Tameside Metropolitan Borough Council Statement of Accounts and the Annual Governance Statement, other than the Greater Manchester Pension Fund financial statements, our auditor's report thereon and our auditor's report on the

Administering Authority's financial statements. Our opinion on the pension fund financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the pension fund financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the pension fund financial statements or our knowledge of the pension fund obtained in the course of our work or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the pension fund financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter required by the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice)

In our opinion, based on the work undertaken in the course of the audit of the pension fund financial statements the other information published together with the pension fund financial statements in the Tameside Metropolitan Borough Council Statement of Accounts and the Annual Governance Statement for the financial year for which the pension fund financial statements are prepared is consistent with the pension fund financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice we are required to report to you if:

- we have reported a matter in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we have made a written recommendation to the Administering Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we have exercised any other special powers of the auditor under the Local Audit and Accountability Act 2014.

We have nothing to report in respect of the above matters**.**

Responsibilities of the Administering Authority, the Director of Finance (Section 151 Officer) and Those Charged with Governance for the financial statements

As explained more fully in the Statement of Responsibilities the Administering Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Director of Finance (Section 151 Officer). The Director of Finance (Section 151 Officer) is responsible for the preparation of the Tameside Metropolitan Borough Council Statement of Accounts, which includes the financial statements of the Greater Manchester Pension Fund, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2017/18, which give a true and fair view, and for such internal control as the Chief Financial Officer determines is necessary to enable the preparation of pension fund financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the pension fund financial statements, the Director of Finance (Section 151 Officer) is responsible for assessing the pension fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the pension fund lacks funding for its continued existence or when policy decisions have been made that affect the services provided by the pension fund.

The Overview (Audit) Panel is Those Charged with Governance.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the pension fund financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these pension fund financial statements.

A further description of our responsibilities for the audit of the pension fund financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Mike Thomas

Mike Thomas
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

4 Hardman Square
Spinningfields
Manchester
M3 3EB

30 July 2018

Greater Manchester Pension Fund Statement of Accounts 2017/18

Fund Account for the Year Ended 31 March 2018

31 March 2017 £000		**Note**	**31 March 2018 £000**
	Contributions and benefits		
(139,424)	Contributions from employees	5	(140,493)
(473,366)	Contributions from employers	5	(599,601)
(612,790)			(740,094)
(6,078)	Transfers in (bulk)	5a	(392,049)
(19,432)	Transfers in (individual)		(23,882)
(638,300)			(1,156,025)
725,550	Benefits payable	6	748,081
44,745	Payments to and on account of leavers	7	49,369
30,305	Management expenses	8	32,191
800,600			829,641
	Returns on investments		
(364,468)	Investment income	9	(412,092)
(84)	Investment returns by proxy	9a	0
(3,743,741)	Reduction/(increase) in fair value of investments	11	(494,206)
3,914	Taxation	10	3,964
(4,358)	(Profit)/loss on foreign currency		3,233
(4,108,737)	**Net (profit)/loss on investments**		**(899,101)**
(3,946,437)	Net increase in the Fund during the year		(1,225,485)
(17,324,623)	Net assets of the Fund at start of year		(21,271,060)
(21,271,060)	**Net assets of the Fund at end of year**		**(22,496,545)**

Net Assets Statement at 31 March 2018

31 March 2017 £000		Note	31 March 2018 £000
3,526,582	UK equities		3,478,118
4,974,026	Overseas equities		3,273,124
1,517,437	Bonds	11	1,325,276
127,002	UK index linked government bonds		157,505
387,035	Overseas index linked government bonds		335,354
552,470	Investment property	11	755,145
121	Derivative contracts	11	7,137
9,192,482	Pooled investment vehicles	11	12,491,416
868,391	Cash and deposits	11	587,141
118,567	Other investment assets	11	107,512
21,264,113	**Investment assets**		**22,517,728**
0	Derivative contract liabilities	11	(793)
(18,967)	Other investment liabilities	11	(42,462)
(18,967)	**Investment liabilities**		**(43,255)**
44,313	Current assets	11	45,689
(18,399) .	Current liabilities	11	(23,617)
25,914	**Net current assets**		**22,072**
21,271,060	**Net assets of Fund**		**22,496,545**

Notes to Greater Manchester Pension Fund

1a. Notes to the Accounts

From 1 April 2010 GMPF was required to prepare its financial statements under International Financial Reporting Standards (IFRS). The financial statements have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 based on IFRS, published by the Chartered Institute of Public Finance and Accountancy (CIPFA). This requires that GMPF accounts should be prepared in accordance with International Accounting Standard (IAS) 26, except where interpretations or adaptations to fit the public sector are detailed in the Code. The financial statements summarise the transactions of GMPF and deal with net assets at the disposal of the Management Panel. They do not take account of obligations to pay pensions and benefits which fall due after the end of the GMPF financial year. Under IFRS, GMPF is required to disclose the actuarial present value of promised retirement benefits. This is disclosed as a separate note (Note 25). The full actuarial position of GMPF which does take account of pension and benefit obligations falling due after the year end is outlined in Note 22. These financial statements should be read in conjunction with that information.

1b. The Management and Membership of the Greater Manchester Pension Fund

Tameside MBC is the statutory Administering Authority for the Greater Manchester Pension Fund (GMPF). The administration and investment performance of GMPF is considered and reviewed every quarter by the Management Panel, which consists of 20 elected Members (11 from Tameside MBC, being the Administering Authority, and nine from other Greater Manchester local authorities) and a representative from the Ministry of Justice.

The Management Panel is advised in all areas by the Advisory Panel. Each of the ten Greater Manchester local authorities and the Ministry of Justice are represented on the Advisory Panel and there are six employee representatives nominated by the North West TUC. There are also four External Advisors who assist the Advisory Panel, in particular regarding investment related issues.

As a result of the Public Service Pensions Act 2013 and subsequent Local Government Pension Scheme Regulations, each public sector pension fund has been required to establish a Local Pension Board from 1 April 2015.

The GMPF Local Pensions Board is not a decision making body. However, it is required to assist the Administering Authority in complying with regulations and ensuring that appropriate governance is in place.

GMPF also has six Working Groups, which consider particular areas of its activities and make recommendations to the Management Panel. These Working Groups cover:

- Investment Monitoring and Environment, Social and Governance
- Alternative Investments
- Pensions Administration
- Property
- Policy and Development
- Employer Funding and Viability

There are three Officers to GMPF:

- Director of Governance & Pensions – administrator of GMPF and link for Panel Members, advisors and investment managers between meetings
- Chief Executive and Director of Governance & Pensions – jointly responsible for the provision of legal and secretarial services to the Management and Advisory Panels

- Director of Finance – responsible for preparation of Administering Authority's accounts which includes GMPF's Statement of Accounts

GMPF's investment strategy is implemented by management arrangements which include:
- three external investment managers that manage multi asset briefs
- one external manager with a global equity brief
- one external manager with a global credit brief
- two external managers with a direct and indirect UK property brief
- Internal management of cash, private equity, infrastructure, generalist pooled property funds, local and other unquoted investments

GMPF subscribes to an industry performance measurement service run by Portfolio Evaluation Ltd in order to analyse/benchmark GMPF's performance relative to market returns and relevant industry comparators. In addition to this, GMPF also subscribes to the Local Authority Pension Performance Analytics Service supplied by Pensions Investment Research Consultants Ltd (PIRC) to enable assessment of its performance relative to all other funds that operate under the same regulations.

GMPF is a pension fund which administers the statutory Local Government Pension Scheme (LGPS), set up to provide death and retirement benefits for local government employees other than teachers, fire fighters and police officers for whom separate arrangements exist. In addition, other qualifying bodies, which provide similar services to that of local authorities, have been admitted to GMPF.
GMPF operates a career average scheme whereby as each year goes by members build up a set portion of pay as a pension. It is funded by contributions from employees, which are set out in regulations, and variable contributions from employers, which take account of the relationship of assets held to liabilities accrued (see Actuarial Review of GMPF – Note 22). The benefits of the Scheme are prescribed nationally by Regulations made under the Public Service Pension Schemes Act 2013.

The membership of GMPF as at 31 March 2018 and the preceding year is shown below:

31 March 2017		31 March 2018
109,886	Contributors	110,050
117,999	Pensioners	125,604
129,971	Deferred members *	133,268
357,856	**Total Membership**	**368,922**

** Includes former contributors who have retained a right to a refund of contributions or a transfer of pension benefits to another scheme.*

The contributions received from GMPF employers can be found in Note 20.

Further information is published in the Greater Manchester Pension Fund Annual Report 2017/18 and Funding Strategy Statement (FSS). The FSS is available from www.gmpf.org.uk and the Annual Report will be published on the website following the July 2018 administering authority Overview (Audit) Panel.

2. Accounting Policies

Basis of preparation: The accounts have been prepared on an accruals basis. That is, income and expenditure is recognised as it is earned or incurred including contributions receivable and pension benefits payable. Individual transfer values are recognised on a received or paid basis.

Financial assets and liabilities: On initial recognition, GMPF is required to classify financial assets and liabilities into held to maturity investments, available for sale financial assets, held for trading, designated at fair value through the Fund account, or loans and receivables. Financial assets may be designated as at fair value through the Fund account only if such designation (a) eliminates or significantly reduces a measurement or recognition of inconsistency, or (b) applies to a group of financial assets, financial liabilities or both that GMPF manages and evaluates on a fair value basis, or (c) relates to an instrument that contains an embedded derivative which is not evidently closely related to the host contract.

