



## **Audit Committee**

Date: Tuesday, 25 July 2023

Time: 10.00 am

Venue: Council Antechamber, Level 2, Town Hall Extension

This is a **Revised Supplementary Agenda** containing an additional item of business (Item 13) that was not listed on the original agenda.

### **Access to the Council Antechamber**

Public access to the Council Antechamber is on Level 2 of the Town Hall Extension, using the lift or stairs in the lobby of the Mount Street entrance to the Extension.

**There is no public access from the Lloyd Street entrances of the Extension.**

### **Filming and broadcast of the meeting**

Meetings of the Audit Committee are 'webcast'. These meetings are filmed and broadcast live on the Internet. If you attend this meeting you should be aware that you might be filmed and included in that transmission.

## **Membership of the Audit Committee**

**Councillors** - Lanchbury (Chair), Curley, Noor, Kilpatrick, Simcock and Stogia

**Independent Co-opted Members** - Dr Downs and Dr D Barker

## Revised Supplementary Agenda

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- |  |           |
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| <b>5. External audit of Accounts 2020/21</b>                             | 3 – 58    |
| The report of the External Auditors (Mazars) is enclosed.                |           |
| <b>6. Draft Statement of Accounts 2022/23</b>                            | 59 – 352  |
| The report of the Deputy Chief Executive and City Treasurer is enclosed. |           |
| <b>9. Capital Outturn 2022/23</b>  | 353 – 396 |
| The report of the Deputy Chief Executive and City Treasurer is enclosed. |           |
| <b>10. Revenue Outturn 2022/23</b>                                       | 397 - 428 |
| The report of the Deputy Chief Executive and City Treasurer is enclosed. |           |
| <b>13. Final Statement of Accounts 2020/21</b>                           | 429 - 758 |
| The report of the Deputy Chief Executive and City Treasurer is enclosed  |           |

## Further Information

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For help, advice and information about this meeting please contact the Committee Officer:

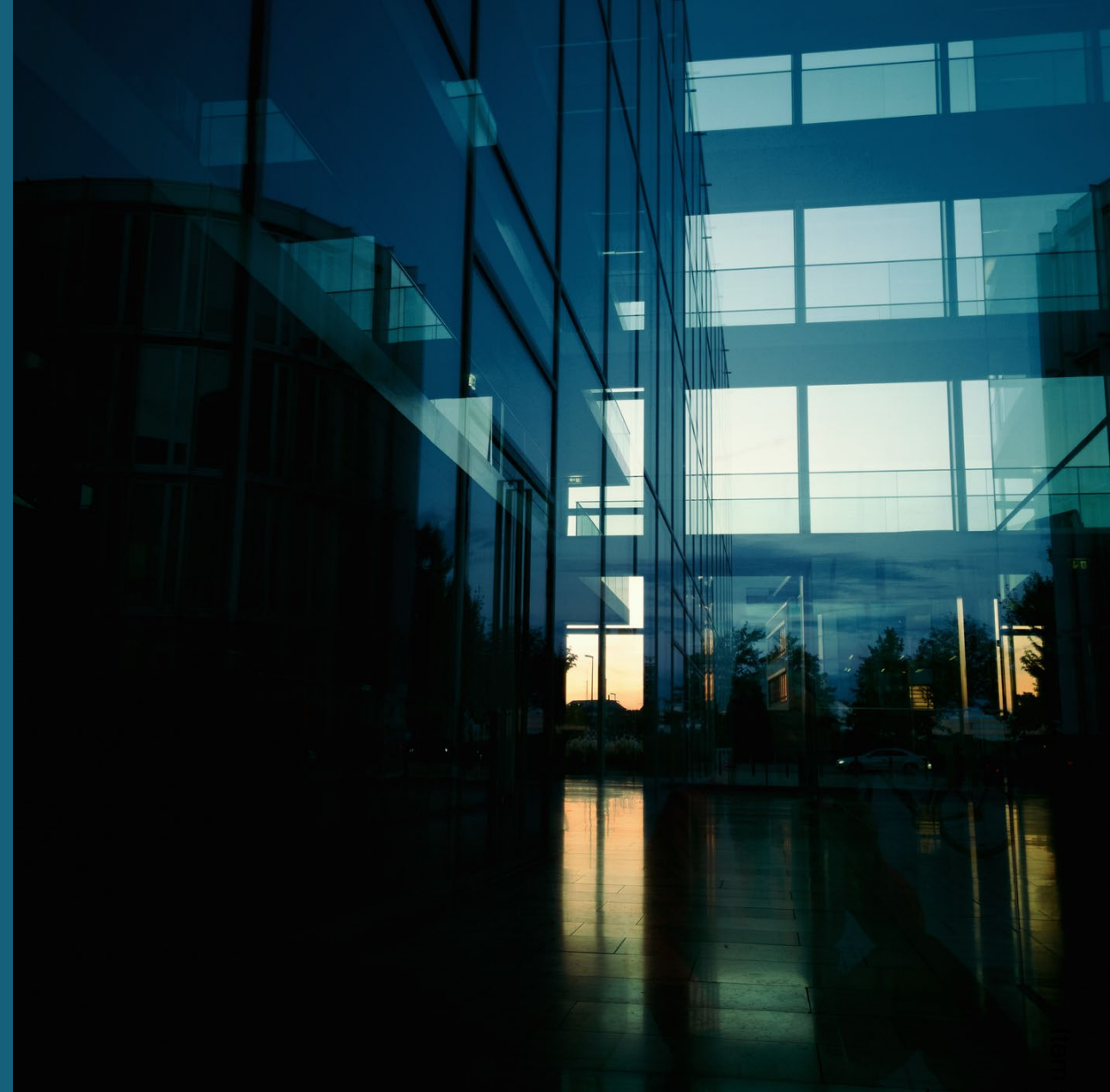
Donna Barnes  
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This revised supplementary agenda was issued on **Monday, 17 July 2023** by the Governance and Scrutiny Support Unit, Manchester City Council, Level 2, Town Hall Extension (Library Walk Elevation), Manchester M60 2LA

# Audit Completion Report

Manchester City Council  
Year ended 31 March 2021

Pages  
3  
July 2023



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- Appendix A: Draft Letter of Management Representation
- Appendix B: Draft Audit Report
- Appendix C: Independence
- Appendix D: Other communications

Our reports are prepared in the context of the 'Statement of Responsibilities of auditors and audited bodies' and the 'Appointing Person Terms of Appointment' issued by Public Sector Audit Appointments Limited. Reports and letters prepared by appointed auditors and addressed to the Council are prepared for the sole use of the Council and we take no responsibility to any member or officer in their individual capacity or to any third party. Mazars LLP is the UK firm of Mazars, an international advisory and accountancy group. Mazars LLP is registered by the Institute of Chartered Accountants in England and Wales.



Members of the Audit Committee  
Manchester City Council  
Manchester Town Hall  
Manchester  
M60 2LA

18 July 2023

Dear Audit Committee Members

## Draft Audit Completion Report – Year ended 31 March 2021

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

The scope of our work, including identified significant audit risks, key audit matters and other areas of management judgement, was outlined in our Audit Strategy Memorandum which we presented on 15 June 2021. We have reviewed our Audit Strategy Memorandum and concluded that the original significant audit risks, key audit matters and other areas of management judgement remain appropriate. We would like to express our thanks for the assistance of your team during our audit.

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

Yours faithfully

Karen Murray

Partner, Mazars LLP

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

# 01

## Section 01: **Executive summary**

# 1. Executive summary

## Principal conclusions and significant findings

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

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

- Valuation of Council and Group Land & Buildings and Investment Property
- Valuation of the Council's and Group's Defined Benefit Pension Liability

Section 4 also includes our conclusions on the audit risks and areas of management judgement in our Audit Strategy Memorandum, which include:

- Management override of control
- Consolidation of group financial statements.

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

## Status and audit opinion

We have substantially completed our audit in respect of the financial statements for the year ended 31 March 2021. At the time of preparing this report there are some matters remaining outstanding as outlined in section 2. We will provide an update to you in relation to the significant matters outstanding through a follow up letter. Subject to the satisfactory conclusion of the remaining audit work, we have the following conclusions:



### Audit opinion

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



### Value for Money

We have completed our value for money arrangements work. We have not identified significant weaknesses in arrangements to report in relation to the arrangements that the Council has in place to secure economy, efficiency and effectiveness in its use of resources. Further detail on our value for money arrangements work is provided in section 7 of this report.



### Whole of Government Accounts (WGA)

We received group instructions from the National Audit Office in respect of our work on the Council's WGA submission and these confirm that the Council is below the NAO's audit threshold. However the NAO have yet to confirm that they do not require any work carried out on the Council's WGA return and until this is confirmed we are unable to confirm that no work is required.



### Wider powers

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Council and to consider any objection made to the accounts. We have received correspondence and questions from a member of the public. We have reviewed the matters raised and have concluded there is no further audit action required.



# 1. Executive summary

## COVID-19 impacts

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

## Accounting for Infrastructure Assets

Significant delays to the 2020/21 audit were caused by the emergence of a national issue relating to the accounting and reporting of Infrastructure Assets. The resolution of this issue involved the Government issuing a statutory override and CIPFA issuing guidance to Councils on complying with its Code of Practice and the statutory override. The Council consequently carried out a significant amount of work to establish its accounting policies, useful lives, and accounting entries for its infrastructure assets. This has resulted in amended accounting policies and disclosures in the financial statements as reported in section 6.

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# 02

## Section 02: **Status of the audit**

# 2. Status of the audit

Our work is nearing completion. The outstanding matters are detailed below. Our audit work is subject to final engagement partner review.

Audit area	Status	Description of the outstanding matters
Post balance sheet events	●	We will carry out our final review of events after the balance sheet date at the completion of the audit. Due to the length of time since the balance sheet date these procedures will be more extensive than would ordinarily be the case.
Financial statements, Annual Governance Statement and letter of representation	●	The Council have updated their format and structure of the accounts. We are completing our review of the updated structure including checking the amendments made to the accounts. We will complete our final review of the financial statements upon receipt of the signed version of the accounts and letter of representation at the end of the audit.

● Likely to result in material adjustment or significant change to disclosures within the financial statements.

● Potential to result in material adjustment or significant change to disclosures within the financial statements.

● Not considered likely to result in material adjustment or change to disclosures within the financial statements.



# 03

## Section 03: **Audit approach**

# 3. Audit approach

## Changes to our audit approach

We provided details of our intended audit approach in our Audit Strategy Memorandum presented to Audit Committee in June 2021. We have not made any significant changes to our audit approach since we presented our Audit Strategy Memorandum. However as reported elsewhere in this report, the resolution to the national issue on accounting and reporting infrastructure assets led to our audit in that area focusing on the Council's revised accounting and reporting disclosures.

## Materiality

Our provisional materiality at the planning stage of the audit was set at £39.1m for the Group financial statements and £32.9m for the Council single-entity statements using a benchmark of 1.75% of gross expenditure at the Surplus/Deficit at Net Cost of Services level.

Our updated assessment of materiality, based on the draft financial statements and qualitative factors is £37.513m for the Group financial statements and £31.577m for the Council single-entity statements using the same benchmark.

## Service organisations

We set out in our Audit Strategy Memorandum that there were no service organisations used by the Council which impact upon our planned audit approach. We confirm there have been no changes to those arrangements during the audit.

## Use of experts

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

Item of account	Management's expert	Our expert
Defined benefit pension assets and liabilities	Hyman Robertson actuaries	PwC – NAO's consulting actuary
Non-Council Dwelling Property, Plant and Equipment and Investment Property valuation	Jacobs Ltd and MCC internal valuers	Mazars in-house valuation expert
Council dwellings valuation	Capita	N/A – local audit team
Valuation of MAHL and DML land & buildings for Group consolidation purposes	Avison Young (UK) Ltd	Mazars in-house valuation expert
Valuation of Financial Instruments	Link Asset Services	N/A – local audit team



# 3. Audit approach

## Group audit approach

The Council's group structure for 2020/21 consolidated the Council's share of two other organisations: Manchester Airport Holdings Limited (MAHL) and Destination Manchester Limited (DML). In auditing the accounts of the Council's Group financial statements we obtained assurance over the transactions in the Group relating to the Council's share of these two entities. The Council owns 50% of the voting shares in MAHL and classes its investment as a joint venture, accounting for its share of the equity in MAHL. The Council wholly owns DML and consolidates its share of the company on a line-by-line basis.

Our group audit approach reflected the size and complexity of the transactions from the two companies that are consolidated into the Council's Group financial statements. We considered that MAHL is a financially significant component and that our significant risk relating to the Pension Liability is a risk that applies to MAHL as well as the Council. We do not consider that DML is a financial significant component and did not identify any significant risks to the group audit in DML.

Our audit approach was to obtain assurance on the audit of MAHL from their external auditor, KPMG LLP ("the component auditor"). We issued group audit instructions to the component auditor and liaised with them through their external audit. After the conclusion of their audit of MAHL we reviewed their audit files to obtain assurance on the accounting entries of which the Council consolidates its share. For DML we carried out group-level analytical procedures. The table below summarises our planned group audit approach.

Group component	Approach adopted	Key points or other matters to report
Manchester City Council	●	The Mazars audit team undertook the full audit of the Council
Manchester Airport Holdings Ltd	●	We concluded that this is a significant group component and that we would require the company auditor to complete work on our behalf as a component auditor. We issued group audit instructions to the auditor and reviewed their audit file to document and conclude for our group audit purposes, their audit work, findings and conclusions.
Destination Manchester Ltd	●	We concluded that this component is not significant. We undertook desktop group analytical procedures on the financial information prepared for consolidation.

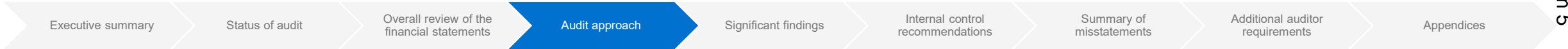
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**Full audit**  
 Performance of an audit of the component's financial information prepared for group reporting purposes using component materiality
- 
**Audit of balances and/or disclosures**  
 Performance of an audit of specific balances and/or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



# 3. Audit approach

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

	Risk description	Risk of fraud	Risk of error	Management judgement	Key Audit Matter	Audit approach	Control observations	Identified misstatements	Overall conclusion
Page 14 Significant risks	Management override of controls	●				Substantive testing	No	No	There are no matters to bring to the Committee's attention at this stage.
	Valuation of Council and Group Land & Buildings & Investment Property		●	●	●	Substantive testing	Yes	Yes	Our work on the Council's valuation of its land & buildings and investment property identified errors in the valuations. Most of these have been adjusted by management. The remaining unadjusted errors are not material.
	Valuation of the Council and Group defined benefit pension liability		●	●	●	Substantive testing	No	Yes	Our work on the Council's net pension liability identified a material understatement of the pension assets based on the actuarial estimate of the return on assets in the final quarter of the year. The Council obtained an updated report and amended the pension assets.
Key areas of management judgement and enhanced risks	Consolidation of group financial statements		●	●		Substantive testing	No	Yes	Our work on the Council's consolidation process identified some non-material adjustments to the consolidated amounts which impacted on the Group CIES, Balance Sheet and Cash Flow Statement. The Council has amended the financial statements for these.



# 04

## Section 04: **Significant findings**

# 4. Significant findings

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

- our findings on key audit matters, including:
  - why the matter was considered;
  - why the matter was considered to be one of the most significance in the audit and therefore determined to be a key audit matter;
  - how the matter was addressed in the audit including a summary of the auditor’s response to those risks;
  - where relevant, key observations arising with respect to those risks; and
  - a clear reference to the relevant disclosures in the financial statements.
- our audit conclusions regarding other significant risks, key audit matters and key areas of management judgement outlined in the Audit Strategy Memorandum;
- our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. On page 20 we have concluded whether the financial statements have been prepared in accordance with the financial reporting framework and commented on any significant accounting policy changes that have been made during the year;
- any further significant matters discussed with management; and
- any significant difficulties we experienced during the audit.

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# 4. Significant findings

## Key audit matters

Valuation of Council  
Property, Plant & Equipment

### Description of the key audit matter

The CIPFA Code requires that where assets are subject to revaluation, their year-end carrying value should reflect the current value at that date. The Council has adopted a rolling revaluation model which sees all such property, plant & equipment revalued in a five-year cycle. The valuation of property, plant & equipment involves the use of a management expert (the valuer) and incorporates assumptions and estimates which impact materially on the reported value. There are risks relating to the valuation process. The Council employs a valuation expert to provide valuations, however there remains a high degree of estimation uncertainty associated with the valuations of property, plant and equipment due to the significant judgements and number of variables involved. As a result of the rolling programme of revaluations, there is a risk that individual assets which have not been revalued for up to four years are not valued at the current value at the balance sheet date. In addition, as the valuations are undertaken through the year there is a risk that the current value of the assets could be materially different at the year end.

Council Dwelling valuations are based on Existing Use Value, discounted by a factor to reflect that the assets are used for Social Housing (EUV-SH). The Social Housing adjustment factor is prescribed in MHCLG guidance, but this guidance indicates that where a valuer has evidence that this factor is different in the Council's area they can use their more accurate local factor. There is a risk that the Council's application of the valuer's assumptions is not in line with the statutory requirements and that the valuation is not supported by detailed evidence.

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### How our audit addressed the key audit matter and our observations

Our audit procedures included:

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

The work carried out identified material and non-material adjustments were required to the financial statements for some of the asset valuations we tested.

In addition we identified the Council's approach to valuing its assets not formally valued in 2020/21 has led to a material understatement of the asset values.

The Council obtained updated valuation reports, carried out additional work where required, and has made the adjustments as set out in section 6.

# 4. Significant findings

## Key audit matters

Valuation of investment properties

### Description of the key audit matter

The CIPFA Code requires that where Investment Property assets are subject to revaluation, their year-end carrying value should reflect the fair value at that date. The valuation of Investment Property involves the use of a management expert (the valuer) and incorporates assumptions and estimates which impact materially on the reported value. There are risks relating to the valuation process. The Council employs valuation experts to provide valuations, however there remains a high degree of estimation uncertainty associated with the valuations of property, plant and equipment due to the significant judgements and number of variables involved.

### How our audit addressed the key audit matter and our observations

Our audit procedures included:

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

The work carried out identified material and non-material adjustments were required to the financial statements for some of the investment property valuations we tested.

The Council has made the adjustments as set out in section 6.

The remaining amounts not adjusted are not material individually or collectively.

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Item 5

# 4. Significant findings

## Key audit matters

### Valuation of the Council’s and the Group’s defined benefit pension liability

#### Description of the key audit matter

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

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

#### How our audit addressed the key audit matter and our observations

Our audit procedures included:

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

The work carried out identified that the Council’s pension asset was materially understated as a result of the actuary estimating the pension asset returns for the final quarter of the year.

The Council obtained an updated actuarial report based on the full year Pension Fund asset valuations and has amended the pension asset to reflect the updated values.



# 4. Significant findings

## Significant risks

### Management override of controls

### Description of the risk

This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur. Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.

### How we addressed this risk

We addressed this risk through performing audit work over:

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

### Audit conclusion

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

Our work on the management estimates, other than those reported elsewhere in this section, did not identify any significant matters to bring to the Committee's attention. We reviewed the Council's provision of loan support to Manchester Airport in 2020/21 and did not identify any matters to bring to the Committee's attention.

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# 4. Significant findings

## Key areas of management judgement

### Consolidation of group financial statements

#### Description of the management judgement

The Council has made judgements around which of its group entities it consolidates into its Group Financial Statements, and how it consolidates the transactions and balances into the Group.

#### How our audit addressed this area of management judgement

Our detailed approach to auditing the Group Financial Statements has been detailed in section 3.

We complemented this work by reviewing the Council's Group consolidation process. In particular we reviewed the Council's judgements relating to the entities that are consolidated into the Group Financial Statements, and we reviewed and tested the consolidation adjustments made in bringing those group entities into the Group Financial Statements.

#### Audit conclusion

Our work identified non-material errors in the consolidation adjustments. The Council carried out additional work to recalculate the consolidation adjustments and made the relevant amendments in the financial statements.

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Item 5

# 4. Significant findings

## Qualitative aspects of the Council's accounting practices

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

Draft accounts were received from the Council on 31 July 2021 and were of a reasonable quality. Supporting working papers have been made available and these assisted our audit progress. As reported elsewhere in this report, a number of accounting and financial reporting issues have been identified through the audit process, both by the Council and ourselves. The Council has revised the accounts for a number of these issues. In particular the Council's external valuer encountered challenges in complying with the requirements of the CIPFA Code, and a number of valuation matters have been reported, including a recommendation to improve the Council's processes in future years.

In producing this report in July 2023, we note that the Council has strengthened its closedown arrangements and resourcing in 2021/22 and 2022/23. We have maintained a strong working relationship with the Council finance officers who have continued to assist our audit and have been helpful in answering our detailed audit queries.

## Significant matters discussed with management

During the audit we maintained a regular dialogue with Council officers. The matters discussed included:

### Accounting for Infrastructure Assets

We discussed the Council's treatment of its Infrastructure Assets, particularly once the solution to the national issue was published. The Council carried out significant additional work to identify the impact on the reported balances and disclosures and we maintained a close contact with the Council finance team through this work. We completed our audit work and concluded the adjustments to the accounts made by the Council were in line with the CIPFA guidance and statutory override provided by the government department (DLUHC).

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

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

### Impairments of financial assets

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

### Accounting treatment of government grants

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

### Accounting for cash and bank balances

We discussed the Council's treatment of its cash and bank balances. In particular this covered:

- The Council's treatment of items received and paid on 31 March 2021 which were not correctly accounted for in the financial statements. This issue led to the bank balance being understated by £5.7m, the short term debtors balance being overstated by £33.2m and the short term creditors balance being overstated by £27.4m.
- The Council's accounting treatment of a bank account for looked after children and the related reconciliation of Council imprest bank accounts. A control weakness, reported in section 5, resulted in amounts being transferred wrongly into a looked after children bank account, rather than a Council imprest account. The Council bank balance was consequently understated by £84k.

### Related party transactions

We discussed the Council's approach to identifying its related parties and the transactions with those parties. As a result of those discussions the Council carried out further work, and identified some additional related parties and transactions. These were amended in the updated financial statements.



# 4. Significant findings

## Significant matters discussed with management (continued)

### Payment of members allowances

Information was brought to our attention by a member of the public about the Council's approach to paying members allowances in certain circumstances. We followed up the reasons why the Council had paid both the Basic Allowance (BA) and the Special Responsibility Allowance (SRA) to a member.

Following our work, we are satisfied the Council had no grounds to stop payment of the BA.

It is clear that, given the circumstances, the member concerned was no longer required to undertake the responsibilities for which the SRA was paid. However, neither the Monitoring Officer nor the Chief Executive were informed that the SRA should be stopped, or paid to a different member. Without such an instruction, officers had no basis to stop the payment.

Given the relatively low value of the allowance, and the unusual circumstances, we have concluded we do not need to exercise our formal reporting responsibilities.

### Significant difficulties during the audit

Our audit was conducted remotely due to the continued impact of the Covid-19 pandemic. While there are some areas of efficiency, auditing remotely provides significant challenges for the audit team and the Council.

As reported elsewhere in this report our audit identified a number of issues and errors. Other than these matters, we did not encounter any significant difficulties. We are pleased to report we continued to have the full co-operation of management, despite the length and complexity of the 2020/21 audit.

## Wider responsibilities

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

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

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

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. We received questions from one member of the public. We have completed our work and have concluded there are no material impacts on the 2020/21 financial statements and no matters to report to the Committee.



# 05

## Section 05: Internal control recommendations



# 5. Internal control recommendations

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

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

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

Page 6/25

Priority ranking	Description	Number of issues
<b>1 (high)</b>	In our view, there is potential for financial loss, damage to reputation or loss of information. This may have implications for the achievement of business strategic objectives. The recommendation should be taken into consideration by management immediately.	4
<b>2 (medium)</b>	In our view, there is a need to strengthen internal control or enhance business efficiency. The recommendations should be actioned in the near future.	1
<b>3 (low)</b>	In our view, internal control should be strengthened in these additional areas when practicable.	2

# 5. Internal control recommendations

## Significant deficiencies in internal control – Level 1

### Description of deficiency

The Council wrongly transferred cash intended to reimburse a Council imprest account, into an account relating to looked after children who are on remand. The transfer was identified by the Council in responding to routine audit enquiries relating to the Council’s bank accounts. There were inadequate controls to prevent the transfer of imprest reimbursements being made to incorrect accounts. The initial control weakness was compounded by a weakness in the reconciliation of the imprest accounts which did not identify that the account was overdrawn by the amounts transferred through 2020/21.

### Potential effects

The control weakness relating to the incorrect transfer of cash funds has resulted in the Council providing £84k of cash to a different account which is unrelated to the imprest accounting. The control weakness relating to the imprest account reconciliations has resulted in the initial error not being identified in order for timely corrective action to be taken.

### Recommendation

- a) Ensure that approval for setting up or amending imprest reimbursement bank instructions include senior officer review and approval.
- b) Ensure that imprest accounts are reconciled monthly and that the reconciliations are subject to timely review by a senior officer.

### Management response

Recommendations agreed and implemented:

- Bank reconciliations for all imprest accounts have been completed at 31 March 2022 and will continue to be completed each time a reimbursement of the accounts are requested
- Internal Audit have undertaken a piece of work on this issue and whilst they consider that the associated risk of material error is low, an audit review of the design and operation of controls over imprest accounts would be appropriate. This will be added to the 2022/23 internal audit plan.

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# 5. Internal control recommendations

## Significant deficiencies in internal control – Level 1

### Description of deficiency

The Council’s closedown processes include processing adjustments in the general ledger to ‘write-back’ transactions that are received in, and paid from, the two main bank accounts on 31 March 2021. This process was omitted in 2020/21. The omission was not identified until after the draft financial statements were produced.

### Potential effects

The impact of this process being omitted was that there were material misstatements in the bank, short term debtors and short term creditors balances in the draft financial statements.

### Recommendation

Ensure that closedown processes in 2021/22 include the correct processing of adjustments in the general ledger to reflect transactions received in and paid from the bank on 31 March 2022.

### Management response

Recommendation agreed and implemented

The cash, debtors and creditor adjustments excluded from the draft accounts have been corrected in the accounts. It is acknowledged this omission should have been picked up as part of the quality assurance process by checking the bank balances in the accounts agreed to the 31 March bank statements.

For 2021/22 there has been wider involvement in this work from the Treasury Management Team so there is no longer a single point of failure. For 2021/22 this work has already been completed and the Chief Accountant has ensured the bank balances on SAP agree to bank statements and the income suspense accounts have been cleared to nil.

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# 5. Internal control recommendations

## Significant deficiencies in internal control – Level 1

### Description of deficiency

In carrying out the land & buildings and investment property valuations instructed by the Council, the Council’s external valuer is dependent on obtaining sufficient and appropriate information from the Council. In some cases in 2020/21 the information provided to the valuer was insufficient to enable them to produce a valuation compliant with the requirements of financial reporting standards and the CIPFA Code.

In addition the Council’s review and challenge of the output from the valuer did not identify issues with the valuation methodology and assumptions for some assets.

### Potential effects

The valuations of land & buildings and investment property are significant and complex accounting estimates. The impact of incomplete or inaccurate information increases the likelihood of material inaccuracies in the valuation of the Council’s assets.

### Recommendation

- a) The Council’s finance team should manage and coordinate the valuation process, ensuring other Council departments provide the required information to the external valuer on a timely basis.
- b) The Council should review and challenge the output from the external valuer.

### Management response

Recommendations agreed

Discussions have been undertaken with the Council’s external valuers with the aim of improving the evidence provided and justification of assumptions used in future valuation reports including the information they require from council officers and external sources.

In addition, it is intended there will be more quality assurance of the valuations by Corporate Finance before they are used in the 2021/22 accounts.

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# 5. Internal control recommendations

## Significant deficiencies in internal control – Level 1

### Description of deficiency

The Council has a 5 year rolling programme for revaluing its operational land & buildings. This results in significant numbers and values of assets not being formally valued each year. In order to ensure the value of these assets at the year end remains materially accurate the Council requests its external valuer to carry out work to consider the change in valuation for these assets since they were last valued. In 2020/21 the value of assets not formally valued in year was over £900m. The work initially completed by the Council and its valuer did not cover all £900m and was not sufficiently detailed to conclude the values remained materially accurate. Subsequent work carried out by the Council and its valuer identified the values were understated by a material amount.

### Potential effects

The valuation of the assets not formally valued in year can be significant values, and the previous valuation could be up to four years ago. The likelihood of values not remaining materially correct is greater, and this impact did occur in 2020/21.

### Recommendation

Ensure the consideration of the value of land & buildings not formally valued in year includes all such assets, and is sufficiently detailed to provide sufficient evidence of the current value of such assets.

### Management response

Recommendation agreed.

Valuations will be completed in 2021/22 which are in addition to the 5 year rolling programme; initially to include some of the high value specialised assets held by the Council. This scope will then be reviewed annually.

For 2021/22, a detailed analysis of the market movements 'indexation' will be completed taking account of the previous recommendations from Mazars. Further, following discussion with Mazars, the agreed revised methodology will be followed for the 2021/22 and future accounts.

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# 5. Internal control recommendations

## Other recommendations in internal control – Level 2

### Description of deficiency

Our testing of expenditure items in 2020/21 included the purchase of personal protective equipment (PPE) from June 2020, during the national lockdown, and during a period where PPE was in short supply. The PPE purchase we tested was for £765k. The purchase was made via a purchase card. The evidence of officer approval of the purchase was not available for audit. Officers explained this was because of the extraordinary circumstances of the period, and consider the approval may have been provided through a message which had not been retained. The issue was further impacted by the Council changing its IT messaging system since the purchase such that access to old messages was not available.

### Potential effects

While we acknowledge the extraordinary circumstances of the time of this purchase, reflecting the urgent need to purchase PPE and to distribute it to Council staff, the non-retention of approval evidence leads to the Council not being able to confirm purchases were made according to the Council's control framework.

### Recommendation

Ensure all purchases, especially those made by purchase card, are supported by a retained audit trail of evidence of approval of the order/payment.

### Management response

Recommendation agreed.

The approach to purchasing was overseen by the Deputy Chief Executive, Deputy Treasurer and Head of Audit & Risk Management and involved staff from procurement, finance, health & safety and the PPE Hub. This ensured there were lots of "check and challenge" in the process of identifying, purchasing, receiving, distributing and reconciling PPE during the pandemic.

Officers acknowledge and accept the evidence of approval of individual items in messages had not been retained and will ensure that evidence is retained for any future urgent purchases using purchase cards.



# 5. Internal control recommendations

## Other recommendations in internal control – Level 3

### Description of deficiency

Our review of IT controls identified the Council had not tested the restoration of backups during 2020/21.

### Potential effects

Not testing the restoration of backups means exposes the Council to the risk that backups may not restore fully and accurately when needed, and that issues are not identified and addressed in a test environment.

### Recommendation

Establish a policy of regular, at least annual, testing of the restoration of backups. Document the test results and the investigation and resolution of identified issues.

### Management response

IT control of test restoration of backups is in place.

IT have an annual workstream which requires us to restore from production to QA systems and from Production to PS1 systems between October & November.

Additionally each August SAP support team look at whether a successful restore has taken place in the last 6 months. If no actual restore has taken place we will then schedule a test backup & restore.

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# 5. Internal control recommendations

## Other recommendations in internal control – Level 3

### Description of deficiency

During our audit of the Council’s IT controls we identified that during 2020/21 three IT users with ‘super user access did not have ‘user change forms’ completed to support the change in access request. The requests were supported by emails.

### Potential effects

The potential effects include there being unidentified inappropriate access to IT resources, and a lack of audit trail to support access permissions.

### Recommendation

Ensure all requests for user access changes apply the Council’s user access process and are documented. Approval should be sought and documented for ‘super user’ access.

### Management response

IT control of Super User ID is managed by SAP Team Leads and a record is kept of the relevant email trail for audit purposes. This access is used rarely, usually out of hours for an emergency need.

Checks in place to prevent inappropriate access include:

- Officers requesting this access are responsible for the availability and support of all SAP systems, therefore already a high level user.
- A daily job runs which looks for any use of SUPER User ID accounts. Should there be any an email is sent to record why the use was necessary.
- We review annually these super user IDs and currently two people have the ability to access this type of ID.

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# 06

Section 06:

## Summary of misstatements

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## 6. Summary of misstatements

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

### Unadjusted misstatements

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1	Dr: Short-term debtors			10,252	
	Cr: Short-term creditors				10,252
<p>The Council received grant income funding after 31 March 2021 which related to 2020/21 but had not been accrued into that year. This related to grant funding where the Council acts as an agent for other councils and passes the funding on to those other councils. Our audit testing identified one receipt in April 2021 for £0.7m and the Council identified a further receipt for £0.8m. This has understated the short-term debtors and short-term creditors by the same amount with no impact on the Council's CIES. Because we identified this error in our sample testing, in line with our approach, we extrapolated the known error of £1.5m over the remaining untested grant income. The Council has amended the actual error, but the extrapolated impact of £10.2m has not been amended as it relates to an audit extrapolation.</p>					
2	Dr: Unusable Reserves			7,014	
	Cr: Investment Properties				7,014
<p>Our valuation expert has reviewed the methodology and assumptions used in valuing the Council's investment properties. Our conclusion from that work is that three assets have a valuation above the upper-end our expected valuation range. The total overstatement of those assets is £7m.</p>					
3	Dr: Group LT Investment in Joint Venture			568	
	Cr: Group I&E Reserve				568
<p>In calculating the Council's share of Manchester Airport Holdings Limited (MAHL) equity the Council should remove the impact of IFRS16 from the MAHL accounts. This is because IFRS16 does not yet apply to the Council. The Council did not make this adjustment and, as a result, the Council's Group Balance Sheet is understated by £1.9m with a corresponding understatement of the Group I&amp;E Reserve. Offsetting this is an understatement of lease income in the MAHL accounts which would increase the Council's share of equity by £1.4m.</p>					

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## 6. Summary of misstatements

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

### Unadjusted misstatements

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
4	Dr: Unusable Reserves			2,396	
	Cr: Infrastructure Assets				2,396
	In responding to the national resolution to the accounting for infrastructure assets issue, the Council has updated its asset lives for different categories of infrastructure assets. The increase in depreciation as a result of these updated asset lives is £2.3m. This would reduce the Infrastructure Assets Net Book Value at the year end, and would correspondingly reduce the Capital Adjustment Account in Unusable Reserves.				
5	Dr: Assets Held for Sale			4,050	
	Cr: Property, Plant & Equipment				4,050
	An asset included in the operational land & buildings balance was marketed for sale at the year end and was not an operational asset.				
6	Dr: Group LT Investment in Joint Venture			835	
	Cr: Share of Operating Results of Joint Venture	9,950			
	Dr: Other Comprehensive Income of Joint Venture		9,115		
	The Council adjusts the operating results of Manchester Airport Holdings Limited to apply depreciation on the consolidated revalued assets values. Additional depreciation had incorrectly only been applied to some of the Airport assets. The Council calculated the impact of the error cumulatively on the value of the investment at 31 March 2021. The cumulative impact was a reduction in depreciation of £9.9m, an increase in Other Comprehensive Income of £9.1m and a net increase in the valuation of the investment in the airport of £0.8m.				
<b>Total unadjusted misstatements</b>		<b>9,950</b>	<b>9,115</b>	<b>25,115</b>	<b>24,280</b>

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## 6. Summary of misstatements

### Adjusted misstatements

This tables, continued on the following pages sets out the significant misstatements that management have adjusted in the financial statements.

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1	Dr: Net Pension Liability			24,142	
	Cr: Pension Reserve				24,142
<p>The actuarial valuation was initially based on estimated final quarter return on pension fund assets. Our analysis indicated this could be materially inaccurate so the Council obtained an updated report from their actuary. Based on the full year actual returns on assets the Pension Assets increased by £24.1m with a corresponding reduction in the negative pension reserve. This amendment also impacts on the Other Comprehensive Income in the CIES.</p>					
2	Dr: Unusable Reserves			21,078	
	Cr: Property, Plant & Equipment				21,078
<p>Following audit challenge, the Council's valuers revised their valuation for an operational land &amp; building reducing the valuation by £21m with a corresponding reduction in the unusable reserves.</p>					
3	Dr: Property, Plant & Equipment			31,904	
	Cr: Unusable Reserves				31,904
<p>Following audit enquiries the Council, and their external valuer, carried out additional work to more accurately estimate the valuation of assets not formally valued in 2020/21. The valuations in the draft accounts were understated by £31.9m. The unusable reserves were understated by the same amount.</p>					
4	Dr: Unusable Reserves			3,565	
	Cr: Investment Properties				3,565
<p>The Council had included the value of land for an investment property in its balances twice. The corresponding adjustment reduces the unusable reserves.</p>					

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## 6. Summary of misstatements

### Adjusted misstatements (continued)

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
5	Dr: Unusable Reserves			2,850	
	Cr: Investment Properties				2,850
Following audit challenge, the Council's valuers revised their valuation for two investment properties, reducing the valuations by £2.8m with a corresponding reduction in the Capital Adjustment Account.					
6	Dr: Investment Properties			7,592	
	Cr: Unusable Reserves				7,592
The Council received additional income from Manchester Airport Holdings Ltd in 2020/21 arising from a new lease for land which relates to the airport's investment properties. The additional income had not been notified to the Council's valuers in time for the valuation exercise. The Council obtained an updated valuation report which increased the value of the Council's share of the airport land of £7.6m. This gain on revaluation is accounted for in the unusable reserves.					
7	Dr: Property, Plant & Equipment – Surplus Assets			4,000	
	Cr: Assets Held for Sale				4,000
The Council had misclassified an asset which was not expected to be sold within twelve months of the year end as an asset held for sale. This asset has not yet been sold and no sale is imminent. The asset was reclassified as a non-current asset – surplus asset.					

## 6. Summary of misstatements

### Adjusted misstatements (continued)

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
8	Dr: Unusable Reserves			19,450	
	Cr: Net Cost of Services expenditure		20,626		
	Cr: Financing & Investment expenditure	1,176			
The changes in operational and investment property asset valuations reported elsewhere in this table also impact on the CIES. The additional depreciation and revaluation losses in the CIES increased the Total Comprehensive expenditure by £27m.					
9	Dr: Cash & cash equivalents			5,741	
	Cr: Short-term debtors				33,187
	Dr: Short-term creditors			27,446	
The Council identified that the cash balance in the draft statements did not include receipts from 31 March 2021 that were not already included in the cash book, i.e. receipts into the bank on that day which were not known or expected. These items increased the cash balance in the financial statements and reduced both the short-term debtors and creditors balances.					
10	Dr: Short-term debtors			1,557	
	Cr: Short-term creditors				1,557
The Council received grant income funding after 31 March 2021 which related to 2020/21 but had not been accrued into that year. This related to grant funding that the Council acts entirely as an agent for other councils and passes the funding to those other councils. Our audit testing identified one receipt in April 2021 for £0.7m and the Council identified a further receipt for £0.8m. This has understated the short-term debtors and short-term creditors by the same amount. Because we identified this error in our sample testing, in line with our audit approach, we extrapolated the known error of £1.5m over the remaining untested grant income. The Council has amended for the actual error. The remaining £10.2m has not been amended and is included in the unadjusted misstatements table on page 32.					

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## 6. Summary of misstatements

### Adjusted misstatements (continued)

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
11	Dr: Group Short-Term Creditors			1,500	
	Cr: Group Long-Term Debtors				750
	Cr: Group Short-Term Debtors				750
The Council had omitted to exclude a proportion of the loans provided to DML Ltd from its consolidation of DML. Short-term creditors were overstated by £1.5m and short-term and long-term debtors were both overstated by £750k each					
12	Dr: Group Intangible Assets			4,249	
	Cr: Group I&E Reserve				4,249
The Council had incorrectly excluded goodwill included in the DML financial statements from its consolidation of DML into the Council's group. Group Intangible Assets and the Group I&E Reserve were both understated by £4.2m					
13	Dr: Group Long Term Investments			3,673	
	Cr: Group I&E Reserve				3,673
The Council had incorrectly excluded investments of DML included in their financial statements from its consolidation of DML into the Council's group. Group Long Term Investments and the Group I&E Reserve were both understated by £3.6m					

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## 6. Summary of misstatements

### Adjusted misstatements (continued)

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
14	Dr: Group Property, Plant & Equipment			1,139	
	Cr: Group I&E Reserve				1,139
The Council had not included £1.1m of vehicles, plant & equipment from DML in its consolidation of DML. This increases the value of Group Property, Plant & Equipment and Group I&E Reserves					
15	Cr: Group Long Term investment in joint venture				19,533
	Dr: Group I&E Reserve			19,533	
In accounting for its share of MAHL the Council had not removed the valuation of the car park company, of which the Council's share is only 10% and is not consolidated by the Council. This adjustment reduces the value of the Council's equity share of MAHL and the Group I&E Reserve.					
<b>Total adjusted misstatements</b>		<b>1,176</b>	<b>20,626</b>	<b>179,729</b>	<b>160,279</b>



# 6. Summary of misstatements

## Accounting for Infrastructure Assets – adjusted amendments

As highlighted in section 4 the Council responded to the resolution of the national issue on accounting for infrastructure assets. The Council carried out significant amounts of further work to identify the corrections needed to account for Infrastructure Assets in line with the statutory override and updated CIPFA guidance. This work has led to the following adjustments in the financial statements:

- The Balance Sheet, and Group Balance Sheet, includes a separate line for Infrastructure Assets (£538.9m), having removed these from the Property, Plant & Equipment line.
- Note 5.2.5 has been added to disclose the Council’s accounting policy for infrastructure assets.
- Note 19 is now separated into Note 19a and 19b. Note 19b discloses the infrastructure assets to comply with the statutory override and CIPFA guidance.

## Disclosure amendments

The adjustments to the main financial statements on the previous pages in this section also impact on the related notes to the financial statements.

In addition to those amendments, the Council has also made amendments to other disclosure notes. The most significant of these adjustments include:

- **Cash Flow Statement and related notes** - the Council updated its cash flow statement and notes to correct errors identified. This impacted on the Group Cash Flow Statement
- **Note 3 – Expenditure & income Analysed by Nature** - amended to be consistent with other notes and disclosures
- **Note 14 – Pooled Funds** - amended to include the entire pooled budget with Manchester CCG rather than just the element relating to the Better Care Fund
- **Note 28 – Assets Held as Lessee** – two leases that had ended were removed from the disclosure note and one lease was included
- **Note 29 – Assets Held as Lessor** – an additional lease with Manchester Airport has been included
- **Note 39 – Financial Instruments** – additional disclosures were included to comply with the CIPFA Code with adjustments made to some of the disclosures
- **Note 43 – Local Government Pension Scheme** – amendments were agreed to the disclosures relating to the Council’s up-front pension payment to the Greater Manchester Pension Fund to reflect the treatment through the Movement in Reserves Statement
- **Note 47 – Related Party Transactions** – additional work carried out by the Council following audit challenge identified additional related parties and transactions to disclose. These have been added into the note.

## Unadjusted disclosure amendments

In addition to the disclosure adjustments made, there are adjustments to the Group Cash Flow Statement notes which have not been made. The Group Cash Flow Statement note 18 does correctly classify the Council’s subsidiary depreciation and movement of debtors and creditors in the adjustments for non-cash movements. These adjustments are incorporated within the Other Non-Cash Movements line in Group Note 18. None of the items are individually or cumulatively material.



# 07

## Section 07: **Value for Money arrangements**

### 3. VFM arrangements – Overall summary

#### Approach to Value for Money arrangements work

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

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

At the planning stage of the audit, we undertake work so we can understand the arrangements that the Council

has in place under each of the reporting criteria; as part of this work we may identify risks of significant weaknesses in those arrangements. Where we identify significant risks, we design a programme of work (risk-based procedures) to enable us to decide whether there is a significant weakness in arrangements. Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest there are further risks of significant weaknesses. We did not identify any risks of significant weaknesses through our work on Value for Money arrangements.

Where our risk-based procedures identify actual significant weaknesses in arrangements, we are required to report these and make recommendations for improvement. There are no significant weaknesses to report.

The table below summarises the outcomes of our work against each reporting criteria. On the following page we outline further detail of the work we have undertaken against each reporting criteria, including the judgements we have applied.

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Reporting criteria	Commentary page reference	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
Financial sustainability	38-39	No	No
Governance	40-41	No	No
Improving economy, efficiency and effectiveness	42	No	No



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# 3. VFM arrangements – Financial Sustainability

## Overall commentary on the Financial Sustainability reporting criteria

### Background to financial sustainability in 2020/21

The Council entered the 2020/21 financial year as the first national lockdown began and immediately faced a significant operational impact to respond to the range of challenges presented by the pandemic. As part of the national response to Covid-19, central government made a series of policy announcements which impacted on the Council. Consequently the Council was at the forefront of efforts to protect local residents, including the most vulnerable, and to support local businesses.

Some of the Government's initiatives to respond to the covid-19 pandemic were supported by additional funding, and so the Council received significant additional funding in 2020/21. This included general grants to support its Covid-19 response of £78.6m, and specific grants of £402.5m of which the Council had discretion over the use of £209.2m. Within the specific grants was the significant funding provided to support local business in line with the government's national initiatives. Taken together, this funding helped the Council to support residents and businesses through the year, and provided immediate funding to help mitigate some of the financial pressures caused by the pandemic. The Council's financial sustainability challenges from the Covid-19 pandemic will continue through the medium term and this places considerable pressure on the Council to maintain effective financial sustainability arrangements.

### The Council's financial planning and monitoring arrangements

In March 2020, the Council set a balanced budget for the 2020/21 financial year with a total net budget for Council services of £665m. This required an increase in Council Tax of 3.99% (including 2% Adult Care precept). Throughout the year the Council regularly updated its budget forecast, enabling budgets to remain up-to-date in the fast-changing and uncertain operating environment of the pandemic. The final net budget reported for the year was £871m reflecting the significant Covid-19 funding received through the year. Within the original budget approved in March 2020, the Council had identified a savings requirement of £7.5m alongside a range of initiatives and measures to deliver these reductions.

The Council's financial planning and budgeting arrangements are well established and include a wide range of activities and consultations. The budget setting process includes engagement with senior Council officers and incorporates discussion about the delivery of statutory services/priorities, the Council's Corporate Plan, and the impact on resources of emerging challenges and risks. Where additional resources are required these are scrutinised and challenged before they are included in the budget estimates. Engagement with directorates and members are key parts of the budgeting arrangements, and from our review of the output and discussions with

officers, these are detailed and extensive.

The Council reported its revenue outturn position for 2020/21 as an overall underspend of £3.9m. This continues the Council's strong track record of managing its budget through the year, and mitigating the risks and pressures that emerge through the year. The Council provided regular reports of its financial position to Executive through the year. We have reviewed a sample of the reports presented for 2020/21. These reports were detailed and comprehensive and incorporate monitoring of the revenue budget, the capital programme and a wide range of other financial measures. The Council follows an established timetable for reporting to Executive which includes reporting to directorate management teams and the strategic management team.

The Council's financial management arrangements were significantly impacted in 2020/21 by the impact of Covid-19. The Council reported that the direct pressures on services and income was over £55m, and the mitigating actions it put in place through the year included delivering additional savings of £17.8m, alongside receiving additional support from GMCA. The Council is keenly aware of the continued impact of Covid-19 on its financial position, and this will require the Council to continue its strong financial management arrangements through the next few years.

The Council has a very significant capital programme, and continues to play a lead role in developing the city. In 2020/21 the final capital budget was £373m. Actual spending against the budget was £335m, reflecting that, although significant progress was made against the various projects, Covid-19 impacted on the delivery of some projects. In 2020/21, the Council as a shareholder in Manchester Airport, along with the other Greater Manchester councils provided capital support to the airport. As well as the routine capital projects the Council undertakes, there a number of large, strategically important projects underway or planned in the near future. The most significant of these are the renovation of the Town Hall (total capital budget of £305m), the Factory project, (total capital budget of £190m), and the Victoria North project (total capital budget of £75m). The size and complexity of the capital programme requires a robust and effective monitoring process to enable the financial impact of the projects to be evaluated and reported promptly to enable timely effective decision making. The capital budget monitoring and reporting mirrors the revenue budget monitoring. We reviewed a sample of these reports and this confirmed they provide timely detailed monitoring reports to key decision makers in the governance structure.



# 3. VFM arrangements – Financial Sustainability

## Overall commentary on the Financial Sustainability reporting criteria - continued

### The Council's arrangements for identifying, managing and monitoring funding gaps and savings

As part of its budget setting arrangements for 2020/21 the Council commenced its planning for its updated three year financial plan. The planning for 2020/21 recognised the importance of setting a balanced one year budget alongside demonstrating the long term financial resilience of the Council. The approach for 2020/21 reflected the one year settlement announced by the government, and recognised the uncertainty in the medium term funding. A key element of the budget setting process is identifying savings and funding gaps. The budget reporting to Executive and Council provides significant detail on the savings plans, in-year monitoring and outturn delivery at the year end. The budget report to Council in March 2020 set out the detailed savings plans and proposals for each directorate, along with the proposed impact on the Council's reserves until 2023/24.

The Council's budget setting process, which begins in the summer, is a detailed and comprehensive process. There is detailed consultation and discussion with officers and members on the assumptions and principles on which the budget is to be based. As part of the budget setting process, the Council explicitly identifies its savings requirements for the following years through detailed consideration of the budgetary pressures, funding estimates, and impact of national and local initiatives and policies. We reviewed a range of the budget preparation documents and meetings held as part of the budget setting process. Our review confirmed the documents were comprehensive and detailed and the discussions were timely and delivered the intended outcomes to assist with the budget preparation.

### Council's arrangements and approach to 2021/22 financial planning

The Council's arrangements for the 2021/22 budget setting process largely followed the arrangements in place for 2020/21.

The budget for 2021/22 was approved at the March 2021 Council meeting. The Council set a balanced budget with a total net budget for Council services of £637m with an increase in Council Tax of 4.99% (including 3% Adult Care precept). The budget planning for 2021/22 recognised the very significant impact on the Council's finances of Covid-19, identifying the financial impact on the Council for 2021/22 at £144m. The budget for 2021/22 included £41m of savings proposals and £185m use of reserves. The high use of reserves in 2021/22 reflects the use of Covid-19 funding received in 2020/21 but which was unspent and added to reserves at the end of 2020/21, to be spent during 2021/22.

We have reviewed the supporting evidence relating to the preparation of the 2021/22 budget and these demonstrate that the arrangements are consistent with the previous year, were detailed and robust, and were properly applied.

### Financial accounting and reporting

Our 2020/21 audit highlighted a number of accounting and reporting issues with the draft 2020/21 Statement of Accounts submitted for audit. The audit process identified some significant adjustments to the draft accounts and the Council corrected the majority of those adjustments. Particular challenges were encountered with the valuation of the Council's Property Plant and Equipment and Investment Properties. This was because of issues arising from information provided by the Council to the valuer and the approach adopted by one of the Council's external valuers. The Council has strengthened its arrangements following the 2020/21 audit including providing additional resource for the accounts closedown processes, and ensuring the finance team take a more prominent role in liaising with the Council external valuers. These improvements should be evident in the 2021/22 and subsequent audits.