Contribution income: Normal contributions, both from the members and from the employer, are accounted for on an accruals basis at the percentage rate recommended by the fund actuary in the payroll period to which they relate. Employer deficit funding contributions are accounted for on the due dates on which they are payable under the schedule of contributions set by the scheme actuary or on receipt if earlier than the due date.

Employers’ augmentation contributions and pensions strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long-term financial assets

Additional Voluntary Contributions (AVC): GMPF provides an AVC scheme for its contributors, the assets of which are invested separately from GMPF. These AVC sums are not included in GMPF’s financial statements because GMPF has no involvement in the management of these assets. Members participating in this arrangement each receive an annual statement confirming the amount held in their account and the movements in the year. Further details are provided in Note 24.

Additional Voluntary Contributions Income: Where a member is able and chooses to use their AVC fund to buy scheme benefits, this is treated on a cash basis and is categorised within Transfers In.

Investment Income: Interest, property rent and dividends on fixed interest and equity investments and on short-term deposits has been accounted for on an accruals basis.

Accrued Investment Income: Accrued investment income has been categorised within investments in accordance with the appropriate Pensions Statement of Recommended Practice (SORP).

Foreign Income: Foreign income is translated into sterling at the rate applicable at the date of conversion. Income due at the year-end is translated at the rate applicable at 31 March 2018.

Foreign Investments: Foreign investments are translated at the exchange rate applicable at 31 March 2018. Any gains or losses arising on translation of investments into sterling are accounted for as a change in market value of investment.

Rental income: Rental income from operating leases on investment properties owned by GMPF is recognised on a straight line basis over the term of the lease. Any lease incentives granted are recognised as an integral part of the total rental income over the term of the lease. Contingent rents are only recognised when contractually due.

Benefits: Benefits includes all benefit claims payable by GMPF during the financial year.

Investment Values: All financial assets are valued at their fair value as at 31 March 2018 determined as follows:

At 31 March 2018	Valuation basis/technique	Main assumptions
Equities and bonds	Pricing from market data providers based on observable bid price quotations.	Use of pricing source. There are minor variations in the price dependent upon the pricing feed used.
Direct investment property	Independent valuations for freehold and leasehold investment properties at fair value; the main investment property portfolio has been valued by Colliers International Valuation UK LLP, Chartered Surveyors, as at 31 December 2017 subsequently adjusted for transactions undertaken between 1 January 2018 and 31 March 2018. The Greater Manchester Property Venture Fund portfolio has been valued as at 31 March 2018 by GVA. In both cases valuations have been in accordance with Royal Institute of Chartered Surveyors (RICS) Red Book which takes into account unobservable pricing inputs such as existing lease terms, independent market research, the nature of tenancies and tenant covenant strength, void levels, estimated rental growth and the discount rate.	Investment properties have been valued on the basis of open market value (the estimated amounts for which a property should exchange between a willing buyer and seller) and market rent (the expected benefits from holding the asset) in accordance with the RICS Appraisal and Valuation Manual. The values are estimates and may not reflect the actual values. Changes in rental growth void levels or the discount rate used will impact on valuations. General changes in property market prices could also affect valuations.
Indirect property (part of Pooled Investment Vehicles)	Independent valuations for freehold and leasehold properties less any debt within the individual property fund plus/minus other net assets.	Freehold and leasehold properties valued on an open market basis. Valuation carried out in accordance with the principles laid down by the RICS Appraisal and Valuation Manual and independent audit review of the net assets within the individual property fund. It is recognised that valuations could be affected by events occurring between the date of financial data provided by fund managers and GMPF's own financial reporting date, and also by post audit changes in the information provided by the fund managers. Changes to expected cash flows can also impact on the accuracy of valuations.

At 31 March 2018	Valuation basis/technique	Main assumptions
Derivatives	Derivative contracts are valued at fair value. Futures contracts' fair value is determined using exchange prices at the reporting date. The fair value is the unrealised profit or loss at the current bid market quoted price. The amounts included in change in market value are the realised gains and losses on closed futures contracts and the unrealised gains and losses on open futures contracts. The fair value of the forward currency contracts is based on market forward exchange rates at the year-end date and determined as the gain or loss that would arise if the outstanding contract was matched at the year end with an equal and opposite contract.	
Private equity, infrastructure and special opportunities portfolios	The funds are valued either in accordance with Accounting Standards Codification 820 or with International Financial Reporting Standards (IFRS). The valuation basis, determined by the relevant Fund Manager, may be any of quoted market prices, broker or dealer quotations, transaction price, third party transaction price, industry multiples and public comparables, transactions in similar instruments, discounted cash flow techniques, third party independent appraisals or pricing models.	In reaching the determination of fair value, the investment managers consider many factors including changes in interest rates and credit spreads, the operating cash flows and financial performance of the investments relative to budgets, trends within sectors and/or regions, underlying business models, expected exit timing and strategy and any specific rights or terms associated with the investment, such as conversion features and liquidation preferences. The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense. The estimates and assumptions are reviewed on an on-going basis. It is recognised that valuations could be affected by events occurring between the date of financial data provided by fund managers and GMPF's own financial reporting date, and also by post audit changes in the information provided by the fund managers. Changes to expected cash flows can also impact on the accuracy of valuations.
Cash and other net assets	Value of deposit or value of transaction	Cash and account balances are short-term, highly liquid and subject to minimal changes in value.

Financial instruments at fair value through the fund account: Financial assets and liabilities are stated at fair value as per the Net Assets Statement which is prepared in accordance with the Pensions SORP, requiring assets and liabilities to be reported on a fair value basis. Gains and losses on financial instruments that are designated as at fair value through the Fund account are recognised in the Fund account as they arise. The carrying values are therefore the same as fair values.

Loans and receivables: Non-derivative financial assets which have fixed or determinable payments and are not quoted in an active market are classified as loans and receivables.

Cash and cash equivalents: Cash comprises of cash in hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in values.

Acquisition costs of investments: Acquisition costs of non-equity investments are included in the purchase price.

Management Expenses: Investment management expenses paid directly by GMPF are included within Management Expenses within the Fund account on page 134. These costs together with other management costs are met from within the employer contribution rate. Certain of GMPF's external securities managers have contracts which include performance fees in addition to the annual management fees. The performance fees are based upon one off, non-rolling, 3 yearly calculations. It is GMPF policy to accrue for any performance fees which are considered to be potentially payable.

In addition certain investments in pooled vehicles, predominantly in private markets, alternatives and property have investment costs deducted directly by the investment managers. These costs are not charged directly to the Fund account nor analysed in Note 8. They are included in the fair value adjustments applied to assets concerned within the Fund account and corresponding notes. The performance of these investments is reported on a net basis. In line with CIPFA recommendations on improving disclosure of investment costs, Note 11a includes an estimate of these costs for this financial year and previous financial year.

Administration Expenses are included within Management Expenses within the Fund account. These costs are accounted for on an accruals basis. The costs of administration are met by employers through their employer contribution rate. All staff costs of the administering authority's pension service are charged direct to GMPF.

Net (Profit)/Loss on Foreign Currency: Net (profit)/loss on foreign currency comprises the change in value of short-term deposits due to exchange rate movements during the year.

Actuarial present value of promised retirement benefits: The actuarial present value of promised retirement benefits is assessed on an annual basis by the Actuary in accordance with the requirements of IAS19 and relevant actuarial standards. As permitted under IAS26, GMPF has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the Net Asset Statement (see Note 25).

Derivatives: GMPF uses derivative financial instruments to manage its exposure to specific risks arising from its investment activities. GMPF does not hold derivatives for speculative purposes. Derivative contract assets are fair valued at bid prices and liabilities are fair valued at offer prices. Changes in fair value of derivative contracts are included in change in fair value.

Future contracts are exchange traded and fair value is determined using exchange prices at their reporting date. Amounts due or owed to the broker are amounts outstanding in respect of initial margin and variation margin.

Forward foreign exchange contracts are over the counter contracts and are valued by determining the gain or loss that would arise from closing out the contract at the reporting date, by entering into an equal and opposite contract at that date.

Transfers: Transfer values represent amounts received and paid during the period for individual members who have either joined or left GMPF during the financial year and are calculated in accordance with Local Government Pension Scheme Regulations.
Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged. This reflects when liabilities are transferred and received. Transfers in from members wishing to use the proceeds of their additional voluntary contributions to purchase scheme benefits are accounted for on a receipts basis and are included in transfers in. Bulk (group) transfers are accounted for on an accruals basis.

Taxation: GMPF is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

2a. Critical judgements in applying accounting policies

In applying the policies, GMPF has had to make certain judgements about complex transactions, or those involving uncertainty. Those with most significant effect are:

- GMPF will continue in operational existence for the foreseeable future as a going concern
- No investments are impaired (further detail on the investment strategy and approach to managing risk can be found in Note 4)

Any judgements made in relation to specific assets and liabilities, in addition to information stated in the relevant notes, can also be found in Note 2: Accounting Policies.