**Based on the above considerations we are satisfied there is not a significant weakness in the Council's arrangements in relation to financial sustainability.**



# 3. VFM arrangements – Governance

## Overall commentary on the Governance reporting criteria

### The Council’s risk management and monitoring arrangements

The Council has a well established risk management system in place and embedded in the governance structure of the organisation. The Council has a risk management strategy 2020-2023 which sets out the Council’s risk appetite and context to its risk management. The risk management arrangements incorporate service and directorate risk registers informed by detailed assessments of the key risks impacting on each area. These registers inform the Council’s corporate risk register which sets out the key strategic and corporate risks. The risk registers apply a risk score alongside the Council’s target score for each risk. The register includes the controls in place to mitigate the risks along with other sources of assurance, and enables the Council to manage the risks actively and take action where necessary. We have reviewed the risk management strategy along with examples of risk registers. Our review confirms the strategy is clear, and the registers appear comprehensive, containing sufficient and appropriate detail for Council officers and members to discharge their responsibilities.

The Council reports its risk registers through its governance framework, culminating in reports to the Audit Committee. Our attendance at the Audit Committee meetings has confirmed the Committee understands its role in the risk management framework. It provides challenge to management on the risk register’s and corresponding risks and mitigating actions.

The Council has a team of internal auditors, led by the Head of Audit & Risk Management, who provide assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud. The annual Internal Audit plan is ordinarily agreed with management at the start of the financial year and is reviewed by the Audit Committee prior to final approval. In 2020/21, the Covid-19 pandemic impacted significantly on Internal Audit’s plans, and as a result of cancelled meetings at the start of the pandemic, the Audit Plan was presented to the Committee in July 2020. The audit plan is based on an assessment of risks the Council faces, and is planned to ensure there is assurance on the overall adequacy and effectiveness of the Council’s framework of governance, risk management and control. The planned work is supplemented by ad hoc reviews in respect of suspected irregularities and other work to respond to emerging risks and issues. We have reviewed the Internal Audit plans for 2020/21 and 2021/22 and confirmed they are consistent with the risk based approach. The Council has comprehensive anti-fraud and corruption policies which are updated as required. In 2020/21 a significant focus of the Council’s anti-fraud work was in implementing processes to minimise any loss on business grants by putting in place checks to minimise fraud/ loss before payments were made to businesses.

Internal Audit progress reports are presented to each Audit Committee meeting, including follow up reporting on recommendations from previous Internal Audit reports. From our attendance at meetings, we are satisfied this allows the Committee to effectively hold management to account. At the end of each financial year the Head of Audit & Risk Management provides an opinion based on the work completed during the year. For 2020/21 the Head of Audit & Risk Management concluded that a reasonable level of assurance could be given that the Council’s overall framework of governance, risk management and control remains appropriate and had been complied with. Whilst this reflected the significant impact of the pandemic, the annual report highlighted the strength of the core governance, risk and control systems.

Throughout the year we have attended all Audit Committee meetings. These meetings have received regular updates on both internal audit progress and risk management. Audit Committee members engage with the reports and challenge the papers and reports which they receive from management, internal audit and external audit.

### Council arrangements for budget monitoring and budgetary control

The Council has well established budget monitoring arrangements in place. The Finance service is configured to align to the Council’s management portfolio structure. Members of the Finance Team are assigned to specific service areas and work closely with cost centre managers to review, discuss and agree the financial pressures/ issues impacting on specific service areas. At the end of each month, a Portfolio dashboard is prepared which contains all relevant financial information. Forecasts are produced for cost centres, service areas and the whole Portfolio. These are discussed and agreed with relevant Directors and managers.

There is a detailed budget monitoring timetable to which the Finance service works to ensure reports are timely. Overall financial monitoring reports are prepared encompassing the whole Council position for both Capital and Revenue. The format of the reports ensures relevant information is available, and in 2020/21, the reports were adapted to report on the impact of COVID including information on the impact on service costs and income shortfalls, specific grants received including business grants and other grants where the Council acted as an agent. We have reviewed a range of the reports and conclude they are appropriately detailed and comprehensive to provide members with the current financial position and the future challenges and risks ahead.



# 3. VFM arrangements – Governance

## Overall commentary on the Governance reporting criteria - continued

### Council decision making arrangements and control framework

The Council’s decision making arrangements are established in the Council Constitution. Decisions are either made by members (Council, Executive, or other decision making committees) or delegated to Executive portfolio leads, or officers. The Constitution sets out clearly the approach to decision making. The Council also has a range of overview and scrutiny committees and sub-groups that challenge and scrutinise Council decisions.

Reports provided to support decision making include an assessment of the revenue and capital financial impacts and other key impact areas such as risk management, legality and equal opportunities.

The Council operates an Audit Committee which has the appropriate status in the organisation to challenge management and obtain assurance on the operation of the internal control framework. The Committee has an agreed workplan and, where necessary, asks management to report on specific internal control issues. This includes asking management to attend meetings to answer questions. The Audit Committee met regularly throughout the year and routinely considered key reports on internal controls.

**Based on the above considerations we are satisfied there is not a significant weakness in the Council’s arrangements in relation to governance.**

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# 3. VFM arrangements – Improving Economy, Efficiency and Effectiveness

## Overall commentary on the Improving Economy, Efficiency and Effectiveness reporting criteria

### The Council's arrangements for assessing performance and evaluating service delivery

The Council prepares performance monitoring and financial monitoring reports which are regularly reported through the year. The monitoring of the achievement of the Corporate Plan priorities is supported by accessible detailed dashboards. These are presented alongside narrative reporting of the actual performance, progress to achieving targets, current and known future challenges and an assessment of how the Council is doing. During 2020/21 this incorporated an explicit reference to how Covid-19 would affect delivery of priorities. The financial monitoring position is reported separately to performance monitoring but both provide a detailed and insightful summary of the Council performance and provide up to date evidence to inform decision making. The monitoring is also used to identify service delivery challenges, for example where increased costs are incurred to address service backlogs or underlying underperformance. Where such issues are highlighted through financial monitoring, the resources required as an investment to address this are identified.

The Council produces a range of value for money analysis, including annual benchmarking of outcomes and unit costs against similar Councils. During 2020/21 the Council commissioned an external financial benchmarking review. The analysis highlighted the Council's areas of strength along with areas where other similar Councils achieve better outcomes with a lower spend. The Council used the output to both inform the budget planning process, and also to undertake detailed work with directorates to identify and deliver improvements in the delivery of value for money. The Council uses benchmarking tools to inform its understanding of its performance. As well as using some off the shelf benchmarking tools, the Council also has a corporate Performance, Research & Intelligence service. This service provides a valuable source of advice on performance monitoring methodologies for projects and directorates, as well as interpreting data and performance monitoring information.

### The Council's arrangements for effective partnership working

The Council's key partnerships include a wide range of organisations as is expected for a very large and complex Council. These include service delivery partnerships, statutory partnerships, and commercial partnerships.

The Council monitors its delivery through key partnerships including an ongoing assessment of risk as set out in its Register of Significant Partnerships which is reported to the Audit Committee annually. This summarises the significant partnerships the Council has alongside a rating of assurance the Council considers the

partnership arrangements provide. This is informed by discussions and assessments involving the partnership link officer, moderated by Council officers from a range of service areas. As at 31 March 2021 the register included 49 significant partnerships, only one of which was reported as having limited assurance of controls over the partnership, and 36 were rated as having the highest level of assurance.

During 2020/21 the impact of Covid-19 has placed a greater focus on the operation of a number of strategic partnerships, particularly those related to delivery of health and social care responsibilities, and those supporting vulnerable residents.

### The Council's arrangements for procurement and commissioning services

The Council's Constitution contains a chapter on the Contract Procurement Rules. This sets out the detailed process that the Council must follow when procuring goods or services. We have reviewed the procedure rules and this confirms they are comprehensive and cover the procedures, the quotation and tender process, using frameworks, post tender evaluation and contract monitoring procedures.

To support procurement, the Council has centralised procurement team. This team provides a key source of procurement expertise. The team are required to be involved in procurement contracts above £30,000 and lead the procurement process in many cases. The Council controls in place to manage procurement effectively include completion of a pre-tender form to evidence the approval for the procurement and that financial and legal requirements have been followed. The support provided by the procurement team includes training to officers involved in the procurement process, enabling a clear common understanding of the approach and compliance requirements. The Council appoints contract managers who have responsibility for managing the contract. Directorates record their contracts in registers to track all the contracts within their portfolio.

**Based on the above considerations we are satisfied there is not a significant weakness in the Council's arrangements in relation to improving economy, efficiency and effectiveness.**





# Appendices

A: Independence

B: Other communications

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# Appendix A: Draft management representation letter

To be provided to us on client headed note paper

[Date]

Dear Karen

### Manchester City Council - audit for year ended 31 March 2021

This representation letter is provided in connection with your audit of the financial statements of Manchester City Council ('the Council') and its Group for the year ended 31 March 2021 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code) and applicable law.

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

#### My responsibility for the financial statements and accounting information

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

#### My responsibility to provide and disclose relevant information

I have provided you with:

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

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

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

#### Accounting records

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



# Appendix A: Draft management representation letter (continued)

### Accounting policies

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

### Accounting estimates, including those measured at fair value

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

### Contingencies

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

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

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

There are no undisclosed contingent gains which should be disclosed.

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

### Laws and regulations

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

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



# Appendix A: Draft management representation letter (continued)

## Fraud and error

I acknowledge my responsibility as City Treasurer & Deputy Chief Executive for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

I have disclosed to you:

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

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

## Related party transactions

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

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

## Future commitments

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

## Subsequent events

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

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



# Appendix A: Draft management representation letter (continued)

### Covid-19

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

### Going concern

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

### Unadjusted misstatements

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

Yours faithfully

Carol Culley

City Treasurer & Deputy Chief Executive



# Appendix B: Draft audit report

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

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# Appendix C: Independence

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

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

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



# Appendix D: Other communications

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

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# Appendix D: Other communications

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

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## Mazars

Karen Murray, Partner

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

\*where permitted under applicable country laws.

**Manchester City Council  
Report for Resolution**

**Report to:** Audit Committee – 25 July 2023  
**Subject:** Draft Annual Accounts 2022/23  
**Report of:** Deputy Chief Executive and City Treasurer

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**Summary**

To present the 2022/23 Draft Annual Accounts, which have been signed by the Deputy Chief Executive and City Treasurer, to the Audit Committee. The report provides information on the structure of the accounts, highlights key issues and provides a summary of the key accounting statements.

The accounts will be made available for public inspection from 1<sup>st</sup> August 2023.

**Recommendations**

To note the unaudited 2022/23 Annual Accounts including the narrative report, signed by the Deputy Chief Executive and City Treasurer.

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**Wards Affected: All**

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**Contact Officers:**

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**Background documents (available for public inspection):**

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to four years after the date of the meeting. If you would like a copy, please contact one of the contact officers above.

Working papers – consolidation of 2022/23 accounts

Report of the Deputy Chief Executive and City Treasurer to Audit Committee 14 March 2023– Accounting Concepts and Policies, Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Report of the Deputy Chief Executive and City Treasurer to Audit Committee 13 June 2023– Update on Progress on the Audit of the Final Accounts for 2020/21 and 2021/22 and finalising the Draft Accounts for 2022/23

## 1 Introduction

- 1.1. This report sets out the process of approval for the draft annual accounts for the 2022/23 financial year. The Council is required to prepare a Statement of Accounts each financial year. The accounts are prepared in accordance with statutory accounting practices, which since 2010/11, have been based on International Financial Reporting Standards (IFRS). This is in common with much of the private sector and is designed to allow standardisation of financial information to allow for easy comparison across entities.
- 1.2. It is considered good practice that the Audit Committee should have the opportunity to review the unaudited accounts prior to their publication and submission to the external auditors. The statutory requirement for 2022/23 is that before the first working day of June 2023, the accounts are certified by the Section 151 Officer (for the Council this is the Deputy Chief Executive and City Treasurer) as providing a true and fair view of the financial position of the Council as at 31 March 2023 and its income and expenditure for the year ended 31 March 2023.
- 1.3. This deadline was extended to 31 July for the previous two years under the Accounts and Audit (Coronavirus) (Amendment) Regulations issued by the government which set out the requirements for the production and publication of the Annual Statement of Accounts for 2020/21 and 2021/22. These amended the 2015 regulations. The government made the decision to revert to the earlier May deadline for 2022/23 accounts, despite a number of well documented national issues associated with delayed audit sign off and technical accounting matters around highways infrastructure and the timing of pension valuations.
- 1.4. The Accounts were not completed by the statutory deadline of 31 May 2023. This is due to a combination of issues, including the impact of the backlog of accounts issues from previous years; on-going live audits of the 2020/21 and 2021/22 accounts; the time required to finalise these; limited capacity within the corporate finance team partly as a result of managing multiple financial years of accounts; the challenges with obtaining all of the new valuations information now required and the later timescales that Manchester Airport Group (MAG) work to for their accounts it was not possible to complete the consolidated draft accounts for the 31 May deadline.
- 1.5. The statutory deadline for the publication of the 2022/23 audited accounts is 30 September 2023. Due to the backlogs of previous years accounts, it has been agreed with the External Auditors that the audit will commence in early October with the aim of completion in early 2024. The audited accounts together with the external audit report will be reported to Audit Committee following completion of the audit, before March 2024.
- 1.6. The delays to finalising the audit of prior year accounts are in the context of several challenges facing the local authority financial reporting and local audit system. The broad causes of the delays are well known and were set out in a report to this Committee on 13 June 2023.

- 1.7. The Public Accounts Committee report on their inquiry into the [timeliness of local auditor reporting](#) was published 12 June 2023 and noted the following:
- Only 9% of local authorities published audited 2020/21 accounts by the statutory deadline, itself extended due to the impact of the COVID-19 pandemic. This continued a trend of decline from 87% for 2017/18, 57% for 2018–19 and 45% in 2019/20.
  - Just 12% of Local audit opinions were received in time for the extended deadline for publishing the 2021/22 accounts. Over 400 local government bodies missed the deadline bringing the backlog of unpublished accounts nationally up to 632.
  - The report noted that Local Government accounts are increasingly complex due to the need to meet accounting financial reporting standards while also reflecting how local government finance works.
  - Many of the accounting and audit requirements are resource intensive, particularly around valuations of operational assets and pension assets and liabilities.
  - In these instances, some accounting practitioners and auditors believe more often than not the numbers in the accounts have little to no impact on day-to-day decision making.
  - DHLUC is asked to set out how it will work with HM Treasury, the Financial Reporting Council (FRC) and others to agree permanent and proportionate measures to address the most complex parts of local bodies' accounts and the subsequent audit of them.
  - The latest position, quoted by [DLUHC in their letter dated 14 July 2023 to the Committee Chair of Levelling up, Housing and Communities](#), states approximately 27% of 2021/22 accounts await local audit completion, with the combined total of outstanding local audits, dating back to 2015/16, now totalling nearly 520. The letter goes on to state “This is clearly unacceptable. There is consensus across the system that there is now no alternative but to take collective action to resolve the backlog. Restoring timely audit and financial reporting will improve local accountability, strengthen the government’s ability to identify warning signs of potential failure in local bodies and provide assurance to local residents about financial management and governance.”
- 1.8. It is disappointing that in the context of these delays the decision was made to return to the deadlines of 31 May 2023 for the production of draft 2022/23 accounts and 30 September 2023 for the completion of the audit process.
- 1.9. Finally, it is difficult for the S151 officer to sign off with confidence that the accounts represent a true and fair view when the audit of the previous year’s accounts is not complete.

## **2. Presentation of the Annual Accounts**

- 2.1. The Annual Accounts are structured into a number of sections:

- The ***Narrative Report*** which sets out the background to the financial year including a summary of the Council's revenue and capital outturn position and relates these to the financial statements as presented in the accounts.
  - The ***Statement of Responsibilities for the Annual Statement of Accounts*** which details the responsibilities of the Deputy Chief Executive and City Treasurer and Section 151 Officer.
  - The ***Comprehensive Income and Expenditure Statement (CIES)*** shows the accounting cost of the Council's activities rather than the amount to be funded from Council Tax. The analysis of the CIES is by Council Directorate as in the regular revenue monitoring reports to Executive.
  - The ***Movement in Reserves Statement (MIRS)*** which explains the movement in the Council's usable and unusable reserves during the year.
  - The ***Balance Sheet*** which shows the total assets, liabilities and reserves of the Council at the end of the financial year (31 March).
  - The ***Cash Flow Statement*** which shows the reasons for the change in cash and cash equivalents during the year.
- 2.2. Each statement is preceded by a note explaining its purpose and followed by notes explaining the statements.
- 2.3. The main statements and notes are followed by three further sections:
- The ***Housing Revenue Account (HRA)*** reports on the Council's costs of owning and maintaining properties which are let to tenants and associated income, predominantly from renting Council houses to tenants. These costs and income are also shown within the main statements.
  - The ***Collection Fund Account*** reports on the collection of local taxes and their distribution to the Council and the preceptors, (Greater Manchester Combined Authority for the Police and Crime Commissioner and Mayoral and Fire and Rescue elements).
  - The ***Group Accounts*** shows the full extent of the Council's economic activities by reflecting the full extent of the Council's involvement with its material group companies and organisations. These are Destination Manchester Limited and the Council's share of Manchester Airport Holdings Ltd (35.5%).
- 2.4. Each of the statements is supported by explanatory notes to the accounts.
- 2.5. The ***Annual Governance Statement***, giving a summary of the Council's review of the effectiveness of its overall governance arrangements including its system of internal control, accompanies the accounts.

- 2.6. The presentation of the accounts is governed by the accounting policies that the Council is required to follow. There are no changes in accounting policies for 2022/23. Further information relating to accounting policies used by the Council are shown in Note 5 - Accounting Policies and Concepts. These were previously reported to the Audit Committee on 14 March 2023.
- 2.7. Valuations have been commissioned for the land and buildings assets of Manchester Airports Holdings Ltd and Destination Manchester Ltd and these have been used to produce the 2022/23 Group Accounts. The accounting policies of companies within the group are therefore on the same basis as the Council as required by the Code of Practice on Local Authority Accounting.

### **3. Key Issues in the Annual Accounts**

- 3.1. The budget for 2022/23 assumed a transfer from general reserves of £2.973m to support the budget plus £400k to fund carry forwards approved in 2021/22. The 2022/23 revenue outturn position was an overspend of £4.543m, which brought the total transfer from general reserve to £7.916m. As planned throughout 2022/23 the surplus balance in the budget smoothing reserve was used to support the pressures and a transfer of £7.266m enacted. The general fund reserve, after this transfer, stands at £25.847m as at 31 March 2023. It is considered that this is a reasonable level of general reserves for the Council at this time given the level of risks the Council is facing.
- 3.2. The Housing Revenue Account (HRA) underspent by £2.895m. This is mainly due to a revised delivery timescales for the capital programme partly offset by increased repairs and maintenance costs.
- 3.3. The Council spent £403.611m on capital related projects in 2022/23 compared to the budget of £579.365m. The majority of unused budget has been re-profiled into future years.
- 3.4. The Council's Revenue and Capital Outturn reports give further details. The Revenue Outturn report was considered by Executive on 31 May 2023 and the Capital Outturn report on 28 June 2023. The relationship between the revenue and capital outturn position and the accounts is set out below.
- 3.5. The accounts are required to be available for public inspection for 30 working days. It is proposed that the draft accounts are made available on 1 August 2023. The inspection period will be advertised on the Council's website. During this period of public inspection, the external auditor must give electors or any representative of an elector an opportunity to question them about the accounting records of the Council.

### **4. Summary of the Annual Accounts**

- 4.1. The Executive considered the Council's outturn report on 31 May 2023, which reported an overspend on the Council's General Fund Account (£4.543m) and an underspend on the Housing Revenue Account (HRA) (£2.895m), which combine to give a total overspend of £1.648m. The outturn figures include



transfers to and from usable reserves. The HRA is fully ringfenced and cannot be used to support the General Fund position and vice versa. This is the position as reported to the Executive against the approved budget at outturn and is before the IFRS accounting adjustments are applied in the production of the annual statement of accounts.

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

- 4.2. The CIES is prepared adherence to IFRS and the CIPFA Accounting Code of Practice and shows an accounting deficit of £130.4m for the 2022/23 financial year, reflecting the true economic cost, valued in accordance with the proper accounting practices. The true economic cost is different from the reported outturn overspend of £1.6m, as it includes net expenditure that is not chargeable to local taxation and rents. To maintain a balanced budget the reported overspend is met from a transfer from reserves, along with a £16.2m budgeted transfer, totalling £17.8m and is included in the table below.
- 4.3. The remaining difference between Net Transfer from Reserves and CIES (deficit on services) is £112.6m and is a result of the notional IFRS accounting adjustments. These adjustments predominately relate to capital transactions, such as depreciation, non-current asset revaluation and impairment, gains or loss on investments; and pension related costs. These are based on estimated valuations provided by professional third parties, including property valuers and financial actuaries. In addition, transfers to and from usable reserves are not shown in the CIES and are reflected in the MIRS.
- 4.4. The table below shows the difference between the outturn and that reflected in the CIES.

	General Fund £m	Housing Revenue Account £m	Total £m
Over / (Under)spend	4.5	(2.9)	1.6
Budgeted transfer (to) / from general reserves	3.0	13.2	16.2
<b>Net transfer (to) / from general reserves</b>	<b>7.5</b>	<b>10.3</b>	<b>17.8</b>
Transfers (to) / from earmarked reserves	130.0	0.0	130.0
Other income and expenditure classification	(2.5)	2.5	0.0
Notional accounting adjustments	(9.1)	(8.3)	(17.4)
<b>Deficit / (Surplus) per CIES</b>	<b>125.9</b>	<b>4.5</b>	<b>130.4</b>

### Balance Sheet

- 4.5. The Balance Sheet, which summarises the value of the assets and liabilities of the Council, shows an overall increase in net worth of £1,035.2m as at 31 March 2023 when compared to the previous year end. This is due an increase

in unusable reserves of £1,151.6m partly offset by a decrease in usable reserves of £116.4m as set out in the table below:

Unusable Reserves	31-Mar 2022 £m	31-Mar 2023 £m	Movement £m
Revaluation Reserve	(1,626.9)	(1,697.5)	(70.5)
Financial Instruments Revaluation Reserve	(13.4)	(13.5)	(0.2)
Pensions Reserve	583.8	(372.2)	(956.0)
Capital Adjustment Account	(1,441.7)	(1,464.7)	(23.0)
Deferred Capital Receipts Reserve	(4.3)	(5.2)	(0.9)
Financial Instruments Adjustment Account	4.7	4.5	(0.2)
Collection Fund Adjustment Account	63.8	(34.9)	(98.6)
Short-term Accumulated Absences Account	6.6	5.7	(0.9)
Dedicated Schools Grant Reserve	2.7	1.4	(1.3)
	<b>(2,424.7)</b>	<b>(3,576.3)</b>	<b>(1,151.6)</b>

4.6. Unusable reserves reflect the balance of accounting adjustments and cannot be used to fund services. The total increase in unusable reserves of £1,151.6m and details of the key movements are set out below:

- £70.5m increase in the revaluation reserve from the revaluations of non-current assets, mainly in relation to council dwellings and other land and buildings;
- £23.0m increase in the capital adjustment account. This includes the costs of depreciation and impairment losses in addition to amounts set aside to finance capital expenditure including grants, contributions and capital receipts;
- £956.0m increase in the pension reserve due to changes in the financial performance and the review of financial assumptions used to value the Pension Fund. The estimation depends on a number of complex judgements. In 2022/23 the actuarial valuation has seen a significant movement from a deficit to a surplus position. This is reflected in the change to unusable reserves.
- £98.6m reduction in the Collection Fund Adjustment Account mainly due to previous year adjustments on Business Rates relating to Government COVID funding.

Usable Reserves	31-Mar-22	31-Mar-23	Movement
	£m	£m	£m

<b>Capital</b>			
Reserves held for capital purposes including capital receipts and capital grants unapplied These cannot be applied to revenue spend and are earmarked to fund the approved capital programme.	201.0	232.4	31.4
<b>Sub Total</b>	<b>201.0</b>	<b>232.4</b>	<b>31.4</b>
<b>Revenue</b>			
Statutory reserves	22.6	24.1	1.5
Reserves held for PFIs to meet contracted future costs	2.2	1.9	(0.3)
Reserves held to smooth risk or for assurance	138.0	122.8	(15.2)
Business Rates Reserve	15.7	9.9	(5.8)
Revenue reserves held to support capital including the Capital Fund	135.6	149.1	13.5
Reserves held to encourage economic growth or for public sector reform	16.6	11.1	(5.5)
Small specific reserves	4.1	3.1	(1.0)
Grants and contributions held to meet expenditure commitments over more than one year	23.1	19.6	(3.5)
COVID-19 related Grants and contributions held to meet expenditure commitments over more than one year	124.4	7.3	(117.1)
<b>Sub Total</b>	<b>482.4</b>	<b>349.1</b>	<b>(133.3)</b>
Housing Revenue Account reserve	106.1	95.8	(10.3)
General Fund reserve	26.5	25.8	(0.7)
Schools' reserves (these belong to schools and are for their use only)	20.1	16.5	(3.6)
<b>Total usable reserves</b>	<b>836.1</b>	<b>719.7</b>	<b>(116.4)</b>
Amounts relating to the carry forward of COVID-19 related Funding	(124.4)	(7.3)	117.1
<b>Total excluding COVID-19 carry forward</b>	<b>711.7</b>	<b>712.3</b>	<b>0.7</b>

4.7. The decrease in usable reserves of £116.4m is mainly due to a £117.1m decrease due to the planned use of COVID-19 government funding. The remaining grant of £7.3m will be applied in 2023/24. Other significant movements are as follows:

- £31.3m increase in reserves held for capital purposes is in line with delivery of the planned capital programme and reflects capital receipts

received to be utilised in future years in line with the approved capital strategy

- £15.2m decrease in reserves to smooth risk, this mainly relates to the planned use of the airport dividend reserve. A balance of £4.2m remains, which will be applied over the next two years to support the budget.
- £10.3m reduction in HRA reserves
- £5.8m decrease in Business Rates reserve due to the timing of grant receipts and spend.

### **Collection Fund**

- 4.8. The Collection Fund balance is made up of Council Tax and Business Rates funds.
- 4.9. The Council Tax Surplus was £0.509m, (Council's share £419k the remainder being due to the Greater Manchester Combined Authority for the Police and Fire elements). This is a reduction from a Council Tax opening surplus of £12.924m and is due to transfer of £14.790m relating to previous years surplus to the Council and preceptor's budget and an in-year surplus of £2.375m (Council share £1.960m). The in-year surplus decreased by £2.891m when compared to the estimate made in January 2023 of £5.267m (Council share of £4.335m), mainly due to backdated reliefs and discounts. The Council's share of the surplus is taken into account in future years budgets.
- 4.10. The in-year surplus is due to an increase in the number of properties and a reduced number of Council Tax Support claimants, partially offset by an increase in the number of student discounts applied, returning to pre-pandemic levels.
- 4.11. The Business Rates Surplus was £34.794m, (Council's share £34.447m the remainder being due to the Greater Manchester Combined Authority for the Fire element). This is an overall increase of £20.214m (Council share £20.012m) when compared to the estimate of the made in January 2023 of £14.580m, including previous year's position and deficit spread relating to 2020/21. The Council's share of the surplus is taken into account when setting future years budgets.
- 4.12. This surplus is a result of a release of the allowance for non-collection along with base growth, and reduced relief awards, particularly Retail, Hospitality and Leisure Relief (formerly Extended Retail Relief) due to ineligibility from the national cap of £110k per business and relief refusal; as this is fully funded this results in a reduction in Section 31 grant. This is offset by an increase in appeal provision which reflects the increase in appeals received by the VOA in March 2023 along with other appeal requirements such as interest on refunds provided post 1 April 2023.

### **Group Accounts**

- 4.13. The Council is required to complete Group Accounts to show the full extent of the Council's economic activity, this reflects the consolidation of the Council's

involvement with its Group companies and organisations. This position is reviewed annually and only consolidated for the Council's material subsidiaries, associates and joint ventures.

- 4.14. In producing the group accounts the Council is required by the CIPFA Code of Practice on Local Authority Accounting to make consolidation adjustments to take account of any differences in accounting policies between the Council and its subsidiaries, associates and joint ventures so that the group accounts are prepared on a standard set of accounting policies.
- 4.15. Subsidiaries are defined as organisations that the Council controls by having power over the organisation, exposure or rights to variable returns from its investment and the ability to use its power over the organisation to affect the amount of the return. The subsidiary considered to be material is Destination Manchester Limited (DML).
- 4.16. Associates are defined as organisations where the Council has significant influence. Significant influence is defined as the power to participate in financial and operating policy decisions of the investee. The assumption is that a holding of more than twenty percent of the voting power of an investee would bring significant influence. The Council has no associates considered to be material.
- 4.17. Joint Ventures are defined as arrangements under which two or more parties have contractually agreed to share control such that decisions about activities that significantly affect returns require the unanimous consent of the parties sharing control and have the rights to the net assets of the arrangement. The joint venture considered to be material is Manchester Airports Holdings Limited (MAHL).

## **5. Timeline of the Annual Accounts Process**

- 5.1. The timeline for the completion and audit of the 2022/23 annual accounts is as follows:
  - Submission of unaudited annual accounts to Audit Committee – 25 July 2023
  - Handover of unaudited annual accounts to External Auditors and publication on the website by 31 July 2023 for public inspection from 1 August 2023.
  - Submission of annual accounts, including amendments agreed during the external audit, to Audit Committee – after 31 December 2023
  - Issue of audit opinion by the Council's external auditors, Mazars – after 31 December 2023

## **6. Recommendations**

- 6.1. The recommendations appear at the front of this report.

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# Annual Statement of Accounts 2022/23

## Manchester City Council Annual Statement of Accounts 2022/23

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## Our 2022/23 Narrative Report

### Introduction

Our Narrative Report aims to demonstrate a clear link between our resources, our strategy and our performance in a transparent and accessible way. It shows how we've helped deliver intended outcomes and created value throughout 2022/23, and how we are planning ahead to respond as effectively as possible to future challenges.

### Our thriving and vibrant city

The city's diverse and growing population was estimated to be 607,000 in 2023 and forecast to be home to 627,000 by 2025.<sup>1</sup> The 2021 census showed 43% of the residents are from Black, Asian and Ethnic Minority backgrounds compared to 33% in 2011. The city's growing economy has been crucial to its overall success and resilience. Manchester is the third most visited city in the UK and is renowned both nationally and internationally as a vibrant, inclusive and outward-looking city.

While the city has made great progress, there are significant challenges including tackling health inequalities, developing a more inclusive economy, reducing homelessness, increasing affordable housing, and supporting residents who are impacted by the cost-of-living crisis.

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<sup>1</sup> Estimate based on in-house forecasting model (MCCFM) which accounts for residential building underway in 2022 and is dependent on strong recovery from impacts of COVID-19.

We closely monitor the implications of Government policy so that we are well placed to anticipate and mitigate negative impacts and grasp opportunities.

We will continue to work together with other authorities in our [city region](#) and use our collective powers and budgets to make local decisions aligned to the needs of our communities, partners and stakeholders.

### Our Council

#### Our commitment to good governance

We make decisions affecting Manchester and its residents on a daily basis. We are made up of 96 councillors elected by residents across the city's 32 wards. These elected representatives have the authority to make decisions affecting the city. Approximately 7,300 Council staff (March 2023) deliver public services across five directorates: Adult Social Care, Children's Services, Neighbourhoods, Growth and Development, and the Corporate Core.

We are responsible for conducting our business in accordance with the law and ensuring that public money is safeguarded, properly accounted for, and used economically, efficiently, and effectively. We are committed to the highest standards of conduct, progressing towards the city's vision with robust controls over the use of resources, evidence-based and open decision making, and accountability and transparency. We have set out our governance standards in our [Code of Corporate Governance](#) (The Code). The Code explains how the vision and values of the organisation – the

Our Manchester principles - are at the heart of the Council's approach to governance. Our [Annual Governance Statement](#) (AGS) reviews the extent to which we have met the Code's standards, and describes the progress made throughout the year in addressing our key governance challenges.

#### Our strategy and objectives

Our mission is to support the delivery of the vision for the city set out in the [Our Manchester Strategy](#). This ambitious strategy was launched in 2016 and was developed through extensive consultation with local people, businesses and service providers and shows how the city came together to address its challenges and strive for a place in the top flight of world class cities. The five themes of the Strategy are:

- A thriving and sustainable city
- A highly skilled city
- A progressive and equitable city
- A liveable and low-carbon city
- A connected city

In May 2020, the Council's Executive agreed for a reset of the Our Manchester Strategy to be undertaken as part of the Council's COVID-19 recovery planning. Engagement activity with residents, members, businesses, organisations and partners using the Our Manchester approach ran throughout August and September 2020, and approximately 3,800 people were directly engaged and had their views captured. People told us that their priorities included young people, the economy, health, housing, the environment, and

infrastructure, with equality and inclusion as a cross-cutting theme. In 2021, the [Our Manchester Strategy – Forward to 2025](#), reset our priorities to 2025, acknowledging, but also looking beyond the challenges at that time.

Our Corporate Plan describes the Council's contribution to delivering the Our Manchester Strategy, over the medium-term. As this reflects the Council's medium-term priorities, the nine overall themes remained the same in 2022/23. The more detailed priorities which underpin the nine themes have been updated to reflect the context looking ahead to 2023/24. Key changes which have been reflected in our updated priorities include:

- The addition of references to the importance of cross-cutting action to support residents through the Cost-of-Living crisis and the new Anti-Poverty Strategy.
- Highlighting the work on our next Economic Strategy which aims to ensure that the city's economy continues to grow and is more inclusive, and the implementation of our ambitious Housing Strategy for the next ten years.
- Greater focus on engaging children and young people as we move from Our Year 2022 to being a UNICEF Child Friendly City.
- Strengthening our work on tackling inequalities across Council services, with city wide partners, and delivering on our workforce equalities strategy.

Our Corporate Plan priorities are aligned to the strategy for the city and the city region, and they inform the Council Business Plan and

Budget Reports. Our [Revenue Budget and Capital Budget](#) aligns to the Our Manchester Strategy and what Manchester people value most.

Our Council Business Plan is the internal document that sets out the activities that we need to deliver to achieve our Corporate Plan priorities. The Business Plan is developed using a collaborative approach with input from key senior officers across all Council Directorates.

Each service plan outlines the successes of the last financial year (2022/23), the key priorities for the coming financial year (2023/24), and the critical tasks needed to achieve them. Recent changes to the plan template include developing new sections on workforce planning, finance, and performance. ‘About You’ conversations between managers and their staff ensure that individual staff performance objectives align to these plans, so that all staff understand their role in achieving the ambitions for the city and our residents.

The diagram below illustrates the ‘golden thread’ that connects our high-level strategies through business and service planning to team plans and About You meetings between officers and their line managers. This diagram clearly illustrates every Council officer’s role in delivering the priorities for the city.



**Our Culture and Values**

To support the delivery of the Our Manchester Strategy, the Our Manchester approach was developed. This recognised that to deliver the ambitious strategy, we needed to work in a way that was more strengths-based and founded on a common set of principles that would be embedded across the Council and adopted by organisations across the city. There are now five Our Manchester behaviours, with the fifth being added in 2022, as equality, diversity and inclusion was not explicit enough in the original four behaviours:

- We are proud and passionate about Manchester
- We take time to listen and understand
- We own it and are not afraid to try new things
- We work together and trust each other
- We show that we value our differences and treat people fairly

The Our Manchester approach is the way we do things, rather than a thing we do. The behaviours are the Council's organisational values, and work is continuing to embed them into our policies and processes.

#### Delivering Our Corporate Plan

The following sections detail our strategies, objectives, and achievements for each of Our Plan's nine priorities.

1. [Zero-carbon Manchester - We must transform Manchester into a zero-carbon city by 2038 by halving our own direct CO2 by 2025, reducing citywide CO2, and improving air quality.](#)

The Council declared a climate emergency in July 2019, which recognises the need for the Council, and the city, to do more to reduce CO<sub>2</sub> emissions and mitigate the negative impacts of climate change. It also demonstrates the Council's commitment to be at the forefront of the global response to climate change and to lead by example. The Council has already adopted a science-based carbon budget for Manchester of 15 million tonnes of CO<sub>2</sub> between 2018 and 2100 following analysis by the Tyndall Centre for Climate Change Research. This also commits the city to become zero carbon by 2038 at the latest.

The [Council's Climate Change Action Plan 2020-25](#) (CCAP) - refreshed in September 2022 - was developed to ensure that all aspects of the Climate Emergency Declaration are converted into clear actions, with tonnes of CO<sub>2</sub> (tCO<sub>2</sub>) savings included where applicable. The CCAP builds on over a decade of previous activity, which has seen the Council's direct CO<sub>2</sub> emissions reduce by 67% between 2009/10 and 2021/22 (as reported in the latest [CCAP Annual Report](#)). The purpose of the refreshed CCAP is to show progress made in the earlier years of the CCAP, set out new milestones and include new actions, to ensure the Council is remaining on track in reducing its own carbon emissions and leading by example, giving renewed focus on the city-wide actions, the Council's leadership role, and helping others to take action. The Council's carbon budget for the CCAP's 5-year period (2020-25) is 126,336 tCO<sub>2</sub>, and just over 50% of the budget has been used to date.

As the Climate Change Action Plan is delivered, [quarterly progress reports](#) are available, which highlight key achievements and statistics. Recent achievements include:

- To date over £30 million has been invested into the Council's Estates Carbon Reduction Programme and as a result emissions from energy use across Council buildings has reduced year on year since 2014-15. Emissions from the operational estate have reduced by 29.7% (7,161 tCO<sub>2</sub>) since 2019-20.
- A new Manchester Housing Strategy (2022-2032) was launched in July 2022, which sets out the ambitious low carbon plans for housing retrofit and new homes across the

city. To support this work £22m has been secured in Government funding. £11.6m will help support a £50m programme of retrofit and related works across our Council housing properties over the next two years, and the remaining £10.4m will fully fund housing retrofit of approximately 500 poorly performing properties occupied by fuel poor households in the private sector.

- [Manchester Active Travel Strategy and Investment Plan](#) was endorsed by the Executive in February 2023. Key objectives for the five-year plan are to make walking the natural choice for short journeys and to double cycling journeys from 6% to 12%.
- In 2022-23 planting season an estimate of 7,860 trees (including 6,250 hedge trees) have been planted across known schemes and five community orchards. Two sites (Kenworthy Woods and Broadhurst Park) were declared Local Nature Reserves sites, taking Manchester's total to ten sites.
- Embedding zero carbon across the Council has accelerated during 2022/23, with zero carbon consideration being included within our Service Plans, supported by the delivery of carbon literacy training with a particular focus on engaging the Senior Leadership Group and Ward Councillors (26% of the workforce is currently carbon literacy certified) and the delivery of bespoke training to support staff who commission services to embed zero carbon considerations into procurement.

Our Climate Change Action Plan sits alongside the citywide [framework](#) produced by Manchester Climate Change Partnership, which was also updated in 2022. The framework sets out what Manchester collectively needs to do to play its full part in limiting the effects of climate change and achieving the carbon reduction targets set for 2020-25. While the Council is currently on target to reduce our direct organisational emissions at the required rate, the city is not, so the Council is supporting and influencing others in the city to decarbonise.

2. Growth that benefits everyone - We will boost productivity in the city to reduce poverty and create an economy that is inclusive and benefits everyone.

The [Our Manchester Industrial Strategy](#) sets out Manchester's vision and plan for creating a more inclusive economy. The Strategy recognises the need to focus on the foundational economy<sup>2</sup> and improving pay and productivity to ensure that Manchester can become a Living Wage City.

At a macro level, the UK economy has generally performed poorly compared to other G7 countries, with weak growth, high inflation, and stagnating wages.

The impact of macro-economic conditions in Manchester has been felt in rising prices and elevated levels of inflation, but with limited wage growth in most sectors. The cost-of-living crisis has meant that a significant number of residents have struggled to meet the costs of housing, energy, and food over the past twelve months.

However, at the same time Manchester's economy has demonstrated resilience in the face of the multiple challenges of recent years, and while success is not felt everywhere, the fundamentals of the city's economy remain strong. Examples of where the city has shown strengths include:

- Jobs growth, with around 31,000 unique job postings in March 2023 alone.
- Growth in more highly skilled and highly paid sectors – over 3,000 of the above postings were for roles in programming and software development.
- Inward investment into Manchester with over 4,000 new jobs created, for example, Starling Bank, Roku and Ernst & Young.
- A strong construction pipeline, and optimism in the market despite economic challenges. Grade 'A' office rent is now the highest of UK core cities and demand is outstripping supply. Several major residential schemes have progressed, but rental prices continue to increase as demand outstrips supply.
- At the end of 2023, over 11,000 new homes were under construction of which 1,200 were affordable. 55,000 square meters of leisure facilities are on site throughout Manchester and a record 1,500 hotel rooms were delivered.

Despite opportunities and success in the city's economy, there remain significant challenges for many of our residents:

- The unemployment rate was 6.3% at the end of 2022, the second highest of English Core Cities.
- The unemployment claimant count of 23,560 in March 2023 compares to 16,390 pre-pandemic, and has been rising since January 2023.
- The economic inactivity rate is 27.9%, with particularly high increases being seen in wards in the north and the east of the city.
- 64% of unemployment benefits claimants aged between 16 and 24 are male, and there are other disproportionate spreads of unemployment across certain demographic groups.

In 2022 Manchester adopted a new [Work and Skills Strategy](#) which is our plan for improving skills, access to training and access to employment for Manchester residents. This is one of the fundamental building blocks to better connect residents to the opportunities being created in the city's economy. In 2022 we also progressed delivery of Manchester's Digital Strategy, with a new team having been appointed to lead the work, and progress has been made with digital inclusion, data literacy, and digital infrastructure design.

Manchester's response to Sir Professor Michael Marmot's report into health inequalities in Greater Manchester is called [Making Manchester Fairer](#). Mortality rates in 2022/23 in the region were 25% higher than the England average, with life expectancy in the Northwest of England declining twice as rapidly during 2020 than in England overall. In Manchester, existing inequalities - particularly

for our most deprived communities, black and ethnic minorities, and those already living in poverty - have deepened.

Making Manchester Fairer is a significant and comprehensive action plan to address these inequalities. In 2022-23 the Making Manchester Fairer Action Plan has been developed with leaders from across the public and voluntary sectors, and working with organisations, communities, and residents. The action plan has eight themes:

1. Giving children and young people the best start in life
2. Lifting low-income households out of poverty and debt
3. Cutting unemployment and creating good jobs
4. Preventing illness and early death from big killers - heart disease, lung disease, diabetes and cancer
5. Improving housing and creating safe, warm, and affordable homes
6. Improving our environment and surroundings in the areas where we live, transport, and tackling climate change
7. Fighting systemic and structural discrimination and racism
8. Strengthening community power and social connections

Social value remains an important priority for the Council and a key route to delivering a more inclusive economy in Manchester. In 2023, work is underway to review and improve the Council's approach to social value to make sure that we are using all our levers to generate the greatest impact for our residents, especially from our own procurement and commissioning spend, capital projects and strategic developments such as Victoria North and Wythenshawe.

We are also ensuring that our procurement and commissioning activity adheres to the Council's [Ethical Procurement Policy](#). We proactively work to ensure that all goods, works and services we procure are sourced ethically in terms of both the way the Council procures and in terms of the standards that we expect our suppliers, service providers and contractors to meet.

A partnership of anchor institutions including the Council worked together to successfully gain Living Wage City recognition for Manchester in 2022. The action plan developed as part of this work will lead to an increase in the number of employers paying a real living wage and the number of Manchester residents being paid a real living wage. In 2023, work will take place to broaden the impact of anchor institutions to a wider group of employers across the public and private sectors.

Finally, in 2023 we are working on a new Economic Strategy for the city that will bring together our existing work in this area alongside our strategic vision and future priorities for building a more inclusive economy in the city.

[3. Young People - We will support Manchester's young people to be safe, happy, healthy and successful, and help them to fulfil their potential by giving them the best start in life, with access to good schools, play, leisure and culture.](#)

[Manchester's Children and Young People's Plan 2020 – 2024](#) sets out our vision and priorities for the city's young people. Children and young people matter in Manchester and are our city's key asset. The Plan highlights how agencies and organisations work

together with children and young people to ensure that they can enjoy a safe, happy, healthy, and successful future.

Manchester Children's Services was judged 'good' by Ofsted in 2022 and is now amongst the top performing local authorities for services to children in the North-West. We are proud of that recognition and what we have achieved during 2022/23. Our evidence-based approach to early help and support and reformed 'front door' has supported a reduced number of children and their families requiring statutory service, evidenced by the rate of referrals into social care. We have continued to strengthen the [Children Services Locality Delivery Model](#), which this year has included a redesign of the Children with Disabilities Service, so that all children can access a multi-disciplinary, localised and responsive offer for children and their families. We expect this will support the Special Educational Needs and Disabilities (SEND) and Alternative Provision (AP) Improvement Plan in response to the national consultation on the 2022 SEND and AP Green Paper.

To ensure children are safe we have safely reduced the overall number, duration and 'repeat episodes' of children requiring a Child Protection Plan. The overall rate per 10,000 of children on Child Protection Plans has fallen from 59.5 in 2019/20 to a provisional rate of 36.3 in 2022/23. We have continued to out-perform regionally and nationally in ensuring reviews for our children in care are conducted on time. We have supported more children to live in stable, safe, and loving homes, reducing the number of children in care to a historic low. The overall rate per

10,000 of Cared for Children has fallen from 114 in 2019/20 to a provisional rate of 107 in 2022/23.

In addition, following its launch we continue to progress the delivery of the [Start Well Strategy 2022 – 2025](#) achieved through effective relationships with our partners to focus on improving health outcomes, ensuring a good level of development, ensuring children are ready for schools, reducing infant mortality and reducing inequalities. An independent evaluation of our initially trialed Thriving Babies, Confident Parents programme has demonstrated convincing evidence of positive impact; this has now been mainstreamed.

We have improved the number of children attending and participating in their statutory Looked After Children Reviews so that their voice is heard when important decisions are made about their lives. We have worked with children and families to reshape the way we manage child protection conferences and child centered reviews. A Safeguarding Conference held in July 2022, coproduced with children, has helped inform our ways of working and is now an annual event. It is underpinned by champions that work with children to help deliver the impact that is important to them. We have developed an Inclusion Strategy Toolkit to underpin our Inclusion Strategy and help foster an environment of equality and reduce vulnerability within schools and settings.

Being healthy has remained high on our agenda including factors that compromise the wellbeing and outcomes of children and young people such as youth violence, mental health and wellbeing. The Safeguarding Partnership has worked in partnership across strategic



Boards to support the Community Safety Partnership develop and deliver a strategy for reducing the impact of serious youth violence in Manchester, and Manchester Youth Justice Service is a key contributor to the Greater Manchester Transforming Youth Justice Delivery Plan. A Bee Green Summit and Green Bee Assembly has helped drive focus on tackling climate change in Education settings and the Education Services Climate Change Action Plan builds on this momentum, with pilots launched in 15 schools and green school networks established.

It is also important that young people in Manchester have opportunities to be successful and the building blocks for that start early in life:

- There is increased rates of eligible 2 (75%), 3- and 4-year-olds (91%) accessing free entitlement Early Years provision.
- 94% of Early Years settings and 92% childminders have been judged by Ofsted to be good or better.
- 88.9% of schools have been judged by Ofsted to be good/better – exceeding both national and Northwest averages.

All post -16 education and learning provision in the city has been judged by Ofsted as good or better. We have improved our supported lodgings offer, developed accommodation models with ethical partners and 24 young people have received tenancies through the House Project. Care Consultants have been recruited to support young people's voice within commissioning and decision making.

Post-16 education will be further enhanced through the Greater Manchester devolution trailblazer. We will be able to create the country's first integrated technical education city-region, so it works better for young people and employers, through a new partnership board with the Department for Education.

Our priorities for 2023/24 are:

- We will be one of 15 chosen 'trailblazer' areas to lead the way in delivering positive change in perinatal mental health and parent-infant relationships; infant feeding and parenting support.
- We will be enhancing our response to children and families through the introduction of a family safeguarding whole family approach that supports parents to create sustained change.
- We will continue to ensure there is a sufficient range and choice of high-quality early years and school settings by implementing our Early Years capital programme and developing phase 2 of the school place programme, including a new SEND school.
- We will continue to reduce NEET and implement a post-16 Personal Education Plan (PEP) pilot.
- We will have a renewed focus on education of children with a social worker, attendance of children with SEND, and those who are persistently absent.
- We will be building on the success of Our Year 2022 to begin the journey towards achieving UNICEF Child Friendly City status.

- Two kickstarter schemes have been prioritised for investment for phase 1 of the Making Manchester Fairer Investment Fund. The first scheme, Improving Health Equity for Children and Young People, will focus on children, young people and their families who are most affected by health inequalities. The scheme is expected to address the widening gap in school readiness for children in early years, through a holistic approach working with schools and families.

4. [Healthy Cared for People](#) - We will work with partners to enable residents to be healthy and well and will support those who need it the most to improve their lives – tackling health inequalities across the city.

The [Manchester Partnership Board](#) (MPB) is the strategic citywide forum that leads health and social care integration, reporting into the Health and Well Being Board. Manchester has had a shared [Locality Plan](#) since 2016 and a Local Care Organisation since 2018. NHS reforms to introduce Integrated Care Systems nationally, including at the level of Greater Manchester, present an opportunity to further integrate care, improve the quality of care, improve outcomes and tackle health inequalities in Manchester.

The Council is an integral part of health and social care partnership arrangements, both at Greater Manchester level and within the city of Manchester. The Council's Adult Social Care (ASC) services and commissioning function are fully integrated into the Manchester Local Care Organisation (MLCO). This is a pioneering public sector organisation that provides NHS community health services and

adult social care services in Manchester. This includes social workers, district and community nurses, health visitors, therapists, care staff, support staff and many other health and care professionals. These teams are now working together as part of one single organisation, meaning that care can be better coordinated in communities. The MLCO mission is to:

- Make a positive contribution to help people in Manchester live longer and enjoy better health than many do now.
- To improve community and neighbourhood care for people in the city.

Through working together in integrated health, care, and wellbeing teams, we can support the people of Manchester to:

- Live healthy, independent, fulfilling lives
- Have the same opportunities and life chances, no matter where they live
- Have equal access to health and social care services
- Be part of dynamic, thriving, and supportive communities
- Receive safe, effective, and compassionate care, closer to their homes

Delivered through the MLCO, Better Outcomes, Better Lives is a long-term, practice-led change programme. Embedding strength-based practice across our teams is a key component of this. Through focusing on gaining and maintaining independence, better outcomes are being delivered for citizens. By managing our current

and future demand differently, this is also contributing to a more resilient adult social care service. Through focusing on a person's strengths and enabling independence, we can now say:

- 60% of people are now leaving our reablement service with no ongoing care requirements. When the programme began in Jan 2021, this was 53%.
- Across the city, we can see a reduction in the number of commissioned homecare hours – indicating more people are accessing our community offers, enabling their independence.
- We can see a 41% increase in Technology Enabled Care (technology designed to support work to keep people safe in the community such as falls alarms, sensors, GPS trackers and other systems) forms completed since the programme began, from 181 in Jan 2021, to 256 in Oct 2022.
- The reduction in residential placements exceeds the anticipated reduction.