Compliance with IFRS requires the assumptions and uncertainties contained within figures in the accounts and the use of estimates to be explained. GMPF accounts contain estimated figures, taking into account historical experience, current trends and other relevant factors, as detailed below:

Unquoted equity, infrastructure and special opportunities investments
Unquoted equities are valued by the investment managers in accordance with Accounting Standards Codification 820 or with International Financial Reporting Standards (IFRS). The value of unquoted equities, infrastructure and special opportunities held via investment in specialist pooled investment vehicles at 31 March 2018 was £1,564,827,000 (£1,246,146,000 at 31 March 2017).

Pension Fund Liability
The present value of GMPF's liabilities is calculated every three years by an appointed actuary. For the purpose of reporting the actuarial present value of promised retirement benefits, this liability value is updated annually in intervening years by the Actuary. The methodology used is in line with accepted guidelines and in accordance with IAS 19. Assumptions underpinning the valuations are agreed with the Actuary and are summarised in Note 25. This estimate is subject to significant variances based on change to the underlying assumptions.

3. Classification of Financial Instruments

Accounting policies describe how different asset classes of financial instruments are measured and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the carrying amounts of financial assets and liabilities by category and net assets statement heading. No financial assets were reclassified during the accounting period.

	At 31 March 2018		
	Designated as fair value through profit and loss	**Loans and receivables**	**Financial liabilities at amortised cost**
	£000	**£000**	**£000**
Financial assets:			
Equities	6,751,242	0	0
Bonds	1,325,276	0	0
Index linked	492,859	0	0
Derivatives	7,137	0	0
Pooled investment vehicles	12,491,416	0	0
Cash	0	587,141	0
Other investment assets	0	107,512	0
Current assets	0	45,689	0
	21,067,930	**740,342**	**0**
Financial liabilities:			
Derivatives	(793)	0	0
Other investment liabilities	0	0	(42,462)
Current liabilities	0	0	(23,617)
	(793)	**0**	**(66,079)**
Total	**21,067,137**	**740,342**	**(66,079)**

Note: the above table does not include investment property.

	At 31 March 2017		
	Designated as fair value through profit and loss	**Loans and receivables**	**Financial liabilities at amortised cost**
	£000	**£000**	**£000**
Financial assets:			
Equities	8,500,608	0	0
Bonds	1,517,437	0	0
Index linked	514,037	0	0
Derivatives	121	0	0
Pooled investment vehicles	9,192,482	0	0
Cash	0	868,391	0
Other investment assets	0	118,567	0
Current assets	0	44,313	0

	19,724,685	**1,031,271**	**0**
Financial liabilities:			
Derivatives	0	0	0
Other investment liabilities	0	0	(19,030)
Current liabilities	0	0	(18,336)
	0	**0**	**(37,366)**
Total	**19,724,685**	**1,031,271**	**(37,366)**

Note: the above table does not include investment property.

Net Gains and Losses on Financial Instruments

All gains and losses on financial instruments were at fair value through the Fund account. The net profit for the year ending 31 March 2018 was £471,118,000 (£3,746,606,000 net profit as at 31 March 2017).

3a. Valuation of assets carried at fair value

The table below provides an analysis of the assets and liabilities of GMPF that are carried at fair value in the GMPF Net Asset Statement grouped into levels 1 to 3 based on the degree to which fair value is observable. Further details of the values shown can be found in Note 11.

	At 31 March 2018			
	Level 1 £000	**Level 2 £000**	**Level 3 £000**	**Total £000**
Financial assets:				
Equities	6,751,242	0	0	6,751,242
Fixed interest	0	1,325,276	0	1,325,276
Index linked	0	492,859	0	492,859
Derivatives	0	6,344	0	6,344
Pooled investment vehicles	0	9,553,574	2,937,842	12,491,416
Non-financial assets (at fair value through profit & loss):				
Directly held investment property	0	0	755,145	755,145
Total	**6,751,242**	**11,378,053**	**3,692,987**	**21,822,282**

	At 31 March 2017			
	Level 1 £000	**Level 2 £000**	**Level 3 £000**	**Total £000**
Financial assets:				
Equities	8,500,608	0	0	8,500,608
Fixed interest	0	1,517,437	0	1,517,437
Index linked	0	514,037	0	514,037
Derivatives	0	121	0	121

Pooled investment vehicles	0	7,052,479	2,140,003	9,192,482
Non-financial assets (at fair value through profit & loss): Directly held investment property	0	0	552,470	552,470
Total	**8,500,608**	**9,084,074**	**2,692,473**	**20,277,155**

The valuation of assets has been classified into three levels according to the quality and reliability of information used to determine the fair values.

Level 1
Inputs to Level 1 are quoted prices on the asset being valued in an active market where there is sufficient transaction activity to allow pricing information to be provided on an ongoing basis. Financial instruments classified as Level 1 predominantly comprise actively traded shares.

Level 2
Level 2 prices are those other than Level 1 that are observable e.g. composite prices for fixed income instruments and fund net asset value prices. This is considered to be the most common level for all asset classes other than equities.

Level 3
Level 3 prices are those where at least one input, which could have a significant effect on the instrument's valuation, is not based on observable market data. Such instruments would include the GMPF private equity and infrastructure investments which are valued using various valuation techniques that require significant management judgement in determining appropriate assumptions, including earnings multiples, public market comparables and estimated future cash flows.
The valuation techniques used by GMPF are detailed in Note 2.

A reconciliation of fair value measurements in Level 3 is set out below:

31 March 2017 £000		**31 March 2018 £000**
2,162,233	Opening balance	2,692,473
660,238	Acquisitions	1,092,756
(334,588)	Disposal proceeds/return of capital	(223,837)
0	Transfer in of Level 3	0
	Total gains/losses included in the Fund account:	
56,131	- on assets sold	38,871
148,459	- on assets held at year end	92,724
2,692,473	**Closing balance**	**3,692,987**

GMPF has cash, other investment assets and liabilities. No valuation technique is required in relation to these investments and therefore assignment to a level is not applicable.

4. Financial risk management

The Management Panel of GMPF recognises that risk is inherent in any investment activity. GMPF has an active risk management programme in place and the measures which it uses to control key risks are set out in its Funding Strategy Statement (FSS).

The FSS is prepared in collaboration with GMPF's Actuary, Hymans Robertson LLP, and after consultation with GMPF's employers and investment advisors.

The FSS is reviewed in detail every 3 years in line with triennial valuations being carried out. A full review was completed by 31 March 2017.

GMPF's approach to investment risk measurement and its management is set out in its Investment Strategy Statement (ISS). The overall approach is to reduce risk to a minimum where it is possible to do so without compromising returns (e.g. in operational matters), and to limit risk to prudently acceptable levels otherwise (e.g. in investment matters).

The means by which GMPF minimises operational risk and constrains investment risk is set out in further detail in its ISS (available at www.gmpf.org.uk).

Some risks lend themselves to being measured (e.g. using such concepts as 'Active Risk' and such techniques as 'Asset Liability Modelling') and where this is the case, GMPF employs the relevant approach to measurement. GMPF reviews new approaches to measurement as these continue to be developed.

GMPF's exposures to risks and its objectives, policies and processes for managing and measuring the risks have not changed throughout the course of the year.

Market risk

Market risk is the level of volatility in returns on investments caused by changes in market expectations, interest rates, credit spreads, foreign exchange rates and other factors.

This is calculated as the standard deviation of predicted outcomes. GMPF is exposed to market risk through its portfolio being invested in a variety of asset classes.
GMPF seeks to limit its exposure to market risk by diversifying its portfolio as explained within its ISS and by restricting the freedom of its fund managers to deviate from benchmark allocations. The asset allocation has been made with regard to the balance between expected returns and expected volatility of asset classes and using advice from GMPF's investment advisor, Hymans Robertson LLP.

The table below shows the expected market risk exposure or predicted volatilities of GMPF's investments:

	Potential Market Movements (+/-)	
Asset Type	**31 March 2017* p.a.**	**31 March 2018 p.a.**
UK equities	15.8%	16.8%
Overseas equities	18.4%	17.9%
Fixed interest - gilts	9.5%	9.5%
Index linked gilts	7.1%	7.2%
Corporate bonds	10.1%	10.2%
High yield debt	7.0%	6.7%
Investment property	14.2%	14.3%
Private equity	28.5%	28.3%
Infrastructure	15.9%	15.8%

Cash and other liquid funds	0.0%	0.5%
GMPF	11.6%	10.6%

***** *Restated due to change in investment classification by GMPF investment consultants, Hymans Robertson LLP. This does not change the overall GMPF volatility.*

The volatilities for each asset class and correlations used to create the total GMPF volatility have been estimated using standard deviations of 5,000 simulated one-year total returns using Hymans Robertson Asset Model, the economic scenario generator maintained by Hymans Robertson LLP.

The overall GMPF volatility has been calculated based on GMPF's target asset split as at 31 March 2017 and 2018. The calibration of the model is based on a combination of historical data, economic theory and expert opinion.

If the market price of GMPF's investments increases or decreases over a period of a year in line with the data within the table above, the change in the market value of the net assets available to pay benefits as at 31 March 2017 and 2018 would have been as shown in the tables below.