The introduction of the Integrated Care System (ICS) arrangements at Greater Manchester level continues to drive the next phase of health and social care integration. The operating model for Manchester's health and social care integration is key to enabling further progress towards achievement of the priorities for the city. These ambitions are for the city to significantly improve health outcomes, tackle health inequalities and develop a financially and clinically sustainable system.

Tackling health inequalities in Manchester is a key strategic priority for the Council and all health and care partners. This is being taken forward through the Making Manchester Fairer Action Plan, as outlined in the Growth that Benefits Everyone section of this report.

The [Homelessness Strategy 2018 - 23](#) sets out the vision, aims and aspirations shared by us and partner organisations who work to reduce homelessness in the city. Our aims are:

- to make homelessness a rare occurrence by increasing prevention and early intervention.
- to make homelessness as brief as possible by improving temporary and supported accommodation.
- to make the experience of homelessness a one-off occurrence by increasing access to settled homes and to reduce the number of people sleeping rough in the city.

These aims continue to remain pertinent. A review of the success of the strategy is currently being undertaken, and a new strategy will be coproduced to commence in 2024.

Alongside our overarching strategy, the Homelessness Improvement Programme sets out to create A Place Called Home for our residents and our mission is structured around four Strategic Objectives: 1) Increasing Prevention; 2) Reducing Rough Sleeping; 3) More Suitable and Affordable Accommodation and 4) Better Outcomes and Better Lives.

Key achievements in 2022/23 include:

- A 35% reduction in Bed and Breakfast placements for families from a high of 227 to 141 and for singles from 587 to 388. This is an overall reduction of 285 households since January 2023. This has been driven by changes in the housing allocation policy and associated changes in conversations frontline staff have with residents.
- 796 Afghan refugees moved-on into settled accommodation and 400 Ukraine guests hosted, with 35 guests moving-on into settled accommodation.
- 893 applicants have been accommodated into private rented accommodation between April 2022 to March 2023. This has enabled 486 singles and 407 families to secure settled accommodation.

5. Housing - We will deliver the right mix of housing so that Mancunians have a choice of good-quality homes that are safe, secure and affordable – including better outcomes for those who are homeless.

The new [Manchester Housing Strategy \(2022-2032\)](#) was approved by the Executive in July 2022 and sets out the role of the housing in the context of the Our Manchester Strategy, built around the following four vision principles:

- Increase affordable housing supply and build more new homes for all residents
- Work to end homelessness and ensure housing is affordable and accessible for all

- Address inequalities and create neighbourhoods where people want to live
- Address the sustainability and zero carbon challenges in new and existing housing

The most significant change the strategy represents is the scale of our ambitions for delivery of affordable homes, and the ways that we build them. We have set a target of delivering 10,000 new affordable homes by 2032. This represents just under a third of the 36,000 new homes we are committed to building in the city over the next ten years. We have begun a programme of work to engage our Registered Provider partners in the Manchester Housing Provider Partnership to identify a future pipeline of sites and accelerate activity on large-scale, well-connected brownfield sites within our ownership. We are also progressing the first phase of sites with This City – the Council’s Housing Delivery Vehicle - which will deliver pioneering Manchester Living Rent housing, priced at or below the Local Housing Allowance (LHA) rate to increase housing options for low-income residents in areas of high demand.

We recognise, however, that over the past twelve months, the economic climate and the context for delivery has changed significantly. The construction sector – which was already expected to be impacted by the knock-on effect of the lockdown restrictions on sites during 2020 – has had to contend with high inflation, rising interest rates and the increasing costs of materials and labour. As a result, the number of new homes across all tenures has fallen in 2022-23 with just 1,887 new homes delivered across the city

(around 50% lower than in 2021-22) including 397 new affordable homes (26% lower than in 2021-22).

Despite this, there is no evidence to suggest that demand for housing in Manchester has slowed, and as a result the gap between supply and demand continues to grow. It is therefore vital that we continue to look at ways to continue to support delivery. Over the last twelve months, we have supported applications to the Brownfield Housing Fund and Brownfield Land Release Fund and we have recently submitted a list of sites for consideration in the first round of Brownfield funding through the Greater Manchester devolution trailblazer.

Looking forward, the pipeline is showing signs of resilience. At the end of 2022-23, there were over 11,000 new homes under construction - including c.1,250 new affordable homes - and a further 10,000 with planning approval. During the last year we have also seen progress in several high-profile locations across Manchester. Activity has begun on the first sites in Victoria North at Victoria Riverside and Collyhurst Village, and a detailed planning application has been submitted for the next 1,550 homes in Red Bank. The Executive has approved Development Frameworks for Wythenshawe Civic Centre and Gorton District Centre which outline plans for the delivery of almost 2,000 new homes. We have also begun to engage stakeholders to establish a vision for a series of large-scale development opportunities in East Manchester including Holt Town, Grey Mare Lane and Clayton Canalside which together could deliver over 5,000 new homes over the next ten years.

Work in these locations is key to growing the success we have experienced in the city centre over the past twenty years and connecting it to the rest of Manchester so that we can ensure future growth benefits everyone.

The Housing Services Improvement Plan will deliver improvements to housing for tenants in Council owned housing in the north of the city and ensure that we meet the requirements of the Social Housing Regulator including safe housing. Reducing outstanding Fire Risk Assessments, rectifying outstanding damp and mould cases and improving resident satisfaction with the repairs service are priorities in the Housing Services improvement programme.

6. Neighbourhoods - We will work with communities to create clean, vibrant and diverse neighbourhoods that everyone can be proud of, and make sure that we deliver services closer to residents.

Our waste, recycling and cleansing teams are getting our recycling rates back on track following the dip during the Pandemic. The Manchester recycling rate for 2020/21 was 36.6%, down from 40.4% in 2019/20 (the city's highest rate achieved), but performance dipped due to the impact of the pandemic on waste behaviours. The provisional rate for 2022/23 is 39.7%. The service is one of the only services the council provides which all residents access across c173,000 properties. Our campaigning work saw the number of food recycling caddies ordered triple, rising from an average of 400 per month in May 2022 to more than 1,300 in August 2022. We have organised litter pickers participate in 124 active groups and supported over 560 requests for bag collections

following community litter picks, and 1,175 Volunteer hours have supported community litter picks. We now have over 2,000 Facebook members linked into to Keep Manchester Tidy Group and over 134 schools and Early Years settings registered as Eco Schools. The Neighbourhood Compliance Teams ensure compliance with waste disposal and recycling, looking after untidy private land and addressing everything from fly tipping and littering to dog fouling.

The backlog of pothole repairs has been significantly reduced from over 20,000 in 2021/22 with approximately 18,600 repairs completed in 2022/23. Over 2,000 roads were resurfaced as part of the Highways five-year investment plan which started in 2017/18 and finished in 2021/2022. For 2022/2023 there were approximately 380 roads where large patching, preventative or resurfacing treatments have been completed.

We achieved 3.6 million visits to cultural venues in 2021/22 from 8,865 productions and commissions, supporting 3,500 jobs and generated £213 million Gross Value Added (GVA). We were the only UK city to feature in Lonely Planet's Best in Travel 2023 list of top 30 global cities. We have remodelled Newton Heath Library and are refreshing other libraries including Hulme, the Forum, Didsbury and North City. We have opened up 'warm places' during the cost-of-living crisis and engaged over 17,000 children in the summer reading challenge.

We have refreshed our sport and physical activity strategy and increased the numbers of residents regularly participating in sport and physical activity by 2.4% (Active Lives Survey results April 2022). Leisure Centres are all almost fully recovered from the

impact of lockdowns with the vast majority now outperforming pre-pandemics levels. Total leisure patronage for 22/23 was over 2.7 million, the return to both Swim School and Education Swim has been extremely strong reaching a record 8,740 members on the Learn to Swim Programme delivering over 1,200 lessons per week across 8 sites (to include Withington Baths) and 148 primary and special schools are receiving regular education swim lessons (237 lessons per week) supporting almost 11,000 pupils.

We have seen fourteen capital leisure projects progress and five projects completed in year. Major works at the Aquatics Centre and National Cycling Centre, and Abraham Moss have all made considerable progress. We have hosted a significant programme of events, carnivals and festivals: from Parklife to the Mela and Caribbean Carnival to Pride. Manchester was a host city for the Women's Euro and the World Rugby League World Cup breaking world records in the process. We also hosted the European Breaking (Breakdancing) Championships and secured the rights to host other major events this year including the world para swimming championships. We have managed to invest £3.5million into the parks estate, supporting over 150 individual community work packages. We have seen an uplift in events and activity in parks which have increased by 16% over the last year. We have also seen income grow year on year now up by 96% since 2016. Parks have seen 13% increase in visits on pre-pandemic levels, with an estimated 4.7million now visiting parks each year.

Our Neighbourhood Teams lead a programme of community engagement activity, working with partners through the Team Around the Neighbourhood and working with members through

ward coordination to ensure a resident focused approach when delivering in our neighbourhoods. Our work with key partners such as Greater Manchester Police (GMP) has been strengthened. We have refreshed the Community Safety Strategy, launched the Women's Night-time Safety Charter and adopted a Serious Violence Strategy, as well as expediting Public Spaces Protection Order (E-PSPO) to prohibit the harm caused by people protesting outside Covid vaccination centres.

Place-centred leadership and delivery is at the core of the city's approach to public-service reform, Bringing Services Together for People in Places. The model is based on strong partnership structures and spans strategic oversight to local ward-based delivery. The city has been divided into a 13-neighbourhood footprint. A key part within Bringing Services Together for People in Places governance arrangements, the Teams Around the Neighbourhoods (TAN) brings together key leads to address key priorities that span a bigger geographical footprint, ensuring a link back to ward-based activity. Multi Agency Prevention and Support (MAPS) case management forums are currently embedded across four neighbourhoods.

#### [7. Connections - Connect Manchester people and places through good quality roads, sustainable transport and better digital networks](#)

Manchester has made great investments in physical and digital connectivity over the past two decades, including the expansion of the Metrolink network, and Greater Manchester is now on the cusp of significant bus reforms. September 2023 will see the first publicly-controlled bus services begin operation, a process which will be completed by January 2025. Routes, timetables and fares

will all be under public control, which will deliver a simpler fare structure, integrated ticketing between bus and Metrolink, real time information and greener, fully accessible buses, 2020 saw the opening of Metrolink's Trafford Park Line, running from Pomona to the Trafford Centre, and in 2022 Metrolink completed the introduction of 27 new tram units as a result of a £72m investment from the Transforming Cities Fund. Preparations continue for the construction of High Speed 2 (HS2), including the development of a new station to be constructed at Manchester Piccadilly, which will also support the regeneration of the surrounding area.

The government awarded Greater Manchester £1.07bn for the City Region Sustainable Transport Settlement (CRSTS) that will see transport infrastructure improvements across the region over the next five years. The Council is working on schemes for Deansgate, Ancoats Mobility Hub and Victoria North with CRSTS funding, all of which must be in delivery by 2027, along with several other emerging projects which will improve public transport and active travel (for example walking and cycling) across the city.

Manchester Airport is currently undergoing a £1billion transformation programme, which is due to be fully completed in 2024. This work has significantly increased the size of Terminal 2 and will maximise the capacity of the Airport to be able to carry 55 million passengers a year.

The [Greater Manchester Cycling and Walking Infrastructure Plan](#), known as the Bee Network, details how Greater Manchester will create a genuine culture of cycling and walking. Greater Manchester has received £160m of funding for projects that will

improve the highways network, to make it easier and more attractive for people to take shorter journeys on foot or by bike. The Council is delivering walking and cycling infrastructure improvement schemes in Chorlton, the Northern Quarter, Levenshulme and Burnage, Victoria North, and in Deansgate. In addition, a low traffic neighbourhood scheme has been completed in Beswick and walking and cycling improvements have been made at Medlock Street roundabout.

The [Manchester Active Travel and Investment Plan](#) (MATSIP) has been published and will provide a basis for ongoing development of active travel projects. The MATSIP vision is that everybody in Manchester will be able to walk, wheel or cycle as part of their everyday lives - for school, work, shopping and socialising. We aim to convert existing and future short journeys to walking and cycling.

[The Manchester Digital Strategy: Doing Digital Together](#), running to 2016, sets the vision for Manchester to be a world class digital city. This includes making sure that we have digitally skilled residents, future-proofed infrastructure, a thriving digital economy, and a digitally enabled transition - sustainable and resilient city. Digital inclusion is an integral part of the Doing Digital Together strategy. The strategy puts people at centre and specifically sets out priorities to achieve digital inclusion across the city. Inclusion is about ensuring people have access to the connectivity, devices, and skills they need to make the most of the digital world, but it is more than that. It is also about ensuring that there is diversity within the tech sector and STEM careers, reflecting the diversity of the city.

We are now progressing various projects supporting a Delivery Plan which focuses on four thematic areas:

- Remarkable people, extraordinary opportunities
- Connected Places, enhancing lives
- Pioneering the future, prosperity for all
- Rising to challenges, future proofing our city

8. Equality - We will deliver on our equality, diversity and inclusion commitments, creating a progressive city that enables our residents and partners to understand our diverse communities, improving their life chances and celebrating diversity.

Manchester's diversity is its strength and the 2021 Census has demonstrated significant changes to our population which provides opportunities to support our ambitions to be a thriving and sustainable city, as set out in the Our Manchester strategy. However, both COVID-19 and the cost-of-living crisis have compounded known inequalities for communities experiencing racial inequality, and inequalities linked to other protected characteristics.

In summary, our city's diversity has increased as follows:

- Ethnicity: The non-white population has increased from 33.4% to 43.2%, including an increase in all Asian ethnic categories from 17.1% to 20.9%, and an increase in all Black ethnic categories from 8.6% to 11.9%.



- National identity: 77.2% of residents most identified with one of the various British categories, down from 83% in 2011
- Language: 89% (191,800) of households have at least one person who can speak English as their main language. Around 4% (21,400) of residents said they cannot speak English well or very well. Across the city, 94 languages are spoken with the highest numbers being Urdu, Arabic and Polish
- Religion: The Christian population has decreased from 48.7% to 36.2%, Muslim population increased from 15.8% to 22.3%, and those identifying as 'no religion' increased from 24.7% to 32.4%
- Sexual orientation and gender identity: Nationally, 89.4% of respondents identified as straight or heterosexual. Around 3.2% identified as lesbian, gay, bisexual or another sexual orientation (LGBTQ+). In Manchester that figure was 6.6%.

There has therefore been a clear case for strengthened focus on and investment in our equalities and inclusion function, and we need to take an increasingly intersectional approach to all that we do. We need to ensure that our workforce reflects our communities at all levels, and that we commission and deliver services which meet the different needs of all of our communities and that we address known inequalities.

The new Joint Director of Equality Inclusion and Engagement is undertaking a more in-depth review of our equalities approach, lead on delivery of this and strengthen the equalities function, embedding equality into our ways of working. A key priority will be

to embed meaningful equality impact assessment across the Council. There are also clear opportunities to better align our equalities and workforce programmes, to support delivery of our equalities objectives.

We have continued to collaborate with external organisations such as the Equality and Human Rights Commission where they are undertaking investigations and we have hosted visits from the United Nations (UN) on two areas: Working Group of Experts on People of African Descent and Sexual Orientation and Gender Identity. This approach is critical in terms of building trust with key stakeholders including communities who experience inequalities and provides us with access to expertise which will help us to further progress our objectives. In addition, we have supported and developed events co-produced with our communities who experience known inequalities such as International Women's Day and support the delivery of the Armed Forces Covenant.

The Corporate EDI Leadership group continues to meet on a monthly basis to oversee delivery of our equalities objectives. Leadership is through the Deputy Leader, a series of other Elected Members with portfolio responsibility for different protected characteristics and the City Solicitor.

[9. Well-Managed Council - We will support our colleagues to be their best and we will make the most of our resources.](#)

The Council overspent against its budget for 2022/23 by £4.5m, during a year where there was very significant inflation and

economic turmoil. The main drivers of the overspend were pay award being higher than budgeted, pressures on Children's safeguarding, Home to School Transport demand and price pressures, and lower than budgeted parking income driven by changes to commuter behaviour post pandemic. These pressures were partly offset by an overachievement of investment income and underspends in the Corporate Core Directorate.

Our Medium-Term Financial Strategy forecasts a balanced position for 2023/24 and 2024/25 assuming the planned savings are achieved and any emerging pressures are mitigated. The risk has moved to 2025/26, as the Medium-Term position remains challenging with significant changes to the distribution of Council funding anticipated, although the timing of the reforms remains unclear.

The new Organisation Development Plan 2021-2023 will further embed the Our Manchester behaviours across the Council. Key themes within the new plan include Purpose, Change, Risk and

Decision Making, Diversity and Inclusion, Performance and Development, and Partnerships.

The Council continues to adapt working environments to make efficient use of space and create environments which support agile working across the estate including refurbishing offices, rolling out new end user devices (laptops) and delivering an improvement programme for our connectivity - Wide Area Network (WAN) and Local Area Network (LAN).

The Future Shape of the Council programme is reshaping how the Council delivers services both internally and externally, by using new technologies, ways of working and new delivery models. Workstreams are focused on developing a more effective Corporate Core, programmes of change to take advantage of system changes such as Residents and Business Digital Experience (RBDXP), Finance and HR systems, Customer Relationship Management, and wider work on improving use of data and digital across the Council.

## Manchester City Council Annual Statement of Accounts 2022/23

## Our Funding and Spending 2022/23

The tables below show how our gross revenue and gross capital spending programmes were funded and where we targeted our revenue spend and capital investments throughout 2022/23 to help support the people of Manchester to achieve and enjoy a better quality of life.

## Revenue funding and spending 2022/23

Revenue spending relates to the day-to-day running costs required for the Council's operations including direct costs such as staffing and utilities costs and services which are commissioned and delivered on the Council's behalf.

The table below reflects a subjective analysis of the Council's Comprehensive Income and Expenditure Statement (CIES).

Although the 2022/23 Council outturn position reported to members shows a £4.5m overspend on Council services and a £2.9m underspend on the Housing Revenue Account, the CIES shows the accounting cost of Council activities including accounting entries, such as depreciation, non-current asset revaluation and impairment, gains or loss on investments and defined benefit pension scheme. This results in a CIES net deficit on the provision of services of £130.4m. This transition is explained further in the Council's Comprehensive Income and Expenditure Statement section below and in the Expenditure Funding Analysis in Notes 1 and 2 of the Council's Annual Accounts.

	2022/23 £m
<b>Expenditure</b>	
Employee Benefit Expenses	614.9
Other Service Expenses	994.0
Business Rates Tariff	35.0
Capital Charges including Depreciation and impairment	205.7
Interest Payments	39.4
Pensions Interest Costs	118.6
Precepts and Levies	67.8
Payments to Housing Capital Receipts Pool	0
Loss on Disposal of Non-current Assets	1.3
<b>Total Expenditure</b>	<b>2,076.7</b>
<b>Income</b>	
Fees, Charges and Other Service Income	(326.7)
Interest and Investment Income	(42.7)
Return on Pension Assets	(102.4)
Capital Charges related income	(53.4)
Council Tax Income	(198.6)
Business Rates Income	(296.9)

## Manchester City Council Annual Statement of Accounts 2022/23

Government Grants and Contributions	(918.2)
Gain on Disposal of Fixed Assets	(7.4)
<b>Total Income</b>	<b>(1,946.3)</b>
(Surplus)/Deficit on the Provision of Services	<b>130.4</b>

## Capital funding and Spending 2022/23

Capital expenditure relates to spending on the purchase or improvement of assets that have a long-term value to the Council and residents, such as land and buildings.

The total value of capital funding employed in 2022/23 was £403.6m, a significant level of investment reflecting the ambitious capital programme that the Council has agreed. Further details on this and on risk management approach to funding can be found later in this report.

The breakdown of the funding and where it was used is set out in the table below:

Capital Funding and Spending	2022 / 23 £m
<b>Capital Funding</b>	
Government Grants	79.1
External Contributions	15.5
Revenue Contributions by the Council	5.0
Borrowing	224.6
Capital Receipts	56.1
Housing Revenue Account – Major Repairs Reserve	23.3
<b>Total Resources Available</b>	<b>403.6</b>
<b>Capital Spending</b>	
Children’s Services	31.6
Corporate Services	12.0
Neighbourhoods Directorate	58.3
Growth and Development	96.3
ICT	2.9
Town Hall refurbishment	59.9
The Factory	56.3
Housing – Housing Revenue Account	30.2
Housing – Private Sector	20.4
Highways	35.7
<b>Total Capital Spending</b>	<b>403.6</b>

## Our Performance

The performance of the Council and its partners against the goals of the city's Our Manchester Strategy is reported in detail each year in the [State of the City Report](#). However, a high-level view of delivery of the shorter-term Council priorities outlined in Our Corporate Plan is summarised below. The State of the City Report should be referred to for the comprehensive performance narrative.

### 1. Zero Carbon Manchester

- Total provisional estimated Council emissions<sup>2</sup> in 2022/23 (21,356 tonnes CO<sub>2</sub>) were 14% below the annual budget for 2022/23 (24,784 tonnes CO<sub>2</sub>). Total Council emissions in 2021/22 (23,410 tonnes CO<sub>2</sub>) were 13% below the annual budget for 2021/22 (27,056 tonnes CO<sub>2</sub>)<sup>3</sup>. Source: MCC

### 2. Growth that Benefits Everyone

- The unemployment rate in March 2023 was 6.1%, which was a desirable decrease from that of March 2022 (6.5%), but still above that of pre-pandemic levels (4.53%). Source: ONS.
- The total number of residents claiming Universal Credit aged 16 and over in March 2023 was 78,272, an undesirable increase from March 2022 (74,884) and substantially above pre-pandemic levels (42,120). Source: DWP.

- The percentage of Manchester residents in work paid less than the Real Living Wage in 2021/22 was 16% compared to 9.7% of the Manchester workforce, a desirable decrease from 2020/21 (23%).
- There were 422,000 jobs in the city in 2021, a desirable increase to the number of jobs in the city in 2020 (412,000). Source: ONS
- Manchester received recognition from the Living Wage Foundation and launched its Living Wage Action Plan in 2022/23 in October 2022 with over 160 employers volunteering their commitment to the plan. The number of accredited Real Living Wage employees has increased from 168 in March 2022 to 240 in March 2023

### 3. Young People

- The percentage of the city's primary schools rated good or outstanding in 2022/23 was 91.1%, which was a small undesirable decrease from that of 2021/22 (92.9%). Source: Ofsted.
- The percentage of the city's secondary schools rated good or outstanding in 2022/23 was 82.8%, which was a desirable increase from that of 2021/22 (66.7%). Source: Ofsted
- The percentage of primary school sessions attended in HT 1-2 2022/23 was 93.9%, which was an undesirable decrease from that of 2021/22 (94.5%) Source: MCC.
- The percentage of secondary school sessions attended in HT 1-2 2022/23 was 92.2%, which was an undesirable decrease from 2021/22 (93.4%) Source: MCC.

<sup>2</sup> Council emissions are associated with the Council's buildings, streetlights, waste collection, staff travel and operational fleet.

<sup>3</sup> 2019/20 emissions and annual budget exclude traffic signalling for comparative purposes, these emissions are included by TfGM in their emissions accounting.

- The provisional number of Looked After Children in Manchester in 2022/23 was 1,355 (a rate of 107 per 10,000 children), which was a small desirable decrease from that of 2021/22 (1,385 Looked After Children, a rate of 109 per 10,000 children). Source: MCC.
- The provisional number of Children in Need in Manchester in 2022/23 was 5,481 (a rate of 432 per 10,000 children), which was an undesirable increase to that reported for 2021/22 (5,167 Children in Need, a rate of 417 per 10,000 children). Source: MCC.

#### 4. Healthy, cared-for people

- Life expectancy at birth in Manchester in 2021 was 74.8 years for males and 79.2 years for females. This represents a fall of 0.7 years for males and 0.7 years for females compared with the latest non-overlapping period (2018-20). Source: ONS
- The % of NHS Health Checks received by the total eligible population in 2022/23 was 33%, which was a desirable increase from 2021/22 (19%). Source: Graphnet, NHS Manchester CCG.
- The number of households in temporary accommodation in March 2023 was 2,955, a desirable decrease from March 2022 (3,520). Source: MCC.
- The number of households prevented from becoming homeless via supporting them to stay in existing or alternative accommodation in 2022/23 was 708, which was an undesirable decrease from that of 2021/22 (737). Source: MCC.

#### 5. Housing

- The number of new homes completed in Manchester in 2022/23 was 1,882, an undesirable decrease of from 2021/22 (3,792). This is lower than in recent years reflecting the slowdown in new developments starting construction during the Covid pandemic in 2020 and the ongoing impacts of rising construction costs and supply chain issues. Source: MCC
- The number of new homes completed in Manchester in 2022/23, which were defined as affordable by the government was 415, an undesirable decrease from that of 2021/22 (532). Source: MCC.
- The number of new builds which became available for buying or renting in Manchester in 2022/23 was 1,904, which was an undesirable decrease from that of 2021/22 (3,792). Source: MCC.

#### 6. Neighbourhoods

- 14,451 tonnes of waste from street cleansing was collected in 2022/23, which was a desirable increase on the 13,587 tonnes collected in 2021/22. Source: Weighbridge data - Viridor/Suez and Redgate Holdings
- There were 27,195 fly tipping requests completed by Biffa in 2022/23, which was an undesirable decrease from requests in 2021/22 (28,413). Source: CRM and Biffa outcomes data
- In 2022/23 the total number of recorded visits to Manchester's libraries, galleries and sports and leisure facilities was 5,475,204, a desirable increase from 2021/22 (4,084,061). Source: MCC

## 7. Connections

- The total amount of resurfacing work delivered in 2022/23 (excluding footways) was 349,524m<sup>2</sup>, which was an undesirable decrease from that of 2021/22 (565,943m<sup>2</sup>). With less traffic on the roads due to Covid in 2021, Highways' Planned Maintenance teams carried out additional work above that which was programmed before COVID-19. This therefore meant that in 2022/23 there were fewer works required to take place. Source: MCC.
- The percentage of residents with access to high-speed broadband (>30Mbits/s) in 2022 was 97.2%, which was a desirable small increase from that of 2021 (96.9%). Source: Ofcom.

## 8. Equality

- We produce a [Workforce Equality Report](#) on the equality profile of our workforce, which helps us to identify trends and hotspots, so that we can keep progressing equality within the workforce and in turn, across the city.
- In 2022 the mean percentage difference between the average hourly rate of pay of male and female employees

was 4.6% (6.6% in 2021). The Council's workforce is 64% female. The closer to zero the difference in the hourly rate of pay is then the lower the Gender Pay Gap. This is published as part of the Council's [Pay Policy Statement](#). (Source: MCC)

- Currently 21% of the Council's workforce identify as Black, Asian or Minority Ethnic (May 2023). At senior grades (above grade 12) 5% of the workforce identify as Black, Asian or Minority Ethnic. (Source: MCC)

## 9. Well-managed Council

- The percentage of annual due Council Tax collected in 2022/23 was 89.2%, which was a small decrease from that of 2021/22 (89.8%). Source: MCC.
- The percentage of annual due Business Rates collected in 2022/23 was 97.2%, which was an increase from that of 2021/22 (94.8%). Source: MCC.
- days sickness taken per Full Time Equivalent in 2022/23 was 13.66, which was a small increase from 2021/22 (13.34). Source: MCC
- The number of Stage 1 and 2 corporate complaints responded to within 10 working days in 2022/23 was 83.5%, which was an increase from that of 2021/22 (72.7%). Source: MCC

## Manchester City Council Annual Statement of Accounts 2022/23

## Our Financial Performance 2022/23

## Revenue budget 2022/23

The Budget and Council Tax for 2022/23 were approved at the Council meeting on 4 March 2022, with a total net budget for Council services of £690.6m and a gross budget of £1,500.3m.

This reflected as an increase in Council Tax for district purposes of 2.99%, including the 1.99% referendum limit and the 1% Adult Social Care precept.

	Original Gross Budget 2022 / 23 £m	Original Net Budget 2022 /23 £m	Revised Net Budget 2022 / 23 £m	Budget Changes 2022 / 23 £m
<b>Resources Available</b>				
Business Rates Related Funding	235.6	235.6	235.6	0.00
Council Tax	209.0	209.0	209.0	0.00
Grants and other External Funding	766.1	104.5	119.6	15.0
Use of Reserves	214.7	141.5	141.9	0.4
Sales, Fees and Charges	74.9	0.0	0.0	0.00
<b>Total Resources Available</b>	<b>1,500.3</b>	<b>690.6</b>	<b>706.0</b>	<b>15.4</b>
<b>Resources Required</b>				
<i>Corporate Costs:</i>				
Levies / Statutory Charge	37.9	37.9	37.9	0.00
Contingency	1.1	1.1	0.3	(0.8)
Capital Financing	39.5	39.5	39.5	0.00
Transfer to Reserves	24.6	24.6	26.6	2.0
<i>Sub Total Corporate Costs</i>	<i>103.1</i>	<i>103.1</i>	<i>104.3</i>	<i>1.2</i>
<i>Directorate Costs:</i>				
Additional Allowances and other pension costs	7.3	7.3	7.3	0.00
Insurance Costs	2.0	2.0	2.0	0.00
Inflationary Pressures and budgets to be allocated	28.2	28.2	(5.0)	(33.2)
Directorate Budgets	1,359.7	549.9	597.4	47.4
<i>Subtotal Directorate Costs</i>	<i>1,397.2</i>	<i>587.5</i>	<i>601.7</i>	<i>14.2</i>
<b>Total Resources Required</b>	<b>1,500.3</b>	<b>690.6</b>	<b>706.0</b>	<b>15.4</b>



## Manchester City Council Annual Statement of Accounts 2022/23

<b>Shortfall / (surplus)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

In setting the revenue budget the Chief Finance Officer also has the responsibility to report formally on the robustness of the budget and the adequacy of general balances and reserves. These balances need to reflect spending requirements, and risks to which the Council might be exposed. Further details can be found in the Council's [Medium Term Financial Strategy and 2023/24 Revenue Budget Report](#)

Our 2022/23 budget is summarised in the table above. There are four columns as follows:

- The Gross Budget of £1,500.3m as approved by Council - which includes all our spend including that which we pay out in benefits, funding passported directly to schools, and social care costs funded directly by residents.
- Our original net budget of £690.6m includes costs funded from the main revenue available to the Council, Business Rates, Council Tax, Government Grants, dividends and reserves.
- Our revised net budget is £706m at Outturn. This has increased because it includes £15.4m of increased resources approved by Executive in 2022/23.
- The 2022/23 budget changes include;
  - £15.4m increase in revenue resources due to £15.0m increased government grants announced during the year allocated to Directorate budgets, and £0.4m increase in use of reserves relating to 2021/22 carry forwards agreed after 2022/23 budget setting.
  - Budget realignments relating to: £33.2m inflationary and £0.8m of contingency budgets held corporately at budget setting allocated to directorate budgets, and £2m of Childrens Social Care Budget transferred to Reserves.

The table below shows the budget per Directorate for 2022/23

	Original Gross Budget	Original Net Budget	Revised Net Budget	Net Budget Changes
	2022 / 23	2022 / 23	2022 / 23	2022 / 23
	£m	£m	£m	£m
Children's Services	499.6	129.0	130.1	1.0
Adult Social Care	190.9	184.4	189.6	5.2
Public Health	42.7	42.7	42.7	0.0
Neighbourhoods	193.8	91.6	101.5	9.8
Homelessness	61.7	27.4	28.5	1.1
Growth and Development	38.0	(9.8)	(8.8)	1.0

## Manchester City Council Annual Statement of Accounts 2022/23

Corporate Core	333.0	84.5	113.9	29.4
<b>Total</b>	<b>1,359.7</b>	<b>549.9</b>	<b>597.4</b>	<b>47.4</b>

## Manchester City Council Annual Statement of Accounts 2022/23

## Revenue position 2022/23

This section provides a high-level analysis of our financial performance within 2022/23 and complements the more detailed financial statements published within the accounts. It shows how our position at the end of the financial year relates to our budget and the key variances.

Our net revenue budget is the total amount of corporate resources available to us. It is mainly funded from retained business rates, council tax receipts, government grants, dividends and use of reserves. The table above shows our year-end position (spend) compared to this budget.

	Revised Budget	Outturn	Total Variance
	£m	£m	£m
<b>Total Available Resources</b>	<b>(706.0)</b>	<b>(708.0)</b>	<b>(1.9)</b>
<b>Total Corporate Budgets</b>	<b>108.7</b>	<b>113.9</b>	<b>5.3</b>
Children's Services	130.1	132.3	2.2
Adult Social Care	189.6	189.7	0.1
Public Health	42.7	42.7	0.0
Neighbourhoods	101.5	103.6	2.1
Homelessness	28.5	28.4	(0.0)
Growth and Development	(8.8)	(10.3)	(1.5)
Corporate Core	113.9	112.2	(1.7)
<b>Total Directorate Budgets</b>	<b>597.4</b>	<b>598.6</b>	<b>1.2</b>
<b>Total Use of Resources</b>	<b>706.0</b>	<b>712.5</b>	<b>6.5</b>
<b>Total overspend</b>	<b>0</b>	<b>4.5</b>	<b>4.5</b>

At the end of the year, we had overspent against our net revenue budget by £4.5m. The main variations are shown in the table above. There was a planned use of General Fund Reserve of £3m, therefore £7.5m was transferred from the General Fund Reserve.

## Housing Revenue Account (HRA) position 2022/23

The Council also operates a Housing Revenue Account (HRA), which contains the costs of owning and maintaining properties let to tenants, and rental income from those properties. This is held separately from the net revenue budget position shown in the previous table. The Council was responsible for managing an average of 15,342 dwellings during 2022/23. The original approved budget 2022/23 included a contribution of £13.188m from reserves, but due to the overall underspend of £2.895m it has only been necessary to draw £10.125m from reserve. The underspend is due to a combination of:

- Significant slippage in the planned capital programme, offset by:
- Increased repairs and maintenance costs mostly due to high inflation, higher PFI contractor payment, increased communal heating costs due to the increase in energy prices and increased depreciation costs.

## Manchester City Council Annual Statement of Accounts 2022/23

General reserves now stand at £59.281m. In addition, there are further HRA reserves relating to other potential liabilities of £45.159m. It is anticipated that because of planned capital expenditure HRA reserves will reduce considerably over the next two years.

## Capital position 22/23

Our revised capital budget for the 2022/23 year was £579.4m, and the table below shows our year-end position (spend) compared to this budget

Manchester City Council programme	Capital Budget for 2022/23 £m	Capital expenditure in 2022/23 £m	Overspend or (underspend) for 2022/23 £m
Highways	54.2	35.7	(18.5)
Neighbourhoods Directorate	84.2	58.3	(25.9)
Growth and Development	120.2	96.3	(23.9)
Town Hall refurbishment	82.3	59.9	(22.4)
The Factory	79.4	56.3	(23.1)
Housing – private sector	36.5	20.4	(16.1)
Housing – HRA	45.9	30.2	(15.7)
Children’s Services	48.2	31.6	(16.6)
ICT	7.9	2.9	(5.0)
Corporate Services	20.6	12.0	(8.6)
<b>Total</b>	<b>579.4</b>	<b>403.6</b>	<b>(175.8)</b>

The capital outturn position for the 2022/23 financial year is relatively high when compared to the average outturn over the past three years and represents the continued significant investment in Manchester with over 220 live projects progressing during the year. At the end of the year, we had underspent against our capital budget by £175.8m. The Council’s underspend at outturn is largely due to the timing of spend and will be carried forward into future years. The main variances relate to Our Town Hall, The Factory, Housing Infrastructure Fund, Carbon Reduction Programme and Public Sector Decarbonisation and This City. Further details on these variances and the wider capital programme can be found in a report to Executive in June 2023. The nature of the capital budget requires flexibility to manage the funding across the life of projects in a transparent manner. As such some variations within the year are to be expected as projects are developed, and budgets are re-profiled annually and changes are reported to members for approval.

**Our Risks and Outlook**

At the last refresh, the Corporate Risk Register (CRR) comprised 5 high, 8 medium and 1 low risks. The highest scored strategic level risks on the register reflect financial resources of the Council and residents; availability of the right amount and type of housing; Citywide climate change action; and ICT security.

Much of the risk management focus over the last 12 months has been on the impacts of the cost-of-living crisis, inflation and

financial resilience; for the City, for our residents and for the Council. Actions taken in response to this have offered some mitigation and the setting of the budget for 2023/24 and medium-term review and capital financial strategies have been successfully approved.

For 2023/24 the Council will refresh its risk management strategy and strengthen governance of risk review at directorate level and with partners as part of the place base health systems

Risk Description	Planned Mitigating Actions
<p>Considerable challenges for residents with ongoing high costs of energy and other essentials compounded by range of wider impacts including the legacy of Covid19, unemployment, poor health and wider economic uncertainty.</p>	<p>Family Poverty Strategy, Making Manchester Fairer, Tackling Health Inequalities in Manchester 2022-2027 and the Our Manchester Strategy are in place and support residents in partnership with VCSE and other City and GM partners. Council support programmes remain in place to help those most in need.</p>
<p>Uncertainty over the future financial position of the Council impacted by inflationary impacts, cost of borrowing, demographic and demand pressures, reduced income to the Council for universal services and pressure</p>	<p>Budget 2023/24 and medium term revenue and capital finance strategies agreed. Ongoing review of contracts by Procurement and Commissioning Team and oversight by Commercial Board; and review of capital projects by Capital</p>

<p>on Council services as a result of pressures faced by partners across the City including the community and voluntary sector</p>	<p>Strategy Board, ICT Board and Estates Board. Regular reporting of financial position and pressures via S151 officer to Strategic Management Team, Executive and Scrutiny.</p>
<p>The Council does not undertake its leadership role effectively for Manchester to become a zero-carbon and stay within the science-based budget for the City.</p>	<p>Climate Change Strategy and Framework 2020-25. Governance through Manchester Climate Change Partnership, Agency and Youth Board; including oversight of Annual Climate Change Report.</p>
<p>A successful cyber-attack on the Council’s infrastructure would have significant impact on the availability of all ICT systems over a sustained long-term period. This could impact some or all internally operated services and those consumed by our customers and residents. Ransomware remains one of the costliest types of cyber-attacks to recover from. The financial cost to recover physical hardware such as servers, laptops and databases would be significant. The cost of data that is lost to encryption is incalculable.</p>	<p>Identity management controls including Multi Factor Authentication for cloud accounts, introduction of Intrusion Detection (IDS) on perimeter firewalls, managed host-based protection, and secure build configuration on all end user devices. Regular vulnerability assessments and ongoing security patch management to all managed devices reflected in PSN Code of Connection Compliance agreed 2022 and 2023. Ongoing action includes implementation of replacement endpoint malware/Anti-Virus solution and hardware refresh; and Communications and mandatory training for all staff and members.</p>
<p>Scale and type of available housing is not sufficient to meet demand of current and future residents of the City are not achieved and targets for affordable housing are not met. This includes the right quality of housing to meet expected standards and the reasonable needs of residents.</p>	<p>Manchester Housing Strategy 2022-2032 with target to increase housing supply and affordable housing growth. Links between this and wider strategies around for example school place planning, health planning, travel and the Local Plan. Governance of strategic and operational housing; and</p>

	regulatory functions with reporting to Housing Board, SMT, Executive and Economy Scrutiny Committee.
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### Medium Term Financial Strategy

Our [Medium Term Financial Strategy](#) was refreshed and approved in March 2023. The report considers the local and national financial climate, describes some of the key challenges we are facing and the key changes in our resources before setting out the savings requirement for the financial year 2023/24.

In line with the one-year finance settlement the report set out a balanced one-year budget for 2023/24 an indicative balanced budget for 2024/25 and the forecast position for 2025/26. The longer-term implications have been considered and these are set out, along with the strategy for ensuring financial sustainability in the Medium-Term Financial Strategy (MTFS). The MTFS sets out the risks and uncertainties faced and the approach to ensuring financial resilience.

The 2023/24 financial settlement was at the positive end of expectations. It provided a uniform roll-over of the core funding elements with inflationary increases to Revenue Support Grant and Business Rates related income; new grants and expectations for Social Care; and increased Council Tax referendum limits. The additional funding announced, alongside approved savings and mitigations totalling £25.2m enabled a balanced budget to be approved for 2023/24. The budget savings are detailed in the directorate [budget reports](#).

The budget also included approval to increase Manchester's Council Tax by 4.99% in 2023/24; 2.99% attributable to the Council element and 2% for the Adult Social care precept. In addition, there were increases to the Greater Manchester Mayoral and Police and

Crime Commissioner precepts. The increase in the funding for adults services funding will be used to support the most vulnerable people.

The Medium-Term budget strategy has been developed with capacity to manage financial shocks and provide investment to priority areas where necessary. This included, for example using the budget smoothing reserve to support the budget over the medium term whilst savings plans are developed and implemented. The depth and breadth of the pandemic could not have been foreseen and the Council, like many other authorities across the country, is still facing a significant long-term financial challenge as a result. In addition to the COVID legacy we are experiencing significant additional costs due to high inflation, pay awards and rising interest rates. Considerable uncertainty remains beyond 2023/24. Despite the indicative two Year Finance Settlement, some uncertainty remains in particular as the main sources of local authority funding in business rates and council tax are volatile and there are potential future reforms planned to local authority funding.

The Our Manchester Strategy ambitions, and Corporate Plan are the touchstone for decisions taken about what to prioritise and set the framework for the Medium Term Financial and Capital Strategies. Despite the pressures being faced the Council remains determined to deliver the agreed priorities for Manchester. Officers have estimated the future resources available based on the information available. This results in forecast gap of £40.4m by 2025/26. The focus will now be on identifying savings and mitigations to keep the council on a sustainable financial footing.



### Financial Statements

The Statement of Accounts provide an overview of the Council's financial position for 2022/23. The deadline to produce the draft Annual Accounts was extended to the end of July for two years under the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 which amended the Accounts and Audit Regulations 2015. This deadline has now reverted to 31 May and the public inspection period is expected to include the first 10 working days of June. The publication deadline for audited accounts is 30 September 2023.

This means that draft accounts should be confirmed by the Responsible Finance Officer (RFO) and published by 30 May 2023. A revised timetable has been discussed with the External Auditors with publication by the end of July and the audit due to complete in early 2024. This considers the delays in signing off the 2020/21 and 2021/22 accounts linked to national issues for accounting for infrastructure assets.

CIPFA recognised the difficulties facing local authorities in a [statement released on 24 May 2023](#), stating "some senior leaders in local government finance have told us [CIPFA] the 31 May deadline will not be achievable without considerable risk to their organisations and their professional standing.... It is important that all those involved understand the reality that a balance is struck between the timeliness and the quality of unaudited financial statements produced in the coming weeks"

### The Basis of the Preparation and Presentation of the Annual Statement of Accounts

The accounts that follow have been prepared to be:

- a) Relevant: The accounts provide information about the Council's performance and position that is useful for assessing the stewardship of public funds and for making economic decisions.
- b) Reliable: The financial information:
  - Has been prepared to reflect the reality or substance of the transaction and the activities underlying them are
  - free from deliberate or systematic bias
  - free from material error
  - complete within the bounds of materiality and
  - prudently prepared
- c) Comparable: In complying with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 ('the Code') and consistent Local Authority reporting.
- d) 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.

Throughout, consideration has been given to the significance ('materiality') of an item i.e., whether its misstatement or omission might reasonably be expected to influence assessments of the Council's financial management.

### Underlying Assumptions

The annual accounts of all authorities are prepared following the standard assumptions set out below, to ensure that all Council's reports are consistent and comparable.

#### Accruals Basis

- The financial statements, other than the cash flow, are prepared on an accruals basis. Income and expenditure are 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 Council prepares its Statement of Accounts on a going concern basis, on the assumption that it will continue in existence into the foreseeable future. Further information on going concern is shown within the accounting policies.

#### Primacy of Legislation Requirements

- In accordance with the Code, where an accounting treatment is prescribed by law then it has been applied, even if it contradicts accounting standards. The following is an example of legislative accounting requirements having been applied when compiling these accounts -

The Local Government Act 2003 requires the Council to set aside a minimum revenue provision.

### The Financial Statements: Purpose and Summary

The annual statement of accounts has been prepared in accordance with the 2022/23 CIPFA Code of Practice on Local Authority Accounting (The Code) and International Financial Reporting Standards (IFRS). Changes in accounting requirements over the past few years have led to an increase in complexity of the accounts and the level of detail they contain.

One of the purposes of this introduction is to provide a guide to the Council's accounts and the most significant financial matters contained within the statements.

The financial statements are:

- The Comprehensive Income and Expenditure Statement (CIES)
- The Movement in Reserves Statement (MIRS)
- The Balance Sheet
- The Cash Flow Statement

Each statement is preceded by a note explaining its purpose and followed by notes explaining the main items within the statements.

These statements are followed by three further statements:

- The Housing Revenue Account (HRA) sets out the costs and income of owning and maintaining council properties which are let to tenants. The costs and income are also shown within the main statements.
- The Collection Fund includes the collection of local taxes (council tax and business rates) and their distribution to the Council, the Greater Manchester Combined Authority (Police and Crime Commissioner) and Greater Manchester Combined Authority (Fire and Rescue).
- The Group Accounts show the full extent of the Council's economic activities by including the Council's involvement with its group companies and organisations. The Group Accounts are of equal prominence to the Council in compiling the financial statements.

These are also followed by notes explaining these statements.

### Accounting Changes

The way the accounts are presented is governed by the accounting policies that the Council has to follow. This has undergone major change in order to bring public sector accounting in line with that of the private sector. The most significant change was the move to International Financial Reporting Standards (IFRS) in 2010/11. These accounts are compliant with the IFRS based Code.

The intended adoption of IFRS16 Leases for the 2022/23 accounts has again been deferred. IFRS16 is now being introduced for local authorities from 1 April 2024, although earlier adoption is allowable, which means that the annual accounts for 2024/25 will be the first set of accounts produced in accordance with this standard.

Accounting policies are set out in note 5 to the financial statements.

### Business Rates 100% Retention Pilot

The ten Greater Manchester authorities including Manchester are part of the Greater Manchester 100% of Business Rates pilot. As 1% of business rates is transferred to the Greater Manchester Combined Authority (fire and rescue element) the Council retains 99% of business rates.

Any business rates income in excess of Manchester's assessed funding need is still paid back to central government to be redistributed in the form of tariffs and top ups but the Council now retains all of the growth it achieves in its business rates base. Under this regime Revenue Support Grant and Public Health grant are not received but are met from within the Business Rates income with the assessed funding need adjusted accordingly.

The Government has guaranteed that the individual authorities within Greater Manchester will not be any worse off under the 100% Rates Retention Pilot than they would otherwise have been. This is referred to as the 'No Detriment' principle.

### Greater Manchester, Cheshire East and Cheshire West and Chester Business Rates Pool

The Greater Manchester, Cheshire East and Cheshire West and Chester Business Rates Pool was dissolved at the end of 2020/21. This was in response to the uncertainty and collection volatility caused by the COVID-19 pandemic. No business rates pool was in place in 2022/23. The Financial Statements

### The Council's Comprehensive Income and Expenditure Statement

The analysis within the Comprehensive Income and Expenditure Statement (CIES) is shown by Council Directorates. This format aims to be meaningful for users of the financial statements as it follows that of the budget and financial monitoring reports produced by the Council.

As the Council operates and manages most of its corporate and support services separately from the other Directorates these services are shown separately and not apportioned across the other Directorates.

The Directorate figures in the CIES show the accounting cost of Council activities including the notional accounting entries, such as depreciation, that have to be made. Information is provided in note 9 showing a subjective analysis of the surplus / deficit on the provision of services.

The CIES is broken down into three sections:

- Net cost of services;

- Other operating expenditure; and
- Other income and expenditure on the provision of services.

This Net Cost of Services is the cost of providing the Council's services as reported in the revenue monitoring reports, however it also includes accounting adjustments for items such as depreciation and impairment. These would be a significant cost in a commercial organisation, but legislation is in place that ensures these costs are not required to be funded by council taxpayers. (The details of the accounting adjustments are shown in the Expenditure and Funding Analysis Note). These items are transferred to unusable reserves in the Movement in Reserves Statement.

The Total Net Cost of Services (including the technical accounting adjustments) totals £799.5m.

Other Operating Expenditure includes costs such as levies paid and payments made in relation to the pooling of HRA capital receipts (capital receipts relating to right to buy sales council dwellings are pooled between the Council and central government which for 2022/23 under HMT agreement is nil) as well as technical adjustments such as the gain / loss on the disposal of non-current assets. These total £61.8m.

Manchester City Council Annual Statement of Accounts 2022/23

Corporate Expenditure and Income includes:

- other income and expenditure on the provision of services such as interest paid and received, investment property rental income and the change in values of investment properties (net income totalling £31.4m)
- general income due to the Council from Council taxpayers, National Non-Domestic ratepayers (NNDR) and general government grants) totalling £699.5m

- through other comprehensive income; and
- re-measurement of the defined benefit pension scheme relating to changes in pension assumptions.

Note 10 to the accounts shows the notional accounting adjustments that do not affect the Council's 'bottom line' i.e., the level of council tax or housing rents.

These three sections are totalled to produce an overall accounting deficit on the provision of services of £130.4m.

The CIES is then reconciled to the change in the balance sheet by adding the impact of the following accounting entries:

- the surplus / deficit on the revaluation of non-current assets;
- impairment losses on non-current assets charged to the revaluation reserve;
- the gain or loss on investments classified as fair value

	General Fund £m	Housing Revenue Account £m	Total £m
Over / (Under)spend	4.5	(2.9)	1.6
Budgeted transfer (to) / from general reserves	3.0	13.2	16.2
Net transfer (to) / from general reserves	7.5	10.3	17.8
Transfers (to) / from earmarked reserves	130.0	0.0	130.0
Other income and expenditure classification	(2.5)	2.5	0.0
Notional accounting adjustments	(9.1)	(8.3)	(17.5)
<b>Deficit / (Surplus) per CIES</b>	<b>125.9</b>	<b>4.4</b>	<b>130.4</b>

### The Council's Movement in Reserves Statement (MIRS)

This statement sets out the movements in the main reserves and balances of the Council from 1 April 2021 to 31 March 2023.

The reserves are distinguished between

- usable (those that can be used to finance expenditure) and
- unusable (those that contain technical accounting adjustments and cannot be used to finance expenditure).

Of the usable reserves only the General Fund Reserve has not been allocated for specific purposes. The usable reserves are cash backed. The unusable reserves are mostly non-cash backed.

In setting its budgets the council has a duty to ensure it has the appropriate levels of reserves and that it closely monitors its liquidity to underpin its financial resilience. Section 25 of the Local Government Act 2003 requires that when a local authority is making its budget calculations, the Chief Finance Officer ('CFO') of the authority must report to the Council on: the robustness of the estimates made for the purposes of the calculations; and the adequacy of the proposed financial reserves. This is reported to Council annually as part of the Medium-Term Financial Strategy. Council also receives the forecast reserves position for the following three years.