Asset Type	**31 March 2018 £000**	**% Change p.a.**	**Value on increase £000**	**Value on decrease £000**
UK equities	4,086,596	16.8%	4,773,144	3,400,048
Overseas equities	8,453,975	17.9%	9,967,237	6,940,713
Fixed interest bonds	1,673,834	9.5%	1,832,848	1,514,820
Index linked bonds	1,080,454	7.2%	1,158,247	1,002,661
Corporate bonds	1,320,887	10.2%	1,455,617	1,186,157
High yield debt	1,117,960	6.7%	1,192,863	1,043,057
Investment property	1,659,869	14.3%	1,897,230	1,422,508
Private equity	1,566,741	28.3%	2,010,129	1,123,353
Infrastructure	466,377	15.8%	540,065	392,689
Cash and other liquid funds	1,090,242	0.5%	1,095,693	1,084,791
GMPF	**22,516,935**	**10.6%**	**24,903,730**	**20,130,140**

Note: the above table does not include investment liabilities and net current assets.

Asset Type	**31 March 2017* £000**	**% Change p.a.**	**Value on increase £000**	**Value on decrease £000**
UK equities	4,621,469	15.8%	5,351,661	3,891,277
Overseas equities	9,072,779	18.4%	10,742,170	7,403,387
Fixed interest bonds	1,276,527	9.5%	1,397,797	1,155,257
Index linked bonds	910,170	7.1%	974,792	845,548
Corporate bonds	1,301,919	10.1%	1,433,413	1,170,425
High yield debt	0	7.0%	0	0
Investment property	1,274,359	14.2%	1,455,318	1,093,400
Private equity	929,973	28.5%	1,195,016	664,931
Infrastructure	488,140	15.9%	565,754	410,526
Cash and other liquid funds	1,388,777	0.0%	1,388,777	1,388,777
GMPF	**21,264,113**	**11.6%**	**23,730,749**	**18,797,475**

Note: the above table does not include investment liabilities and net current assets.

*** *Restated due to change in investment classification by GMPF investment consultants, Hymans Robertson LLP. This does not change the overall GMPF volatility.*

Interest rate risk

GMPF invests in financial assets for the primary purpose of obtaining a return on investments whilst recognising that there is a risk that returns will not be as expected. Changes in the level of interest rates will contribute to the volatility of returns in all asset classes. The table in the section on market risk shows the expected volatility over one year for GMPF's investment portfolio. One area directly affected by interest rate changes is the level of income expected from floating rate cash instruments. As at 31 March 2018, GMPF had £360,925,000 (2016/17 £372,277,000) invested in this asset via pooled investment vehicles. Therefore, a 1% change in interest rates will increase or reduce GMPF's return by £3,609,000 (2016/17 £3,723,000) on an annualised basis.

Currency risk

GMPF invests in financial assets for the primary purpose of obtaining a return on investments whilst recognising that there is a risk that returns will not be as expected. Changes in the level of foreign exchange rates will contribute to the overall volatility of overseas assets. GMPF's approach is to consider these risks in a holistic nature. The table in the section on market risk shows the expected volatility over one year for GMPF's investment portfolio including overseas assets which are separately identified.

Credit risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause GMPF to incur a financial loss. The market values of investments generally reflect an assessment of credit risk in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of GMPF's financial assets and liabilities. The volatility of credit risk is encapsulated within the overall volatility of assets detailed in the table showing market risk.

In essence, GMPF's entire investment portfolio is exposed to some form of credit risk. However, the selection of high quality counterparties, brokers and financial institutions minimises the credit risk that may occur through the failure to settle a transaction in a timely manner.

Contractual credit risk is represented by the net payment or receipt that remains outstanding, and the cost of replacing the derivative positions in the event of counterparty default. The residual risk is minimal due to the various insurance policies held by the exchanges to cover defaulting counterparties.

Deposits are not made with banks and financial institutions unless they are rated independently and meet Tameside MBC's (TMBC), as administering authority, credit criteria. TMBC has also set limits as to the maximum percentage of the deposits placed with any one class of financial institution. In addition, TMBC invests an agreed percentage of its funds in the money markets to provide diversification. Money market funds chosen all had a "AAA" rating from a leading ratings agency.

TMBC believes it has managed its exposure to credit risk, and has had no experience of default or uncollectable deposits. GMPF's cash holding under its Treasury Management arrangements at 31 March 2018 was £484,072,000 (31 March 2017 £845,372,000). This was held with the following institutions:

SUMMARY	RATING	Balance at 31 March 2017	Balance at 31 March 2018
		£000	£000
Money market Funds			
Fidelity	AAA	20,500	1,800
Aberdeen Assets	AAA	50,000	0
Blackrock Government	AAA	20,000	0
Blackrock	AAA	50,000	0
Insight	AAA	40,800	9,100
J.P. Morgan	AAA	50,000	0
HSBC	AAA	29,240	0
SSGA	AAA	50,000	0
Goldmans	AAA	32,880	0
IGNIS	AAA	50,000	75,000
D B Advisors	AAA	50,000	0
Prime Rate	AAA	50,000	0
Morgan Stanley	AAA	45,930	75,000
Legal & General	AAA	50,000	0
Invesco	AAA	50,000	0
Banks			
Heleba	A+	25,000	10,000
CIBC	AA-	25,000	0
Barclays	A	50,000	50,000
Commonwealth Bank of Australia	AA-	0	10,000
RBS	BBB+	16,022	6,672
Local authorities & public bodies			
Salford Council	N/A	0	5,000
Cambridgeshire County Council	N/A	10,000	10,000
Telford & Wrekin Council	N/A	10,000	3,500
Medway Council	N/A	0	10,000
Surrey Heath Borough Council	N/A	0	15,000
Eastleigh Council	N/A	0	18,000
West Dunbartonshire Council	N/A	10,000	10,000
Highland Council	N/A	0	5,000
London Borough Hackney	N/A	15,000	0
Birmingham City Council	N/A	25,000	0
London Borough of Enfield	N/A	0	10,000
North Tyneside Council	N/A	0	5,000
Gloucester City Council	N/A	0	5,000
Fife Council	N/A	0	5,000
GM Combined Authority	N/A	0	75,000
Northamptonshire Council	N/A	0	18,000
Stockport Council	N/A	0	27,000
North Ayrshire Council	N/A	5,000	0
Leeds City Council	N/A	15,000	25,000
Totals		**845,372**	**484,072**

Liquidity risk

Liquidity risk represents the risk that GMPF will not be able to meet its financial obligations as they fall due. TMBC therefore take steps to ensure that GMPF has adequate cash resources to meet its commitments. This will particularly be the case for cash from the liability matching mandates from the main investment strategy to meet the pensioner payroll cost; and also cash to meet investment commitments.

TMBC has immediate access to the GMPF cash holdings, with the exception of investments placed with other local authorities – where periods are fixed when the deposit is placed.

GMPF had in excess of £484 million cash balances at 31 March 2018.

All financial liabilities at 31 March 2018 are due within one year.

The majority of GMPF assets are liquid - their value could be realised within one week. The table below shows GMPF investments in liquidity terms:

31 March 2017 £000	Liquidity terms	31 March 2018 £000
18,381,640	Assets realisable within 7 days	18,527,448
55,000	Assets realisable in 8-30 days	165,000
35,000	Assets realisable in 31-90 days	28,500
2,792,473	Assets taking more than 90 days to realise	3,795,987
21,264,113	**Total**	**22,516,935**

Management prepares periodic cash flow forecasts to understand and manage the timing of GMPF’s cash flows. The appropriate strategic level of cash balances to be held is a central consideration when preparing GMPF’s annual investment strategy.

The effects of reductions in public expenditure are expected to result in a significant maturing of GMPF’s liabilities, with fewer employee members and more pensioner and deferred members. However, when income from investments is taken into account, GMPF is expected to continue to be cash flow positive for the foreseeable future and it will not be a forced seller of investments to meet its pension obligations.

5. Contributions

By Category

31 March 2017 £000		31 March 2018 £000
(139,424)	Employees contributions	(140,493)
	Employers:	
(459,512)	Normal contributions	(578,028)
(13,171)	Deficit recovery contributions	(21,573)
(683)	Augmentation contributions	0
(473,366)	Total employer contributions	(599,601)
(612,790)	Total contributions	**(740,094)**

By Authority

31 March 2017 £000		31 March 2018 £000
(379,346)	Part 1 Schedule 2 Scheme Employers	(502,662)
(103,855)	Designating bodies	(107,758)
(109,463)	Community admission bodies	(111,873)
(20,126)	Transferee admission bodies	(17,801)
(612,790)		**(740,094)**

Scheme employers can be split into those listed in Part 1 of Schedule 2 of the Local Government Pension Scheme (Administration) Regulations 2013 (as amended) (such as local authorities) which participate automatically, and those listed in Part 2 (such as town councils) which can only participate if they choose to do so by designating employees or groups of employees as eligible. Part 2 employers are called designating bodies. Community admission bodies provide a public service in the United Kingdom otherwise than for the purposes of gain and have sufficient links with a Scheme employer. Transferee admission bodies are commercial organisations carrying out work for local authorities under a best value or other arrangement. Further analysis of contributions by employer is contained in Note 20 of these statements.

At the 2016 Actuarial Valuation, GMPF was assessed as 93% funded. Some employers will make contributions in excess of their future service rate in order to help repay the deficit over a period of time.

The contribution rates specified in the Actuarial Valuation are minimum contribution rates. Some employers have made voluntary payments in excess of these minimum rates. In addition, a small number of employers were required to make explicit lump sum deficit payments – details of these can be found in the 2016 Actuarial Valuation report located at www.gmpf.org.uk.