### Usable Reserves

The Council holds a number of reserves all of which, aside from the General Fund Reserve, have been set aside to meet specific future expenditure or risks including Private Finance Initiative (PFI) costs, statutory reserves, school balances and grants which cross over financial years. The Council is not permitted to borrow to fund revenue and there is a requirement to balance budgets on an annual basis.

Based on the numbers alone it appears the Council is at the more resilient end of the reserve spectrum, however there are considerable risks within this position. The Council is an extremely complex organisation with a wide scale and diversity of assets, interests, liabilities and other responsibilities. By their nature many of the risks are unknown and cannot be quantified, particularly in the current challenging financial climate. It is therefore essential that the Council maintains adequate general reserves.

The reserves should be viewed in the context of the future budget position, which is extremely challenging. They also include the capital financing reserve which was established to reflect the commitment that the capital financing costs for the Our Town Hall project, which is the biggest restoration project outside of London, remains affordable and does not impact on the revenue budget position. The resilience of the Council has been eroded and the Council's reserves are expected to significantly reduce over the Medium Term. The forecast impact on the Council's reserve position was set out in the Medium-Term Financial Strategy report to 15 February 2023 Executive meeting. This showed earmarked

reserves were expected to reduce from £202m in April 2022 to £71m by April 2026. This incorporates an indicative use of a further £21m in 2023/24 which is available to support the future budget position. The only unearmarked reserve is the General Fund reserve at £25.8m.

The reserves for COVID-19 related grants and contributions has mostly been applied with £7.3m remaining which mainly relates to the Taxation Income Guarantee scheme (TIG). TIG funding was received from Government and provided 75% compensation for business rates losses in 2020/21. TIG will be fully applied in 2023/24 to support the budget position and reflects the carry forward amount.

The annual reduction in usable reserves is £116.4m. The usable reserves (as reported at Note 38 to the financial statements) are held for the following purposes:

Manchester City Council Annual Statement of Accounts 2022/23

Type of Reserve	31 March 2022 £m	31 March 2023 £m
<b>Capital</b> (cannot be applied to revenue spend):		
Reserves held for capital purposes including capital receipts and capital grants unapplied	201.0	232.4
<b>Sub Total</b>	<b>201.0</b>	<b>232.4</b>
<b>Revenue:</b>		
Statutory reserves that have to be set aside e.g. On street parking reserve, bus lane enforcement	22.6	24.1
Reserves held for PFIs to meet contracted future costs	2.2	1.9
Reserves held to smooth risk or for assurance including the budget smoothing reserve of £48.7m, insurance reserve of £18.9m and airport dividend reserve of £14.2m	138.1	122.8
Business rates reserve	15.7	9.9
Revenue reserves held to support capital including the Capital Fund and the Capital Financing Reserve	135.6	149.1
Reserves held to encourage economic growth or for public sector reform e.g. Our Manchester reserve	16.6	11.1
Small specific reserves	4.1	3.1
Grants and contributions held to meet expenditure commitments over more than one year	23.1	19.6
COVID-19 related grants and contributions held to meet expenditure commitments over more than one year	124.4	7.3
<b>Sub Total Earmarked Revenue Reserves</b>	<b>482.4</b>	<b>349.1</b>
Housing Revenue Account reserve	106.1	95.8
General Fund reserve	26.5	25.8
Schools' reserves (these belong to schools and are for their use only)	20.1	16.5
<b>Total usable reserves</b>	<b>836.1</b>	<b>719.7</b>



**Reserves held for capital purposes** have increased by £31.4m in line with the delivery of the planned capital programme and reflects capital receipts received to be utilised in future years in line with the approved capital strategy.

**Reserves to smooth risk** include several reserves that support the Council's budget position over the life of its Medium-Term Financial Plan. Just over £48.7m relates to the smoothing reserve which is used to smooth the impact of budget shortfalls whilst savings are developed and implemented. This is being applied over the medium term to support the budget as set out in the MTFs.

**COVID-19 related grants** – The Council has administered a considerable number of COVID-19 grant schemes over the last three years on behalf of Government to support businesses and residents during the pandemic. There was £124.4m remaining at 31 March 2022 which related to:

- Business Rates Relief awarded to retail hospitality and leisure properties in the city was applied to offset the collection fund deficit resulting from the lost income. The discount was 100% in 2021/22 reducing to 66% in 2022/23.
- Covid Additional Relief Fund (CARF) grant of £24m was received in 2021/22 and held in reserve. The majority of this was awarded in 2022/23 and the unapplied grant returned to Government.
- The government provided a Taxation Income Guarantee Scheme which reimbursed the council for 75% of losses in 2020/21 Business Rates Income. The collection fund deficit resulting from the lost income was spread over three years

as mandated by government. This reserve has mostly been applied, with £7.3m remaining which will be used in 2023/24.

The position on the **General Fund Reserve** is as follows.

The budget for 2022/23 assumed a transfer from general reserves of £2.973m to support the budget plus £400k to fund carry forwards approved in 2021/22. The 2022/23 revenue outturn position was an overspend of £4.543m, which brought the total transfer from general reserve to £7.916m. As planned throughout 2022/23 the surplus balance in the budget smoothing reserve was used to support the pressures and a transfer of £7.266m to the General Fund Reserve enacted. The General Fund Reserve, after this transfer, stands at £25.847m as at 31 March 2023.

#### **Unusable Reserves**

Unusable reserves hold unrealised gains or losses for assets not yet disposed of and accounting adjustments which are required by statute. These reserves cannot be used to fund capital or revenue expenditure

Manchester City Council Annual Statement of Accounts 2022/23

The unusable reserves are shown in the following table:

Unusable Reserve	31 March	31 March
	2022	2023
	£m	£m
Revaluation Reserve	(1,626.9)	(1,697.5)
Financial Instruments Revaluation Reserve	(13.4)	(13.5)
Pensions Reserve	583.8	(372.2)
Capital Adjustment Account	(1,441.7)	(1,464.7)
Deferred Capital Receipts Reserve	(4.3)	(5.2)
Financial Instruments Adjustment Account	4.7	4.5
Collection Fund Adjustment Account	63.8	(34.9)
Short-term Accumulated Absences Account	6.6	5.7
Dedicated Schools Grant Reserve	2.7	1.4
<b>Total</b>	<b>(2,424.7)</b>	<b>(3,576.3)</b>

The pension reserve of £372.2m has increased by £955.9m from the previous year.

The purpose of IAS19 is to provide a consistent accounting valuation of all Council's pension liabilities based on the pension benefits earned by staff at the balance sheet date. The IAS19 calculations are carried out using a prescribed method. This is different to the formal actuarial triennial valuations of the fund which set the level of contributions that need to be paid into the pension fund. With the triennial funding valuation any calculated deficit can be spread and paid off over a number of years by an addition to the contribution rate.

Overall, the net worth of the Council has increased by £1,035.2m during 2022/23, made up of an increase in unusable reserves £1,151.6m and a decrease in usable reserves £116.4m.

The total increase in unusable reserves of £1,151.6m is mainly due to:

- £70.5m increase in the revaluation reserve from the revaluations of non-current assets, during 2022/23 mainly in relation to council dwellings and other land and buildings.
- £23.0m increase in the capital adjustment account. This includes the costs of depreciation and impairment losses in addition to amounts set aside to finance capital expenditure including grants, contributions and capital receipts

- £955.9m increase in the pension reserve due to changes in financial assumptions
- £98.6m reduction in the Collection Fund Adjustment Account mainly due to previous year adjustments on Business Rates relating to Government COVID funding.

The decrease in usable reserves of £116.4m is mainly due to a £117.1m decrease due to the planned use of COVID-19 government funding. The remaining grant of £9.2m will be applied in 2023/24.

Other significant movements are as follows:

- £31.3 Increase in reserves held for capital purposes
- £15.2m decrease in reserves to smooth risk, this mainly relates to the planned use of the airport dividend reserve. A balance of £4.2m remains which will be applied over the next two years to support the budget.
- £10.3m reduction in HRA reserves
- £5.8m decrease in Business Rates reserve due to the timing of grant receipts and spend.

The increase in the net worth is matched by an increase in value of net assets of the Council of £1,035.2m.

#### The Council's Cash Flow Statement

This shows the reasons for the change in cash, cash equivalents (investments made for a period of less than three months) and the

Manchester City Council Annual Statement of Accounts 2022/23

bank balance during the year. The cash balance at 31 March 2023 had reduced by £48m from 31 March 2022.

The Council's Balance Sheet

The Balance Sheet shows a summary of the Council's financial position as at the 31 March 2023, the last day of the financial year. This shows what the Council owns (its assets) and its debts (its liabilities) as well as the net worth of the Council assets less liabilities.

The net worth of the Council is £4,295.986m. This is split between usable reserves of £719.661m and unusable reserves of £3,576.324m.

Assets	£000	Liabilities	£000
Council Dwellings	738,352	Borrowing	1,052,249
Infrastructure Assets	553,237		
Other Property and Equipment	2,058,104	Provisions for Future Liabilities	273,066
Heritage Assets	639,275	Capital Grant received in Advance	12,943
Investment Properties	537,407	Money owed by the Council	250,003
Other Assets	475,489		
Investments	161,435		
Money owed to the Council	720,948		
<b>Total</b>	<b>5,884,247</b>	<b>Total</b>	<b>1,588,262</b>
		<b>Net Worth of the Council</b>	<b>4,295,986</b>

## Manchester City Council Annual Statement of Accounts 2022/23

## The Council's Group Accounts

The Council conducts activities through a variety of undertakings, either under ultimate control or in partnership with other organisations. The standard financial statements consider the Council as a single entity accounting for its interests in other undertakings as investments. For a full picture of the Council's involvement in other activities group accounts are prepared. These reflect the figures contained in the single entity accounts consolidated with figures for the Council's material subsidiaries, associates and joint ventures.

Subsidiaries are defined as organisations that the Council controls by having power over the organisation, exposure or rights to variable returns from its investment and the ability to use its power over the organisation to affect the amount of the return. The subsidiary considered to be material is Destination Manchester Limited (DML).

Associates are defined as organisations where the Council has significant influence. Significant influence is defined as the power to participate in financial and operating policy decisions of the investee. The assumption is that a holding of more than twenty percent of the voting power of an investee would bring significant influence. The Council has no associates considered to be material.

Joint Ventures are defined as arrangements under which two or more parties have contractually agreed to share control such that decisions about activities that significantly affect returns require the unanimous consent of the parties sharing control and have the rights to the net assets of the arrangement. The joint venture considered to be material is Manchester Airports Holdings Limited (MAHL).

In producing the group accounts the Council is required by the CIPFA Code of Practice on Local Authority Accounting to make consolidation adjustments to take account of any differences in accounting policies between the Council and its subsidiaries, associates and joint ventures so that the group accounts are prepared on a standard set of accounting policies.

Land and buildings in the Council's single entity accounts are valued at current value (i.e., the amount that would be paid for an asset in its existing use). Where sufficient market evidence is not available, the value is estimated at depreciated replacement cost, using the modern equivalent asset method (i.e., the market value of the land on which the building sits plus the current gross replacement cost of the building less an allowance for physical deterioration of the building).

Manchester Airport Holdings Limited accounts are prepared using deemed cost for land and buildings. Deemed cost is the cost or valuation of assets as at 1 April 2005. Consequently property, plant and equipment is included in MAHL's accounts at cost or deemed cost less accumulated depreciation. A valuation of MAHL's land and building assets has been undertaken in order to align the accounting policy with that of the Council. This valuation has been used for the Council's group accounts.

## Manchester City Council Annual Statement of Accounts 2022/23

The land and building assets of Destination Manchester Limited are included in DML's accounts at cost less accumulated depreciation and impairment. A valuation of DML's land and building assets has been undertaken in order to align the accounting policy with that of the Council. This valuation has been used for the Council's group accounts.

All other accounting policies within the group have been aligned to those of the Council.

The Group Accounts contain the Group Consolidated Income and Expenditure Statement, the Group Movement in Reserves Statement, the Group Balance Sheet, the Group Cash Flow Statement and notes to the Group Accounts.

Group Position			
Assets	£000	Liabilities	£000
Council Dwellings	738,352	Borrowing	1,065,655
Infrastructure Assets	553,237		
Other Property and Equipment	2,083,974	Provisions for Future Liabilities	280,161
Heritage Assets	639,275	Capital Grants Received in Advance	12,943
Investment Properties	537,407	Money owed by the Group	262,615
Other Assets	496,566		
Investments	329,942		
Money owed to the Council	724,465		
<b>Total</b>	<b>6,103,218</b>	<b>Total</b>	<b>1,621,374</b>
	<b>Net Worth of the Council's Group</b>		<b>4,481,844</b>

## Manchester City Council Annual Statement of Accounts 2022/23

### Housing Revenue Account

The Housing Revenue Account (HRA) is a record of revenue expenditure and income relating to an authority's housing stock. Its primary purpose is to ensure that expenditure on managing tenancies and maintaining dwellings is balanced by rents charged to tenants. Consequently, the HRA is a statutory account, ring-fenced from the rest of the General Fund, so that rents cannot be subsidised from council tax (or vice versa).

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with the legislative framework; this may be different from the accounting cost. The increase in the year, on the basis upon which rents are raised, is shown in the movement on the Housing Revenue Account Statement.

### 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 of Council Tax and Non-Domestic Rates (NNDR), or business rates, and how the income from these sources has been distributed to precepting authorities and the Council's General Fund. The expenditure includes the precept payment for the services delivered across the city by the Greater Manchester Combined Authority, specifically for the Mayoral, Police and Crime Commissioner and Fire and Rescue services. It is a statutory requirement to maintain a Collection Fund to account for all the Council tax and Business rates income and expenditure the Council collects each year.

The COVID 19 pandemic has had a material impact on the Collection Fund and several government schemes have been announced in response to the pandemic and collection of local taxation.

As per the announcement in the 2020/21 Provisional Local Government Finance Settlement any in-year deficit forecast in business rates or council tax must be spread over 3 years, from 2021/22 to 2023/24, in equal thirds instead of being fully reflected in 2021/22. This spreadable deficit was determined by the estimate calculated and declared in January 2021 and is still impacting the declared position in 2021/23. In addition, for business rates the introduction of Expanded Retail Discount, which offered 50% relief to retail, hospitality and leisure businesses capped nationally at £110k per business resulted in an additional relief award of £24.6m and COVID Additional Relief Fund (CARF) which was applied in 2022/23, for liabilities in respect of 2021/22, provided additional relief of £24.0m.

Government introduced the Council Tax Energy Rebate scheme in 2022/23 to support residents in light of increasing energy costs. This was broken into two schemes, the Core scheme which provided £150 to dwellings in Band A to D and a Discretionary scheme which provided further support to the most vulnerable residents. Although, in most cases, this grant was paid via BACS or a redeemable Post Office voucher, where the Council was unable to confirm bank details or provide a Post Office voucher there were credits made against council tax accounts. To 31 March 2023 the Council applied 12,744 council tax credits

## Manchester City Council Annual Statement of Accounts 2022/23

totalling £1.912m, which was deducted from their annual council tax bill. This scheme was fully funded and a corresponding credit was made to the Collection Fund.

Council tax collection in 2022/23 was 89.17% down 0.64% from 89.81% in 2021/22; and down 0.98% from 90.15% in 2020/21. Business rates collection in 2022/23 was 97.29%, up 2.50% from 94.79% in 2021/22; and up 9.38% from 87.91% in 2020/21.

#### Borrowing Limit

In 2022/23 the Council had an authorised limit for borrowing of £2,196.1m (£2,006.1m for external debt and £190.0m for other long-term liabilities such as PFIs and finance leases). The actual level of external debt at 31 March 2023 is £1,052.2m. The borrowing limit is based on the Council's Capital financing Requirement or CFR. The Council may meet this need from external borrowing or from 'internal borrowing' from its cash flow and cash backed reserves.

During 2022/23 the Council has repaid temporary and market debt and borrowed long term debt to manage cash flow. The Council has also repaid c.£4.1m of government debt which was due for repayment.

The external debt is made up of the following figures on the balance sheet:

External Borrowing	2021/22	2022/23
	£m	£m
Long-term Borrowing	819.7	933.1
Short-term Borrowing	20.6	119.1
<b>Total</b>	<b>840.3</b>	<b>1,052.2</b>

Long term borrowing is reclassified as short-term borrowing when it is due to be repaid within the next twelve months.

Whilst the 2022/23 Capital Programme was funded notionally by borrowing of £224.6m, the debt outstanding on the balance sheet at 31 March 2023 has increased by £211.9m as the Council's Treasury Management Strategy is to use cash backed reserves, i.e., internal borrowing, in lieu of external borrowing where possible.

Historically, given the previous low level of interest rates, the Council retains minimal cash balances and reduces the use of external borrowing as borrowing rates are substantially higher than investment returns.

#### Major Acquisitions and Disposals

There were no significant acquisitions of non-current assets during 2022/23.

Significant disposals in 2022/23 included Lily Lane Primary School converting to academy status (£5.6m), the Civic Quarter Heat Network which transferred (£25.2m) and Market Place car Park (£5.7m)



## Manchester City Council Annual Statement of Accounts 2022/23

### Investment in Manchester Airport Group

The Council's shareholding remains at 35.5%. The Council did not receive any dividend income during the year from this investment, due to the impact of COVID-19 on the aviation industry. The Council has outstanding loans totalling £313.9m with MAHL.

### Investment in Manchester Airport Car Park Limited

In March 2020 the Council, along with the other nine Greater Manchester Authority shareholders in the Manchester Airport Group, made an equity investment in Manchester Airport Car Parking Ltd to finance the development of a new airport carpark, which opened at the end of 2020. The Council's total investment was to assist in funding the capital build of a car park in return for the issue of 3 C shares in Manchester Airport Car Park Limited. Manchester City Council holds 10% of the issued C shares in Manchester Airport Car Park Limited. The shareholding is classed as a financial instrument and held at fair value on the Council's Balance Sheet. The Council's Shareholding in Manchester Airport Car Park Limited is valued at £4.3m.

### Private Finance Initiatives (PFI)

PFI's involve a private sector contractor building or improving buildings used in the provision of public services and operating and maintaining the asset for an agreed period of time.

As at 31 March 2023, the Miles Platting Housing, Plymouth Grove Housing, Brunswick Housing, Temple School, Wright Robinson Sports College and Street Lighting PFI schemes were ongoing.

The schemes were funded as follows:

Scheme	Funding Source
Housing schemes	PFI grant and Housing Revenue Account
Schools' schemes	PFI grant and Dedicated Schools Grant
Street Lighting scheme	PFI grant and Council resources

Further details on these schemes are shown in Note 11.

### Private Public Partnership (PPP) Schemes

The Council has developed the following PPP Schemes with private sector contractors to provide services to the Council and its residents:

Indoor Leisure PPP – the renovation, maintenance and management of some indoor leisure facilities has been undertaken via a trust for more than ten years. A contract has again been awarded to Greenwich Leisure Ltd for the operation and maintenance of Leisure Buildings and Provision of Leisure Management Services.

## Manchester City Council Annual Statement of Accounts 2022/23

Wythenshawe Forum PPP – the Council has established a trust, which has responsibility for the renovation, maintenance and facilities management of Wythenshawe Forum.

The City's sports and activity provision is delivered by MCRactive in partnership with our operating partner Greenwich Leisure Limited managing the National Cycling Centre, the National Squash Centre, the National Taekwondo Centre, the Regional Athletics Centre, the Regional Tennis Centre, the Regional Gymnastics Centre and Belle Vue Leisure Centre / Regional Hockey Facility.

#### Events after the Balance Sheet Date

Events after the balance sheet date are those events that occur between the end of the reporting period (i.e., 31 March) and the date when the Statement of Accounts is authorised for issue. The Council is required to disclose any material events as a note to the accounts.

Post balance sheet events have been reviewed up to the date that the accounts have been authorised for issue by the Deputy Chief Executive and City Treasurer.

## Manchester City Council Annual Statement of Accounts 2022/23

## Statement of Responsibilities for the Annual Statement of Accounts

## The Council's Responsibilities

The Council 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 Council, that officer is the Deputy Chief Executive and City Treasurer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the statement of accounts.

## The Deputy Chief Executive and City Treasurer's Responsibilities

The Deputy Chief Executive and City Treasurer is responsible for the preparation of the Council's and Group's statement of accounts in accordance with proper practices as set out in the CIPFA / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code) 2022/23.

In preparing this statement of accounts, the Deputy Chief Executive and City Treasurer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent; and
- complied with the local authority code.

The Deputy Chief Executive and City Treasurer has also:

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

The statement of accounts gives a true and fair view of the financial position of the Council and Group as at 31 March 2023 and their income and expenditure for the year ended 31 March 2023.

Carol Culley

Deputy Chief Executive and City Treasurer

31 July 2023

## Comprehensive Income and Expenditure Statement

This account summarises the resources that have been generated and consumed in providing services and managing the Council during the last year. It includes all day-to-day expenses and related income on an accruals basis, as well as transactions measuring the value of non-current assets actually consumed and the real projected value of retirement benefits earned by employees in the year. A full explanation is provided as part of financial statements section of the narrative report.

2021/22 Gross Expenditure £'000s	2021/22 Gross Income £'000's	2021/22 Net Expenditure £'000's		Notes	2022/23 Gross Expenditure £'000's	2022/23 Gross Income £'000's	2022/23 Net Expenditure £'000's
			<b>Continuing operations</b>				
300,116	(73,356)	226,760	Adults Social Care		318,663	(70,299)	248,365
60,955	(41,861)	19,094	Homelessness		75,829	(56,204)	19,625
594,924	(407,674)	187,250	Children's Services		638,965	(438,379)	200,587
363,086	(231,733)	131,353	Corporate Core		376,610	(228,163)	148,447
195,720	(79,878)	115,842	Neighbourhoods and Highways		204,843	(54,188)	150,654
58,470	(35,962)	22,508	Growth and Development		55,665	(31,000)	24,665
7,354	(10,333)	(2,979)	Corporate Items		2,707	(6,586)	(3,880)
43,790	0	43,790	Council - Wide Costs		6,585	0	6,585
78,978	(86,331)	(7,354)	Housing Revenue Account		94,275	(89,849)	4,426
<b>1,703,392</b>	<b>(967,128)</b>	<b>736,264</b>	<b>Net cost of services</b>		<b>1,774,143</b>	<b>(974,669)</b>	<b>799,474</b>
			<b>Other operating expenditure</b>				
11,626	(6,069)	5,557	Gains / (Losses) on disposal of non-current assets	20	1,291	(7,365)	(6,074)
67,210	0	67,210	Levies		67,844	0	67,844
2,554	0	2,554	Payments to government housing capital receipts pool		0	0	0
<b>81,390</b>	<b>(6,069)</b>	<b>75,321</b>	<b>Total other operating expenditure</b>		<b>69,135</b>	<b>(7,365)</b>	<b>61,770</b>
156,018	(170,118)	(14,100)	Financing and investment income and expenditure	13	198,104	(229,494)	(31,390)
38,734	(765,418)	(726,684)	Taxation and non-specific grant income and expenditure	14	35,361	(734,858)	(699,496)

Manchester City Council Annual Statement of Accounts 2022/23

2021/22 Gross Expenditure £'000s	2021/22 Gross Income £'000's	2021/22 Net Expenditure £'000's		Notes	2022/23 Gross Expenditure £'000's	2022/23 Gross Income £'000's	2022/23 Net Expenditure £'000's
1,979,533	(1,908,733)	70,800	(Surplus) or Deficit on provision of services		2,076,743	(1,946,385)	130,358
			Items that will not be subsequently classified in the (Surplus) / Deficit on Provision of Services				
		(274,388)	(Surplus) / deficit on revaluation of assets	39a			(145,773)
		11,826	Impairment losses on non-current assets charged to the Revaluation Reserve	39a			20,350
		(591,288)	Re-measurements of the net defined benefit liability	41-43			(1,312,917)
		0	Asset Credit Ceiling Adjustment arising from defined benefit	41-43			272,947
			Items that will be subsequently classified in (Surplus) / Deficit on Provision of Services				
		(3,115)	(Surplus) / deficit from investments in equity instruments designated at fair value through other comprehensive income	39b			(154)
		(856,964)	Total other comprehensive income and expenditure				(1,165,547)
		(786,163)	Total comprehensive income and expenditure				(1,035,163)

Carol Culley  
Deputy Chief Executive and City Treasurer  
31 July 2023

## Manchester City Council Annual Statement of Accounts 2022/23

## Balance Sheet

The balance sheet shows the Council's balances on assets (non-current and current), liabilities (long and short-term) and net worth (usable and unusable reserves) at the end of the financial year.