5a. Transfers in (bulk)

On 4 August 2017, the Secretary of State issued a Direction (under powers in Paragraph 3, Part2, Schedule 3 of the Local Government Pension Scheme Regulations 2013) to consolidate the LGPS pension interests of First South Yorkshire Limited (an admission body in the South Yorkshire Passenger Transport Pension Fund) and those of First West Yorkshire Limited (an admission body in the West Yorkshire Pension Fund) into the same pension fund that held the LGPS pension interests of First Manchester Limited.

First Manchester Limited participates in the Greater Manchester Pension Fund (GMPF) by virtue of an admission agreement with Tameside MBC (administering authority of GMPF). Consequently, from 1 November 2017, Tameside MBC became the administering authority of the LGPS pension interests of First South Yorkshire Limited and First West Yorkshire Limited.

All these members and the associated assets held to meet the liabilities were directed to transfer to GMPF over the course of 2017/18 and 2018/19. As at 31 March 2018, £388 million had been transferred to GMPF under the direction. There will be further transfers in 2018/19.

6. Benefits Payable

By Category

31 March 2017 £000		31 March 2018 £000
591,560	Pensions	624,569
117,452	Commutation & lump sum retirement benefits	108,343
16,538	Lump sum death benefits	15,169
725,550		**748,081**

By Authority

31 March 2017 £000		31 March 2018 £000
566,081	Part 1 Schedule 2 Scheme Employers	577,299
29,584	Designating bodies	30,634
116,905	Community admission bodies	125,445
12,980	Transferee admission bodies	14,703
725,550		**748,081**

Scheme employers can be split into those listed in Part 1 of Schedule 2 of the Local Government Pension Scheme (Administration) Regulations 2008 (as amended) (such as local authorities) which participate automatically, and those listed in Part 2 (such as town councils) which can only participate if they choose to do so by designating employees or groups of employees as eligible. Part 2 employers are called designating bodies. Community admission bodies provide a public service in the United Kingdom otherwise than for the purposes of gain and have sufficient links with a Scheme employer. Transferee admission bodies are commercial organisations carrying out work for local authorities under a best value or other arrangement. Further analysis of contributions by employer is contained in Note 20 of these statements.

7. Payments to and on account of leavers

31 March 2017 £000		31 March 2018 £000
2,393	Group transfers to other schemes	5,922
40,382	Individual transfers to other schemes	41,305
639	Payments for members joining state scheme	670
(179)	Income for members from state scheme	(70)
1,510	Refunds to members leaving service	1,542
44,745		**49,369**

8. Management Expenses

The costs of administration and investment management are met by the employers through their employer contribution rate.

In June 2016, CIPFA published guidance on Accounting for LGPS Management Costs. The aim of this guidance is to assist in the improvement of consistent and comparable data across LGPS funds. GMPF Scheme management costs have been categorised in accordance with this guidance in the tables below.

Investment management expenses:

31 March 2017 £000		31 March 2018 £000
1,278	Employee costs	905
187	Support services including IT	256
5,842	Transaction costs (public managers) *	5,656
15,764	Management fees	17,424
338	Custody fees	357
23,409		**24,598**

***** *Transaction costs are incremental costs directly attributable to the sale and purchase of UK and Overseas equities. They fall into three distinct categories:*

Tax (UK stamp duty)	*£2,487,000*	*(2016/17 £2,134,000)*
Market levies	*£537,000*	*(2016/17 £410,000)*
Commissions	*£2,632,000*	*(2016/17 £3,298,000)*

Administrative costs:

31 March 2017 £000		31 March 2018 £000
3,632	Employee costs	3,703
1,505	Support services including IT	2,277
155	Printing and publications	142
5,292		**6,122**

Oversight and governance costs:

31 March 2017 £000		31 March 2018 £000
480	Employee costs	488
404	Support services including IT	327
133	Governance and decision making costs	152
64	Investment performance monitoring	40
62	External audit fees *	62
104	Internal audit fees	106
49	Actuarial fees - investment consultancy	151
308	Actuarial fees	145
1,604		**1,471**

** Total fee paid to external auditors in 2017/18 is £62,337 (2016/17 £62,337) of which £5,996 (2016/17 £5,996) was paid in relation to work carried out on behalf of GMPF's main scheme employers*

9. Investment income

31 March 2017 £000		31 March 2018 £000
(45,165)	Fixed interest (corporate and government bonds)	(48,535)
(236,945)	Equities	(261,775)
(4,529)	Index linked	(4,419)
(46,285)	Pooled investment vehicles	(64,014)
(30,494)	Investment property (gross)	(34,426)
3,101	Investment property non-recoverable expenditure	4,188
(3,395)	Interest on cash deposits	(2,399)
(756)	Stock lending	(697)
0	Underwriting	(15)
(364,468)		**(412,092)**

In accordance with IAS 12 Income Taxes, investment income includes withholding taxes and irrecoverable withholding tax is analysed separately as a tax charge. Income received by Legal and General pooled funds is automatically reinvested within the relevant sector fund and thus excluded from the above analysis. Similarly, UBS pooled funds for Emerging Market Equities, Stone Harbor pooled funds for global credit , Aviva Investors Property Fund, Standard Life Pooled Property Pension Fund, Standard Life Investments UK Property Development Fund, EID Unit Fund, Darwin Leisure Property Fund and J.P. Morgan Strategic Property Fund Asia in which GMPF invest have income automatically reinvested with that fund.

9a. Investment Return by Proxy

On 1 June 2014, in accordance with Statutory Instrument 1146 (2014), GMPF became the sole administering authority for probation staff and former probation staff in England and Wales that have or are eligible for LGPS membership.

The transfer of assets from the former Administering Authorities was a staged process throughout 2014/15 to 2015/16 and 2016/17 (the final year of transfer), with the ceding LGPS funds paying an estimated compensatory amount to GMPF to reflect investment returns for the period between the agreed transfer date and the actual transfer value receipt date. Once the actual investment returns of the transferring funds were established, the amount was refreshed and an adjustment paid to or from GMPF to reflect this return.

10. Taxation

GMPF is exempt from UK income tax on interest and from capital gains tax on the profits resulting from the sale of investments. GMPF is exempt from United States withholding tax on dividends and can recover all or part of the withholding tax deducted in some other countries. The amount of withholding tax deducted from overseas dividends which GMPF is unable to reclaim in 2017/18 amounts to £3,964,000 (2016/17 £3,914,000) and is shown as a tax charge.

As Tameside MBC is the Administering Authority for GMPF, VAT input tax was recoverable on all GMPF activities including expenditure on investment and property expenses.

11. Investments at fair value

The following tables analyse the carrying amounts of the financial assets and liabilities by category.

Value at 1 April 2017 £000		Purchases £000	Sales £000	Change in fair value £000	Value at 31 March 2018 £000
	Designated as at fair value through the fund account				
8,500,608	Equities	2,130,354	(4,111,749)	232,029	6,751,242
1,517,437	Bonds	707,401	(837,695)	(61,867)	1,325,276
514,037	Index linked	144,273	(123,560)	(41,891)	492,859
552,470	Investment property	200,162	(20,575)	23,088	755,145
121	Derivatives	8,598	(12,749)	10,374	6,344
9,192,482	Managed and unitised funds	12,680,491	(9,714,029)	332,472	12,491,416
20,277,155		15,871,279	(14,820,357)	494,206	21,822,282
	Loans and receivables				
868,391	Cash				587,141
125,514	Other investments and net assets				87,122
21,271,060	**Total**				**22,496,545**

Value at 1 April 2016 £000		Purchases £000	Sales £000	Change in fair value £000	Value at 31 March 2017 £000
	Designated as at fair value through the fund account				
6,495,402	Equities	2,455,907	(2,332,607)	1,881,906	8,500,608
1,055,368	Bonds	1,015,155	(632,276)	79,190	1,517,437
565,447	Index linked	385,995	(506,043)	68,637	514,037
525,270	Investment property	62,229	(32,163)	(2,866)	552,470
(178)	Derivatives	15,562	(24,921)	9,658	121
7,911,323	Managed and unitised funds	838,952	(1,265,009)	1,707,216	9,192,482
16,552,632		4,773,800	(4,793,019)	3,743,741	20,277,155
	Loans and receivables				
627,785	Cash				868,391
144,206	Other investments and net assets				125,514
17,324,623	**Total**				**21,271,060**

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investment during the year.

Sales and purchases include £4,350,000,000 relating to a transfer between different pooled vehicles managed by Legal & General which was implemented through a specie transfer. They also include £4,900,000,000 relating to the transfer from Capital International to Legal & General which was made predominantly through specie transfer to reduce transaction costs.

Bonds

31 March 2017 £000		31 March 2018 £000
370,452	UK public sector quoted	272,343
237,234	Overseas public sector quoted	287,324
796,827	UK corporate quoted	695,157
112,924	Overseas corporate quoted	70,452
1,517,437		**1,325,276**

Investment Property

31 March 2017 £000		31 March 2018 £000
517,210	UK - main investment property portfolio	636,435
35,260	UK - Greater Manchester Property Venture Fund	118,710
552,470		**755,145**

All investment property is located in England, Wales or Scotland and, in order to reduce risk, is diversified over several sectors that include high street retail, offices, industrial/retail warehousing, leisure, healthcare and student accommodation. Gross and net rental income are shown in Note 9 of these accounts.

With the sole exception of two investment properties, where a rent sharing agreement is in place with the freeholder, no directly held investment property has restrictions on its realisation, remittance of income or disposal proceeds.

Committed expenditure in relation to investment property can be found at Note 17.

In accordance with the Investment Property Strategy, decisions have been taken to sell fifteen investment properties. These were either being prepared for sale, were being marketed or prices had been agreed at 31 March 2018 (combined prices totalled £62,175,000).

The following tables summarise the movement in the fair value of investment properties over the year:

Movement in the fair value of investment properties in 2017/18	**£000**
Balance at 1 April 2017	552,470
Purchases	189,734
Expenditure during year	10,428
Disposals	(20,575)
Net gains/ (losses) from fair value adjustments	23,088
Balance at 31 March 2018*	**755,145**

** Of which £62,175,000 relates to properties being marketed at 31 March 2018*

Future operating lease rentals receivable

31 March 2017 £000		31 March 2018 £000
24,171	Not later than 1 year	29,481
97,912	Later than 1 year, but not later than 5 years	116,166
146,943	Later than 5 years	152,099
269,026	**Total**	**297,746**

The future minimum lease payments due to GMPF under non-cancellable operating leases are stated above.

Where a lease contains a "tenant's break" clause, it is only up to this point that the aggregation is made.

Derivatives

31 March 2017 £000		31 March 2018 £000
	Investment assets:	
913	Forward currency contracts	1,196
0	Financial futures	5,941
913		7,137
	Investment liabilities:	
(792)	Forward currency contracts	(416)
0	Financial futures	(377)
121	**Net (liability)/asset**	**6,344**

Derivative receipts and payments represent the realised gains and losses on futures contracts and forward currency contracts. GMPF's objective in entering into derivative positions is to decrease risk in the portfolio.

The above tables analyse the derivative contracts held at 31 March 2018 by maturity date.

31 March 2018	Settlement Date	Currency	Economic Exposure	Market Value
Contract			**000**	**£000**
FTSE 100 Index Future	Within three months	GPB	(13,777)	281
CME S&P 500 E Mini Index Future	Within three months	USD	(128,118)	4906
Euro Stoxx 50 Future	Within three months	EUR	(25,457)	434
Swiss Market Index Future	Within three months	CHF	(6,144)	127
Topix Index Future	Within three months	JPY	(19,905)	(377)

Hang Seng Index Future	Within one month	HKD	(2,729)	2
SPI 200 Future	Within three months	AUD	(5,332)	191
Total			**(201,462)**	**5,564**

The Forward Currency Contracts were all traded on an over-the-counter-basis.

31 March 2018	Settlement Date	Currency	Currency Bought	Currency	Currency Sold	Asset	Liability
Contract			**000**		**000**	**£000**	**£000**
Forward Currency Contact	Within one month	GBP	77,299	EUR	88,575	0	(416)
Forward Currency Contact	Within one month	USD	118,780	GBP	83,380	1,196	0
						1,196	**(416)**

Pooled investment vehicles

Pooled investment vehicles aggregate capital from multiple investors to pursue specified investment strategies. The table below analyses, by type and underlying asset class, funds in which GMPF invests.

31 March 2017 £000		31 March 2018 £000
297,106	UK property	467,982
83,589	Overseas property	154,417
0	Global credit	1,117,960
774,441	Overseas equity	430,573
322,541	UK private equity & infrastructure	539,426
826,408	Overseas private equity & infrastructure	1,056,474
80,460	UK special opportunities portfolio	53,445
188,417	Overseas special opportunities portfolio	272,477
2,572,962	**Managed funds**	**4,092,754**
300,329	Property	351,470
288	Overseas private equity	224
300,617	**Unit trusts**	**351,694**
40,865	Property	41,927
1,094,888	UK quoted equity	608,478
485,417	UK fixed interest	723,957
354,214	UK index linked securities	554,454
370,277	UK corporate bonds	508,106
372,277	UK cash instruments	360,925
3,324,312	Overseas quoted equity	4,750,280
183,422	Overseas fixed interest	390,210
21,891	Overseas corporate bonds	47,171
41,919	Overseas index linked securities	33,140

29,421	Inflation funds	28,320
6,318,903	**Insurance policies**	**8,046,968**
9,192,482	**Total pooled investment vehicles**	**12,491,416**

Cash

31 March 2017 £000		**31 March 2018 £000**
846,540	Sterling	533,208
21,851	Foreign currency	53,933
868,391		**587,141**

Other investments balances and net assets

31 March 2017 £000		**31 March 2018 £000**
17,599	Amounts due from broker	27,180
39,196	Outstanding dividends and recoverable withholding tax	40,884
19,735	Gross accrued interest on bonds	17,165
3,448	Gross accrued interest on loans	289
38,056	Investment loans	20,684
533	Other accrued interest and tax reclaims	1,310
118,567	**Other investment assets**	**107,512**
(18,531)	Amounts due to broker	(36,552)
0	Variation margin	(5,563)
(436)	Irrecoverable withholding tax	(347)
(18,967)	**Other investment liabilities**	**(42,462)**
19,695	Employer contributions - main scheme	33,770
307	Employer contributions - additional pensions	353
8,771	Property	5,508
8,127	Development of new Pensions office building	0
7,413	Other	6,058
44,313	**Current assets**	**45,689**
(7,224)	Property	(10,179)
0	Employer contributions - main scheme	(40)
(2,351)	Employer contributions - additional pensions	(1,795)
(4,196)	Admin & investment management expenses	(5,378)
(4,628)	Other	(6,225)
(18,399)	**Current liabilities**	**(23,617)**
25,914	**Net current assets**	**22,072**
125,514	**Other investment balances and net assets**	**87,122**

11a. Transaction and management costs not charged directly to the Fund Account

Public managers
Since 1 April 2016 transaction costs in respect of the purchase and sale of equities have been respectively excluded or included in the prices reported in the Net Assets Statement and charged to the Fund Account. Details may be seen at Note 8.

Directly held property
Transaction costs continue to be capitalised and are implicit within the value of the assets concerned. These amounted to £1,389,000 for 2017/18 (£3,189,000 for 2016/17).

The CIPFA Code of Practice (and guidance related to the Code) does not require 'bid-offer spread' to be reported as a transaction cost.

Management Costs

Certain investments in pooled vehicles predominantly in private markets, alternatives and property have investment costs met within the vehicle rather than an explicit charge paid by GMPF. Thus, costs are not charged directly to the Fund Account nor analysed in Note 8. They are included in the fair value adjustments applied to assets concerned within the Fund Account and corresponding notes. The performance is reported on a net basis.

The table below shows estimates made for these costs during the current and previous financial year using methodology agreed with external advisers on private assets and include potential accrued performance fees.

31 March 2017 £000		31 March 2018 £000
23,457	Private market and alternative investments (performance related)	42,924
37,172	Private market and alternative investments (non-performance related)	47,377
5,030	Indirect investment property	9,283
65,659		**99,584**

12. Local investments

GMPF invests within the North West of England with a focus on the Greater Manchester conurbation in property development and redevelopment opportunities. This programme of investments is delivered through Greater Manchester Property Venture Fund

31 March 2017 £000		31 March 2018 £000
35,260	Greater Manchester Property Venture Fund	118,710

13. Designated funds

A small number of employers within GMPF have a materially different liability profile. Some earmarked investments are allocated to these employers. The investments of the designated fund incorporated in the Net Asset statement are as follows:

31 March 2017 £000		31 March 2018 £000
0	UK equities	23,610
0	Overseas equities	38,705
0	UK corporate bonds	50,594
127,001	Index linked gilts	315,391
0	Cash instruments	12,589
72,348	Cash	57,239
29,422	Inflation funds	28,192
1,239	Other investment balances	1,288
230,010		**527,608**

14. Summary of managers' portfolio values at 31 March

2017			2018	
£m	%		£m	%
		Externally managed		
7,804	36.7%	UBS Asset Management	8,190	36.4%
6,278	29.5%	Legal & General	8,005	35.6%
1,086	5.1%	Investec	1,123	5.0%
0	0.0%	Stone Harbor	1,118	5.0%
676	3.2%	LaSalle	810	3.6%
35	0.1%	GVA (advisory mandate)	119	0.5%
2,829	13.3%	Capital International	0	0.0%
18,708	87.9%		19,365	86.1%
		Internally managed		
1,499	7.1%	Alternatives	2,033	9.0%
201	0.9%	Designated funds	182	0.8%
482	2.3%	Property indirect	731	3.3%
381	1.8%	Cash, other investments and net assets	186	0.8%
2,563	12.1%		3,132	13.9%
21,271	**100.0%**	**Total**	**22,497**	**100.0%**

15. Concentration of investment

As at 31 March 2018, GMPF held, respectively, 11.7%, 9.5% and 11.8% of its net assets in insurance contracts MF32950, MF36558 and MF37010 with Legal & General Assurance (Pensions Management) Limited. They are linked long term contracts under Class III of Schedule 1 of the Insurance Companies Act 1982 and not "with profits" contracts.

The policy documents have been issued and the values are incorporated in the Net Asset statement within pooled investment vehicles. The policies' underlying asset classes are as follows:-

POLICY MF32950

31 March 2017 £000		31 March 2018 £000
306,057	UK equities	0
1,966,002	Overseas equities	1,442,580
341,658	UK fixed interest	386,046
182,499	UK corporate bonds	190,058
90,346	Overseas fixed interest	95,216
260,874	UK Index linked	290,540
222,520	UK cash instruments	235,318
3,369,956		**2,639,758**

POLICY MF36558

31 March 2017 £000		31 March 2018 £000
788,830	UK equities	584,868
1,358,310	Overseas equities	993,091
143,760	UK fixed interest	109,691
187,779	UK corporate bonds	147,028
93,075	Overseas fixed interest	70,006
93,340	UK Index linked	72,025
149,756	UK cash instruments	113,018
41,920	Overseas index linked	33,141
21,891	Overseas corporate bonds	17,428
2,878,661		**2,140,296**

POLICY MF37010

31 March 2017 £000		31 March 2018 £000
0	Overseas equities	2,059,050
0	UK fixed interest	228,219
0	UK corporate bonds	120,426
0	Overseas fixed interest	224,989
0	Overseas corporate bonds	29,744
0		**2,662,428**

Stone Harbor

In addition to the above insurance policies, £1,118,000,000, 5% of GMPF's net assets, were held in global credit shares in the above fund which is a qualified investor alternative investment fund.

16. Notifiable interests

As at 31 March 2018 GMPF had holdings of 3% or over in the ordinary share capital of the following quoted companies:

UK Equity 31 March 2017 %		UK Equity 31 March 2018 %
7.9	Mothercare PLC	7.9
6.0	STV Group PLC	6.1
5.4	Chemring Group PLC	5.4
5.4	SIG PLC	5.4
5.3	TT Electronics PLC	5.3
4.4	Brown (N) Group PLC	5.2
3.5	Serco Group PLC	4.6
4.0	RPS Group PLC	4.0
3.8	Balfour Beatty PLC	3.8
3.6	Volution GRP PLC	3.6

17. Undrawn commitments

31 March 2017 £000	Asset type	Nature of commitment	31 March 2018 £000
2,691	Directly held investment property	Commitments regarding demolition or refurbishment work	1,166
0	Directly held investment property	Commitments regarding purchases	95,000
1,456,171	Indirect private equity and infrastructure	Commitments to fund	1,664,617
216,910	Special Opportunities portfolio	Commitments to fund	369,372
323,416	Property managed funds	Commitments to fund	343,054
44,424	Property unit trusts	Commitments to fund	40,975
34,025	Commercial/domestic based property unit trust	Commitments to fund	32,685
18,447	Local Investment 4 Growth fund	Commitments to fund	9,230
104,250	Local Impact Portfolio	Commitments to fund	126,528
2,783	Greater Manchester Property Venture Fund	Commitment to lend	18,531
2,203,117			**2,701,158**

The above expenditure was contractually committed as at 31 March and a series of staged payments are to be made at future dates.

18. Related party transactions

In the course of fulfilling its role as administering authority to GMPF, Tameside MBC incurred costs for services (e.g. salaries and support costs) of £6,497,000 on behalf of GMPF and reclaimed from HMRC VAT (net) of £1,676,000. Total payments due to Tameside MBC therefore, amounted to £4,821,000 (2016/17 £5,902,000). GMPF reimbursed Tameside MBC £3,538,000 for these charges and there is a creditor of £1,283,000 owing to Tameside MBC at the year-end (2016/17 £622,000 within Creditors). This creditor has been settled since the year end.

There is no direct charge to GMPF for the services of the Director of Governance & Pensions. This is also the case for the Chief Executive and the Director of Finance but a contribution towards their cost is included in the recharge as detailed above They receive no additional salary or remuneration for undertaking these roles. Details of the total remuneration of these officers will be published on the Tameside MBC website. The remuneration of the Chair of the Management Panel can be found by accessing the following link:

http://www.tameside.gov.uk/constitution/part6

Other key management personnel full time and total remuneration, including employer's pension contributions, are as shown below:-

Job Title	**£**
Assistant Director of Pensions (Special Projects)*	66,923
Assistant Director of Pensions (Investments) †	31,593
Assistant Director of Pensions (Funding & Business Development)	94,779
Assistant Director of Pensions (Local Investments & Property)	94,779

** Three day working week from June 2017*

† In post from December 2017

Paragraph 3.9.4.3 of the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom exempts Local Authorities on the Key Management Personnel disclosure requirements of IAS 24, on the basis that the disclosure requirements for officer remuneration and members' allowances detailed in Section 3.4 of the code (which are derived from the requirements of Regulation 7(2)-(4) of the Accounts and Audit (England) Regulations 2011 and Regulation 7A of the Accounts and Audit (Wales) Regulations (2005) satisfy the Key Management Personnel disclosure requirements of paragraph 16 of IAS 24.

The disclosures required by regulation 7(2)-(4) of the Accounts and Audit (England) Regulations can be found in the main accounts of the administering authority - Tameside MBC.

No senior officers responsible for the administration of GMPF have entered into any contract (other than their contract of employment) with Tameside MBC (administering authority).

A number of officers responsible for the administration of GMPF have directorships in companies which have been incorporated for the sole purpose of the investment administration and management of GMPF's assets and other assets which GMPF has a joint interest with other LGPS funds. These are:

Name	Position in GMPF 2017/18	Company in which directorship is held	Company Registration Number
Andrew Hall	Investment Manager	GMPF UT (Second Unit Holder) Limited	08725454
		Matrix Homes (General Partner) Limited	08980059
		Plot 5 First Street GP Limited	09904743
		Plot 5 First Street Nominee Limited	09919396
		Manchester Charles Street Residential (ELP GP) Limited	10977358
		Manchester Charles Street Residential (SLP GP) Limited	SC576947
Neil Charnock	Head of Legal Services	Hive Bethnal Green Limited	09362438
Patrick Dowdall	Assistant Director of Pensions (Local Investments & Property)	Matrix Homes (General Partner) Limited	08980059
		Hive Bethnal Green Limited	09362438
		GLIL Corporate Holdings Limited	10046509
		Plot 5 First Street Nominee Limited	09919396
		Plot 5 First Street GP Limited	09904743
		GMPF UT (Second Unit Holder) Limited	08725454
		Airport City (Asset Manager) Limited	08723467
		Manchester Charles Street Residential (ELP GP) Limited	10977358
		Manchester Charles Street Residential (SLP GP) Limited	SC576947
		CREP III Investment R S.à r.l	B 140 126
Steven Pleasant MBE	Chief Executive	Airport City (General Partner) Limited	08723477
Daniel Hobson	Senior Investment Manager	GLIL Corporate Holdings Limited	10046509
		GLIL Corporate Holdings 2 Limited	10824179
		Rock Rail East Anglia (Holdings) 1 Limited	10266130
		Rock Rail East Anglia (Holdings) 2 Limited	09918883
		Rock Rail East Anglia PLC	10360543
		Clyde Windfarm (Scotland) Limited	SC281105

The above receive no remuneration for these directorships.

Under legislation introduced in 2003/04, Councillors were entitled to join the pension scheme. However, separate legislation came into effect from 2014 rescinding this and all Councillors in the LGPS had their benefits deferred on expiry of their terms of office.

The following members of the Management and Advisory Panels are consequently deferred pensioners:

Name	Position
Cllr S Quinn	Councillor member
Cllr G Cooney	Councillor member
Cllr J Fitzpatrick	Councillor member
Cllr M Smith	Councillor member
Cllr D Ward	Councillor member
Cllr T Halliwell	Councillor member
Cllr C Patrick	Councillor member

In addition, the following Members of the Management and Advisory Panels, having attained the appropriate age or other criterion, are in receipt of pension benefits:

Name	Position
Cllr A Mitchell	Councillor member
Cllr J Taylor	Councillor member
Cllr S Quinn	Councillor member
Cllr J Lane	Councillor member
Cllr J Pantall	Councillor member

The following Members of the Management and Advisory Panel and the Local Board are deferred pensioners by virtue of their membership of GMPF in current or previous employments:

Name	Position
Cllr V Ricci	Councillor member
Cllr M Smith	Councillor member
K Allsop	Employee representative

The following Members of the Management and Advisory Panel and the Local Board, by virtue of their membership of GMPF in previous employments and attaining the appropriate age, are in receipt of pension benefits:

Name	Position
J Thompson	Employee representative
F Llewellyn	Employee representative
R Paver	Employer representative
P Catterall	Scheme Member representative

Each member of the Local Board, the GMPF Management and Advisory Panels and Working Groups formally considers declarations of interest at each meeting. In addition, an annual return of all declarations of interest is obtained from the Members by their respective Councils. Those relevant to GMPF Management Panel or Board membership, i.e. where the organisation is a GMPF contributing employer, are listed on the next page:

Name	Position & Organisation
Cllr T Halliwell	Member of the Board of North West Employers' Association
Cllr J Taylor	Member of Greater Manchester Combined Authority Chairman of Tameside Sports Trust (Reg.No. 03531443)
Cllr M Smith	Employee of Manchester Working Ltd
Cllr G Cooney	Employee of Manchester City Council Director of Ashton Pioneer Homes Limited (Reg.No. 03383565) Director of Pioneer Homes Services Limited (subsidiary of Ashton Pioneer Homes Limited) (Reg.No. 06546606) Director of Ashton Pioneer Homes Developments Limited (subsidiary of Ashton Pioneer Homes Limited) (Reg.No. 03989251) Director of Mechanics' Centre Limited (Reg.No. 01983373) Director of New Charter Housing Trust Limited (Reg.No. 03807262)
Cllr V Ricci	Director of New Charter Homes Limited (subsidiary of New Charter Housing Trust) (Reg.No. 03807022)
Cllr A Mitchell	Committee Member of Groundwork Organisations
Cllr A Brett	Member of the Board of North West Local Authorities Employers' Association Member of Greater Manchester Combined Authority
Cllr B Fairfoull	Member of Manchester Airport Consultative Committee
Cllr A Jabbar	Member of Greater Manchester Combined Authority Member of the Unity Partnership Board Member of the Board of North West Local Authorities Employers' Association
M Rayner	Employee of Manchester City Council
D Schofield	Employee of Manchester City Council
R Paver	Employee of Greater Manchester Combined Authority Member of Executive Board of Transport for Greater Manchester Director of Commission for New Economy (Reg.No. 5678007) Director of MIDAS Limited (Reg.No. 03323710) Director of Education and Leadership Trust (Reg.No. 08913502)
A Flatley	Employee of Bolton MBC
J Hammond	Employee of Bury MBC
P Herbert	Employee of National Offender Management Service
C Lloyd	Employee of Tameside MBC
C Goodwin	Employee of University of Manchester
P Taylor	Employee of LTE Group
M Baines	Employee of Association for Public Service Excellence
K Drury	Employee of University of Manchester

The administering authority, Tameside MBC, falls under the influence of The United Kingdom Ministry of Housing, Communities and Local Government. GMPF may have significant holdings of UK Government bonds depending on investment decisions

19. Employer related investment

As at 31 March 2018 GMPF had amounts on short-term loan to three contributing employers: Salford City Council £5,000,000 (2017 £Nil), Stockport MBC £27,000,000 (2017 £Nil) and Greater Manchester Combined Authority £75,000,000 (2017 £Nil). The investments were made by GMPF as part of its day-to-day treasury management activities.

As part of its normal investment activities conducted through its investment fund managers, GMPF owns shares with a market value of £10,717,000 (2017 £22,176,000) in First Group PLC which is the ultimate parent company of three subsidiaries who are contributing employers to GMPF.

GMPF has a minor holding in the Airport City joint venture, which is developing land adjacent to Manchester Airport for commercial use. The main stakeholder at Airport City being Manchester Airport Group, which is a contributing employer to GMPF.

GMPF has formed a joint venture with Manchester City Council, a contributing employer to GMPF, known as Matrix Homes, to develop residential property for both sale and to rent, at sites across Manchester.

20. Contributions received and benefits paid during the year ending 31 March

Contributions Received 2017 £m	Benefits Paid 2017 £m		Contributions Received 2018 £m	Benefits Paid 2018 £m
(32)	39	Bolton Borough Council	(31)	39
(20)	25	Bury Borough Council	(21)	27
(57)	94	Manchester City Council	(57)	95
(20)	32	Oldham Borough Council	(48)	32
(23)	32	Rochdale Borough Council	(24)	34
(27)	39	Salford City Council	(24)	39
(24)	31	Stockport Borough Council	(58)	32
(20)	31	Tameside Borough Council (administering authority)	(48)	31
(17)	24	Trafford Borough Council	(41)	25
(32)	40	Wigan Borough Council	(34)	40
(211)	209	Other scheme employers *	(224)	214
(130)	130	Admitted bodies *	(130)	140
(613)	**726**		**(740)**	**748**

A number of local authorities have brought forward their payment of pension contributions (total £114 million in order to make efficient use of their cash balances.

* A full list of all scheme and admitted bodies can be found in the GMPF Annual Report 2017/18 which will be available at www.gmpf.org.uk.

21. Investment Strategy Statement and Funding Strategy Statement

GMPF has published an Investment Strategy Statement and a Funding Strategy Statement. Both documents can be found on its website - www.gmpf.org.uk.

22. Actuarial Review of GMPF

GMPF's last Actuarial valuation was undertaken as at 31 March 2016. A copy of the valuation report can be found on the GMPF website –

http://www.gmpf.org.uk/documents/policies/actuarialvaluation/2016.pdf

The funding policy is set out in the Funding Strategy Statement (FSS) dated March 2017. The key funding principles are as follows:

- to ensure the long-term solvency of GMPF as a whole and the solvency of each of the notional sub-funds allocated to individual employers;
- to ensure that sufficient funds are available to meet all benefits as they fall due for payment;
- to ensure that employers are aware of the risks and the potential returns of the investment strategy;
- to help employers recognise and manage pension liabilities as they accrue, with consideration as to the effect on the operation of their business where the Administering Authority considers this to be appropriate;
- to try to maintain stability of employer contributions;
- to use reasonable measures to reduce the risk to other employers, and ultimately to the Council Tax payer, from an employer ceasing participation or defaulting on its pension obligations;
- to address the different characteristics of the disparate employers or groups of employers to the extent that this is practical and cost-effective; and
- to maintain the affordability of GMPF to employers as far as is reasonable over the longer term.

The valuation revealed that GMPF's assets, which at 31 March 2016 were valued at £17,325 million, were sufficient to meet 93% of the present value of promised retirement benefits earned. The resulting deficit was £1,371 million.

The key financial assumptions adopted for the 2016 valuation were:

	31 March 2016	
Financial Assumptions	**% p.a. Nominal**	**% p.a. Real**
Discount rate	4.20%	2.10%
Pay Increases *	2.20% / 2.90%	0.1% / 0.8%
Price Inflation/Pension increases	2.10%	-

** A salary increase assumption of 2.2% p.a. was adopted for the Metropolitan Borough Councils, National Probation Service and the Police and Crime Commissioner. For all other employers a salary increase assumption of 2.9% p.a. was used.*

The liabilities were assessed using an accrued benefits method that takes into account pensionable membership up to the valuation date. It also makes an allowance for expected future salary growth to retirement or expected earlier date of leaving pensionable membership.

23. Stock lending

GMPF's custodian, J.P. Morgan, is authorised to release stock to third parties under a stocklending agreement. Under the agreement, GMPF does not permit J.P. Morgan to lend UK or US equities.

At the year end the value of stock on loan was £134,900,000 (31 March 2017: £141,100,000) in exchange for which the custodian held collateral at fair value of £139,800,000 (31 March 2017: £147,600,000), which consisted exclusively of UK, US, and certain other government bonds.

24. AVC Investments

GMPF provides an Additional Voluntary Contributions (AVC) scheme for its contributors, the assets of which are invested separately from GMPF. Therefore, these amounts are not included in the GMPF accounts in accordance with regulation 4(2)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 (SI 2009 No 3093).

GMPF's main AVC provider is Prudential where the sums saved are used to secure additional benefits on a money purchase basis for those contributors electing to pay additional voluntary contributions. The funds are invested in a range of investment products including with profits, fixed interest, equity, cash, deposit, property, and socially responsible funds, as follows:

Contributions paid	£8,396,744
Units purchased	1,587,139
Units sold	834,360
Fair value as at 31 March 2018	**£71,672,439**
Fair value as at 31 March 2017	£70,559,781

25. Actuarial present value of promised retirement benefits

CIPFA's Code of Practice on Local Authority Accounting 2017/18 requires administering authorities of LGPS funds to disclose the actuarial present value of promised retirement benefits in accordance with IAS26 Accounting and Reporting by Retirement Benefit Plans.

This value has been calculated by GMPF's Actuary, Hymans Robertson LLP, using the assumptions below.

Assumptions used

The assumptions used are those adopted for the administering authority's IAS19 Employee Benefits report at each year end as required by the CIPFA Code of Practice on Local Authority Accounting 2017/18.

Financial Assumptions

31 March 2017 % p.a.	Year ended:	31 March 2018 % p.a.

2.40%	Inflation/pension increase rate	2.40%
2.50%	Salary increase rate	2.50%
2.60%	Discount rate	2.70%

Mortality

Life expectancy is based on GMPF's VitaCurves with improvements in line with the CMI 2010 model, assuming the current rate of improvements has reached a peak and will converge to a long term rate of 1.25% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	21.5 years	24.1 years
Future pensioners*	23.7 years	26.2 years

** future pensioners are assumed to be currently aged 45*

Commutation

An allowance is included for future retirements to elect to take 55% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 80% of the maximum tax-free cash for post-April 2008 service.

Value of promised retirement liabilities

31 March 2017 £m		31 March 2018 £m
27,345	Present value of promised retirement benefits	27,281

Liabilities have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2016.

Sensitivity analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below.

As at 31 March 2017			As at 31 March 2018	
Approximate % increase to promised retirement benefits	Approximate monetary amount (£m)	Change in assumptions at year ended 31 March	Approximate % increase to promised retirement benefits	Approximate monetary amount (£m)
8%	2,188	0.5% increase in the Pension Increase Rate	8%	2,182
2%	547	0.5% increase in the Salary Increase Rate	2%	546
3%	820	1 year increase in member life expectancy	3%	818
10%	2,735	0.5% decrease in Real Discount Rate	10%	2,728

It should be noted that the above figures are only appropriate for the preparation of the accounts of GMPF. They should not be used for any other purpose.