31 March 2022 £000's		Note	31 March 2023 £000's
	<b>Non-current assets</b>		
2,578,070	Other Property, plant and equipment Assets	19b	2,796,457
552,732	Infrastructure	19a	553,237
637,312	Heritage assets	22	639,275
493,722	Investment properties	28	537,407
196	Intangible non-current assets		135
141,512	Long-term investment in subsidiaries, associates and joint ventures	31	141,347
13,269	Other long-term investments	31	20,089
486,233	Long-term debtors	32	505,536
0	Pension asset	42	372,170
<b>4,903,045</b>	<b>Total non-current assets</b>		<b>5,565,652</b>
	<b>Current assets</b>		
604	Inventories and long-term contracts		636
168,999	Short-term debtors	32	215,412
143,350	Cash and cash equivalents	46	95,021
5,569	Short-term assets held for sale	24	7,526
<b>318,522</b>	<b>Total current assets</b>		<b>318,595</b>
<b>5,221,567</b>	<b>Total assets</b>		<b>5,884,247</b>
	<b>Current liabilities</b>		
(20,610)	Short-term borrowing	37	(119,147)
(301,236)	Short-term creditors	33	(249,238)
(23,250)	Short-term provisions	36	(11,143)
(9,954)	Short-term deferred liabilities	35	(10,671)
<b>(355,050)</b>	<b>Total current liabilities</b>		<b>(390,200)</b>
<b>4,866,517</b>	<b>Total assets less current liabilities</b>		<b>5,494,047</b>
	<b>Long-term liabilities</b>		
(893)	Long-term creditors	33	(765)
(99,939)	Long-term provisions	36	(125,355)
(819,672)	Long-term borrowing	34	(933,101)
(135,115)	Long-term deferred liabilities	35	(125,897)
(9,505)	Capital grants receipts in advance	33	(12,943)
(540,599)	Pensions liability	41	0
<b>(1,605,722)</b>	<b>Total long-term liabilities</b>		<b>(1,198,062)</b>
<b>3,260,794</b>	<b>Net assets</b>		<b>4,295,986</b>
	<b>Financed by:</b>		
(836,098)	Usable reserves	38	(719,661)
(2,424,697)	Unusable reserves	39	(3,576,324)
<b>(3,260,794)</b>	<b>Total reserves</b>		<b>(4,295,986)</b>

Carol Culley  
Deputy Chief Executive and City Treasurer  
31 July 2023

## Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into "usable reserves" (i.e., those that can be applied to fund expenditure) and unusable reserves. The surplus / deficit on the provision of services line includes accounting adjustments for such items as depreciation that would be a significant cost in a commercial organisation, but which do not need to be funded by Council Tax. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes.

		General Fund Reserves £000	Housing Revenue Account £000	Capital Receipts Reserves £000	Capital Grants Unapplied £000	Major Repairs Reserve £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Council Reserves £000
Balance at 1 April 2021		(606,341)	(111,166)	(93,956)	(94,005)	(6,069)	(911,537)	(1,563,094)	(2,474,631)
<b>Movement in reserves during 2021/22</b>									
Total comprehensive income and expenditure	CIES	37,227	33,573	0	0	0	70,800	(856,964)	(786,164)
Adjustments between accounting basis and funding basis under regulations	2b and 10	40,123	(28,495)	(20,418)	15,633	(2,205)	4,639	(4,639)	0
(Increase) or decrease in year		77,350	5,078	(20,418)	15,633	(2,205)	75,439	(861,604)	(786,164)
Balance at 31 March 2022		(528,991)	(106,088)	(114,374)	(78,371)	(8,274)	(836,098)	(2,424,697)	(3,260,794)
<b>Movement in reserves during 2022/23</b>									
Total comprehensive income and expenditure	CIES	128,394	1,964	0	0	0	130,358	(1,165,547)	(1,035,191)
Adjustments between accounting basis and funding basis under regulations	2b and 10	9,128	8,329	(39,584)	8,579	(373)	(13,921)	13,921	0
(Increase) or decrease in year		137,522	10,294	(39,584)	8,579	(373)	116,437	(1,151,626)	(1,035,191)
Balance at 31 March 2023		(391,469)	(95,794)	(153,958)	(69,792)	(8,647)	(719,660)	(3,576,323)	(4,295,986)



## Cashflow

The Cash Flow Statement shows the reason for changes in the Council's cash balances (including investments for periods of less than three months) during the year. It shows whether that change is due to operating activities, investing or financing activities (such as repayment of borrowing or other long-term liabilities).

2021/22 £000s		Note	2022/23 £000s
(70,800)	Net (deficit) / surplus on the provision of services		(130,358)
330,681	Adjustments to net (deficit) / surplus on the provision of services for non-cash movements	47	213,325
(108,796)	Adjustments for items included in the net (deficit) / surplus on the provision of services that are investing and financing activities	48	(165,739)
151,085	<b>Net cash flows from operating activities</b>		<b>(82,772)</b>
(121,321)	Investing activities	50	(165,871)
64,321	Financing Activities	51	200,314
<b>94,085</b>	<b>Net increase or (decrease) in cash and cash equivalents</b>		<b>(48,329)</b>
49,265	Cash and cash equivalents at the beginning of the reporting period		143,350
<b>143,350</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>46</b>	<b>95,021</b>

## Manchester City Council Annual Statement of Accounts 2022/23

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Note 1. Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows for each of the Council's directorates, a comparison of the net expenditure as per the revenue outturn reports to Executive and the net expenditure in the CIES and explains the differences between the two.

2021/22 Service	As reported to Members £000's	Adjustments to arrive at net amount chargeable to the general fund and HRA balances £000's Note 2a	Net expenditure chargeable to the general fund and HRA balances £000's	Adjustments between funding and accounting basis £000's Note 2b	Net expenditure in the Comprehensive Income and Expenditure Statement £000's
Adult Social Care	226,617	(14,862)	211,755	15,005	226,760
Homelessness	28,918	(12,124)	16,793	2,301	19,094
Children's Services	117,088	9,162	126,251	61,000	187,250
Corporate Core	103,693	930	104,624	26,730	131,353
Neighbourhoods and Highways	101,401	(29,887)	71,513	44,328	115,842
Growth and Development	(8,395)	16,012	7,618	14,891	22,508
Corporate Items	7,326	(2,410)	4,916	(7,895)	(2,979)
Council-Wide Costs	0	0	0	43,790	43,790
Housing Revenue Account	5,078	(2,945)	2,133	(9,487)	(7,354)
<b>Net Cost of Services</b>	<b>581,727</b>	<b>(36,125)</b>	<b>545,603</b>	<b>190,664</b>	<b>736,264</b>
Other Income and Expenditure	(576,341)	113,170	(463,171)	(202,290)	(665,463)
<b>Deficit / (surplus) on Provision of Services</b>	<b>5,387</b>	<b>77,046</b>	<b>82,431</b>	<b>(11,625)</b>	<b>70,800</b>

Manchester City Council Annual Statement of Accounts 2022/23

2022/23 Service	As reported to Members £000's	Adjustments to arrive at net amount chargeable to the general fund and HRA balances £000's Note 2a	Net expenditure chargeable to the general fund and HRA balances £000's	Adjustments between funding and accounting basis £000's Note 2b	Net expenditure in the Comprehensive Income and Expenditure Statement £000's
Adult Social Care	232,399	(1,105)	231,294	17,071	248,365
Homelessness	28,426	(8,845)	19,581	44	19,625
Children's Services	132,266	4,632	136,899	63,688	200,587
Corporate Core	112,214	(1,178)	111,035	37,411	148,447
Neighbourhoods and Highways	103,588	(13,558)	90,032	60,624	150,654
Growth and Development	(10,289)	13,081	2,792	21,873	24,665
Corporate Items	10,019	(7,987)	2,032	(5,911)	(3,880)
Council-Wide Costs	0	0	0	6,585	6,585
Housing Revenue Account	10,293	2,462	12,755	(8,329)	4,426
<b>Net Cost of Services</b>	<b>618,918</b>	<b>(12,498)</b>	<b>606,420</b>	<b>193,054</b>	<b>799,474</b>
Other Income and Expenditure	(601,109)	142,504	(458,605)	(210,512)	(669,116)
<b>Deficit / (surplus) on Provision of Services</b>	<b>17,809</b>	<b>130,007</b>	<b>147,815</b>	<b>(17,456)</b>	<b>130,358</b>

Movement in General Fund and HRA Balance	2021/22	2022/23
Opening General Fund and HRA Reserves		635,078
Surplus on General Fund and HRA Reserves in year		(147,815)
<b>Closing General Fund and HRA Reserves at 31 March</b>		<b>487,263</b>

Adjustments to arrive at the net amount chargeable to the general fund and HRA balances (shown in note 2a) include those that have to be shown in different lines in the CIES from where they are reported in the outturn report (e.g. interest paid or received, expected credit losses), transfers to or from reserves that are shown in the MIRS but are included within the figures reported in the outturn, recharges between services that have to be excluded from the CIES and any remaining service specific COVID grants recorded corporately in the outturn report and shown within the service area in the CIES.

Adjustments between funding accounting basis (shown in note 2b) are items excluded from the reported outturn as they are technical adjustments that net to nil across council services but are required to be shown within the CIES. These are classified as either capital, pensions, collection fund or other adjustments. Further detail is shown in note 10.

The split of the general fund and HRA reserves is shown in the movement in reserves statement.

## Manchester City Council Annual Statement of Accounts 2022/23

## Note 2. Note to the Expenditure and Funding Analysis

(a) Adjustments to arrive at net amount chargeable to the general fund and HRA balances

2021/22	Adjustments relating to other income and expenditure (i) £000's	Adjustments relating to transfers to / from reserves (ii) £000's	Adjustments relating to internal recharges (iii) £000's	Adjustments relating to COVID Grants (iv) £000's	Restated Total Adjustments £000's
Adults Social Care	(1,479)	(2,574)	(1,314)	(9,495)	(14,862)
Homelessness	(431)	(1,914)	(8,361)	(1,418)	(12,124)
Children's Services	1,821	9,590	787	(3,037)	9,162
Corporate Core	(3,425)	5,398	14,181	(15,223)	930
Neighbourhoods and Highways	(24,452)	4,612	(4,008)	(6,039)	(29,887)
Growth and Development	13,245	4,494	(1,728)	0	16,012
Corporate Items	92	(2,945)	443	0	(2,410)
Housing Revenue Account	(2,945)	0	0	0	(2,945)
<b>Net Cost of Services</b>	<b>(17,573)</b>	<b>16,661</b>	<b>0</b>	<b>(35,212)</b>	<b>(36,125)</b>
Other Income and Expenditure from the Expenditure and Funding Analysis	17,573	60,385	0	35,212	113,168
Difference between General Fund and HRA Surplus / Deficit and Comprehensive Income and Expenditure Statement Surplus / Deficit on the Provision of Services	0	77,046	0	0	77,046

## Manchester City Council Annual Statement of Accounts 2022/23

2022/23	Adjustments relating to other income and expenditure (i) £000's	Adjustments relating to transfers to / from reserves (ii) £000's	Adjustments relating to internal recharges (iii) £000's	Adjustments relating to COVID Grants (iv) £000's	Total Adjustments £000's
Adults Social Care	(2,831)	3,507	(1,781)	0	(1,105)
Homelessness	0	(1,015)	(7,830)	0	(8,845)
Children's Services	1,976	3,171	(515)	0	4,632
Corporate Core	(15,498)	2,141	12,207	(28)	(1,178)
Neighbourhoods and Highways	(20,075)	8,135	(1,618)	0	(13,558)
Growth and Development	9,669	4,575	(1,163)	0	13,081
Corporate Items	98	(8,785)	700	0	(7,987)
Council-Wide	0	0	0	0	0
Housing Revenue Account	2,462	0	0	0	2,462
<b>Net Cost of Services</b>	<b>(24,199)</b>	<b>11,729</b>	<b>0</b>	<b>(28)</b>	<b>(12,498)</b>
Other Income and Expenditure from the Expenditure and Funding Analysis	24,199	118,277	0	28	142,504
<b>Difference between General Fund and HRA Surplus / Deficit and Comprehensive Income and Expenditure Statement Surplus / Deficit on the Provision of Services</b>	<b>0</b>	<b>130,007</b>	<b>0</b>	<b>0</b>	<b>130,007</b>

(i) Adjustments relating to other income and expenditure include levies, PFI grants, transactions relating to investment properties and service specific interest payments and receipts which are reported as part of service costs in the outturn report but are not included in net cost of services in the CIES.

(ii) Transfers to and from reserves which are included in the outturn report but are not shown within the CIES.



## Manchester City Council Annual Statement of Accounts 2022/23

(iii) Internal recharges between services are included in the outturn report but are not shown within the CIES.

(iv) COVID grants provided by Government in response to the COVID 19 pandemic. This reflects service specific COVID grants recorded corporately in the outturn report and shown within the service area in the CIES.

## (b) Adjustments between Funding and Accounting Basis

2021/22	Adjustments for Capital Purposes (i) £000	Pension Adjustments (ii) £000	Collection Fund Adjustments (iii) £000	Other Adjustments (iv) £000	Total Adjustments £000
Adults Social Care	1,716	13,282	0	7	15,005
Homelessness	37	2,262	0	2	2,301
Children's Services	26,175	34,572	0	253	61,000
Corporate Core	7,728	18,993	0	9	26,730
Neighbourhoods and Highways	30,880	13,433	0	16	44,328
Growth and Development	10,435	4,523	0	(68)	14,891
Corporate Items	0	(7,512)	0	(383)	(7,895)
Council-Wide Costs	6,224	37,565	0	0	43,790
Housing Revenue Account	(9,838)	353	0	0	(9,487)
<b>Net Cost of Services</b>	<b>73,356</b>	<b>117,470</b>	<b>0</b>	<b>(163)</b>	<b>190,663</b>
Other Income and Expenditure from the Expenditure and Funding Analysis	(114,437)	21,747	(113,265)	3,665	(202,291)
Difference between General Fund and HRA Surplus / Deficit and Comprehensive Income and Expenditure Statement Surplus / Deficit on the Provision of Services	(41,080)	139,217	(113,265)	3,502	(11,625)

## Manchester City Council Annual Statement of Accounts 2022/23

2022/23	Adjustments for Capital Purposes (i) £000	Pension Adjustments (ii) £000	Collection Fund Adjustments (iii) £000	Other Adjustments (iv) £000	Total Adjustments £000
Adults Social Care	1,994	15,071	0	6	17,071
Homelessness	40	0	0	4	44
Children's Services	40,606	25,261	0	(2,179)	63,688
Corporate Core	20,890	16,536	0	(15)	37,411
Neighbourhoods and Highways	48,637	11,983	0	3	60,624
Growth and Development	16,606	5,283	0	(15)	21,873
Corporate Items	1,300	(6,538)	0	(673)	(5,911)
Council-Wide Costs	4,176	2,409	0	0	6,585
Housing Revenue Account	(8,612)	283	0	0	(8,329)
<b>Net Cost of Services</b>	<b>125,636</b>	<b>70,287</b>	<b>0</b>	<b>(2,869)</b>	<b>193,054</b>
Other Income and Expenditure from the Expenditure and Funding Analysis	(123,571)	13,700	(98,642)	(2,000)	(210,512)
<b>Difference between General Fund and HRA Surplus / Deficit and Comprehensive Income and Expenditure Statement Surplus / Deficit on the Provision of Services</b>	<b>2,065</b>	<b>83,987</b>	<b>(98,642)</b>	<b>(4,869)</b>	<b>(17,456)</b>

(i) Adjustments relating to capital include depreciation, amortisation of intangible assets impairment, revenue funded from capital under statute, movements in investment property valuations, gain / loss on disposal of non-current assets, capital grants and contributions, HRA PFI adjustments, soft loans, minimum revenue provision and revenue contribution to capital outlay.

(ii) Adjustments relating to pensions are the removal of employee pension costs for the Local Government Pension Scheme and their replacement with current service costs and past service costs plus the net interest on the defined pension liability.

(iii) This represents the difference between what is chargeable under statutory regulations for council tax and NNDR i.e., the amount estimated in the preceding January and the actual income due on an accruals basis. This difference is held within the Collection Fund.

(iv) Other adjustments include employee benefit accruals and the payment to the housing capital receipts pool.

## Manchester City Council Annual Statement of Accounts 2022/23

## Note 3. Prior Period Reclassification

The comparator is reclassified so that 2021/22 is presented in a comparable way to 2022/23. The reclassification is due to the movement of the Asylum Service being reported under Homelessness rather than Adults Social Care; and transfer of legal expenditure associated with Children's Services now being reported under Corporate Core.

## Consolidated Income and Expenditure Statement (CIES)

Expenditure and income on services are shown in the Comprehensive Income and Expenditure Statement in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom.

(a) The Code requires that authorities present expenditure and income on services on the basis of its 'reportable segments'; these are based on the Council's internal management reporting structure.

The tables show how the net expenditure, gross expenditure and gross income have been restated.

	As reported in the 2021/22 CIES £000	Transfer of services between directorates £000	As restated 2021/22 £000
<b>Net Expenditure</b>			
Adults Social Care	226,519	241	226,760
Homelessness	19,335	(241)	19,094
Children's Services	189,282	(2,032)	187,250
Corporate Core	129,321	2,032	131,353
Neighbourhoods and Highways	115,842	0	115,842
Growth and Development	22,508	0	22,508
Corporate Items	(2,979)	0	(2,979)
Council Wide Costs	43,790	0	43,790
Housing Revenue Account	(7,353)	0	(7,354)
<b>Total Net Cost of Services</b>	<b>736,264</b>	<b>0</b>	<b>736,264</b>

## Manchester City Council Annual Statement of Accounts 2022/23

	As reported in the 2021/22 CIES £000	Transfer of services between directorates £000	As restated 2021/22 £000
<b>Gross Expenditure</b>			
Adults Social Care	300,869	(753)	300,116
Homelessness	60,202	753	60,955
Children's Services	596,956	(2,032)	594,924
Corporate Core	361,054	2,032	363,086
Neighbourhoods and Highways	195,720	0	195,720
Growth and Development	58,470	0	58,470
Corporate Items	7,354	0	7,354
Council Wide Costs	43,790	0	43,790
Housing Revenue Account	78,978	0	78,978
<b>Total Net Cost of Services Gross Expenditure</b>	<b>1,703,392</b>	<b>0</b>	<b>1,703,392</b>

	As reported in the 2021/22 CIES £000	Transfer of services between directorates £000	As restated 2021/22 £000
<b>Gross Income</b>			
Adults Social Care	(74,350)	994	(73,356)
Homelessness	(40,867)	(994)	(41,861)
Children's Services	(407,674)		(407,674)
Corporate Core	(231,733)		(231,733)
Neighbourhoods and Highways	(79,878)		(79,878)
Growth and Development	(35,962)		(35,962)
Corporate Items	(10,333)		(10,333)
Council Wide Costs	0		0
Housing Revenue Account	(86,331)		(86,331)
<b>Total Net Cost of Services Gross Income</b>	<b>(967,128)</b>	<b>0</b>	<b>(967,128)</b>

## Group Accounts

These amendments have also been reflected in the Group Accounts.

## Manchester City Council Annual Statement of Accounts 2022/23

**Note 4. Impact of Accounting Changes Issued but Not Yet Adopted**

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code. Further the Code requires an authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year.

Following changes to IAS 8 the only the accounting standards that are introduced by the 2023/24 Code that will be adopted by the Council and its Group are set out below :

- IFRS16 Leases (but only for those local authorities that have decided to voluntarily implement IFRS 16 in the 2023/24 year)
- Where an authority adopted IFRS16 in 2022/23 but chose to defer implementation of IFRS16 to PFI/PPP arrangements until 2023/24 information on that more specific accounting change will be required in its 2022/23 statement of accounts
- Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021
- Disclosure of Accounting Policies (Amendments to IAS1 and IFRS Practice Statement 2) issued in February 2021
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021
- Updating a Reference to the Conceptual Framework (Amendments to IFRS 3 ) issued in May 2022

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

## Manchester City Council Annual Statement of Accounts 2022/23

### Note 5. Accounting Concepts and Policies

The Statement of Accounts summarises the Council's transactions for the 2022/23 financial year and its position at the year-end 31 March 2023. The Council is required to prepare an Annual Statement of Accounts by the Accounts and Audit Regulations 2015 which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (The Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 21(2) of the Local Government Act 2003.

As local authorities need to reflect statutory conditions, specific statutory adjustments are complied with so that the Council's accounts present a true and fair view of the financial position and transactions of the Council. All accounting policies are disclosed where they are material.

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.

#### 5.1. Underlying Assumptions

##### 5.1.1 Going Concern

The Accounting Code, (standard IAS 1) requires management to make an assessment of an entity's ability to continue as a going concern and to disclose any material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern. The authority discloses that the accounts have been prepared on a going concern basis and that the Council will continue in existence for the foreseeable future. The Council has based its considerations of Going Concern around the continuous provision of service.

The Council consolidates its investments in MAHL and DML in its Group financial statements. In considering the going concern of the Council and the Group the Council has taken into account the going concern of those two entities.

#### 5.2. Accounting Policies

##### 5.2.1 Property, Plant and Equipment (PPE)

Property, Plant and Equipment assets have physical substance and are held for use in the provision of services, for rental to others or for administrative purposes and are expected to be used for more than one year (e.g. land and buildings).

Expenditure on the acquisition, creation and enhancement of property, plant and equipment has been capitalised on an accruals basis provided that it yields benefit to the Council, and the services it provides, for more than one financial year. Expenditure on repairs and maintenance is charged to revenue as it is incurred.

## Manchester City Council Annual Statement of Accounts 2022/23

Capital expenditure is initially added to the value of an asset but if expenditure is not considered to increase the value of the asset the value is reduced by this expenditure.

#### Measurement

Property, plant and equipment are initially shown on the Balance Sheet at cost, comprising the purchase price and all expenditure that is directly attributable to bringing the asset into working condition for its intended use. The Council does not capitalise borrowing costs incurred whilst the assets are under construction.

The Council's property, plant and equipment assets are valued on the balance sheet using methods of valuation on the basis required by CIPFA and in accordance with the statement of asset valuation principles and guidance notes issued by the Royal Institution of Chartered Surveyors (RICS).

Land and buildings and other operational assets are valued at current value, determined as the value that would be paid for the asset in its existing use. Where enough market evidence is not available, for example schools and leisure centres, current value is estimated at depreciated replacement cost, using the modern equivalent asset method.

Short life assets, such as vehicles, are held at depreciated historical cost as a proxy for current value on the grounds of materiality.

Council dwellings are valued at existing use value – social housing.

Community assets are measured at depreciated historical cost.

Assets under construction are held at historical cost and are not depreciated until brought into use.

Surplus assets are valued at fair value based on the highest or best use of the asset from a market participant's perspective. These are assets that are not in use by the Council but do not meet the definition of investment property or assets held for sale. Surplus assets mainly relate to land that is being held for regeneration purposes and future sale.

Council dwellings are revalued annually. Other assets included in the Balance Sheet at current or fair value are valued sufficiently regularly to ensure that their carrying amount is not materially different from their value at year end, but as a minimum every five years. Valuations are undertaken during the year by internal council valuers and external valuers commissioned by the Council. The external valuers provide indexation factors for the percentage increase in value from the date of the last valuation to 31 March 2023 for each category of asset and these are applied to the assets where material.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Where the increase is reversing a previous loss charged to the Deficit / Surplus on the Provision of Services on the same asset, the increase in valuation is credited to the Comprehensive Income and Expenditure Statement.

Where decreases in value are identified and there is a balance of revaluation gains in the Revaluation Reserve relating to the asset, the value of the asset is written down against that

## Manchester City Council Annual Statement of Accounts 2022/23

balance (up to the amount of the accumulated gains). Where there is a nil or insufficient balance in the Revaluation Reserve the value of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

Where revaluation gains or losses are credited or charged to the Comprehensive Income and Expenditure Statement, they are reversed in the Movement in Reserves Statement to the Capital Adjustment Account.

The Revaluation Reserve contains gains recognised since 1 April 2007 only, the date of its formal implementation. Revaluation gains arising before that date are included in the Capital Adjustment Account.

The land and building elements of all properties are valued separately and treated as separate assets for accounting purposes. In addition to this and subject to an appropriate materiality level, any individual component within buildings which has a cost that is significant in relation to the total cost of the building is accounted for separately unless the components have a similar useful life to the main building.

In considering assets for potential componentisation (i.e., the significant elements of the asset are valued separately) the Council has included all general fund buildings with a carrying value of more than £2m. Within each building the Council has set the threshold for recognition of components as 20% of the cost of the building. The following components have been valued separately in council dwellings – main building, roof, windows, external doors, kitchens, bathrooms, heating and electrical systems.

#### 5.2.2 Depreciation on Property, Plant and Equipment

Depreciation has been calculated using a straight-line method (i.e., apportioned equally over each year of the life of the asset) for all assets. The estimated useful life of each property is determined by a qualified valuer. Land and assets not yet available for use (assets under construction) are not depreciated. Each component of property, plant and equipment that is significant in relation to the total cost of the asset is depreciated separately based on its estimated useful life.

Depreciation is charged to the service with a corresponding reduction in the value of the asset. The depreciation charge is reversed in the Movement in Reserves Statement and a transfer made to the Capital Adjustment Account. Residual values, useful lives and depreciation methods are reviewed at each financial year end.

Depreciation has been charged to the Housing Revenue Account (HRA) in accordance with proper practices and credited to the Major Repairs Reserve (MRR).

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



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### 5.2.3 Derecognition of Property, Plant and Equipment

An item of property, plant or equipment is derecognised by disposal or when no future economic benefit or service potential is expected from its use.

The carrying amount of a replaced or restored part of an asset is derecognised with the carrying amount of the new component being recognised.

When an asset is disposed of the carrying amount of the asset in the Balance Sheet is written off to Other Operating Expenditure within the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Sale proceeds from disposals are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal.

Any revaluation gains on the Revaluation Reserve, for assets disposed of or decommissioned, are transferred to the Capital Adjustment Account.

Income from an asset disposal in excess of £10,000 is classed as a capital receipt. Capital receipts from Right to Buy (RTB) sales of council dwellings are pooled between the Council and central government. The net RTB receipts received (after reduction of regional transaction costs and allowable debt) are split based on a share ratio provided by central government. If the government share of capital receipts, as calculated by the Office of Budget Responsibility, is exceeded the Council retains the remainder of the receipts to be used for the provision of new homes. If these receipts are not used within three years, they must be returned to the government (with interest at 4% above base rate). Non-RTB receipts are exempt from the capital pooling rules.

The balance of capital receipts is credited to the Capital Receipts Reserve and used to fund new capital expenditure or repay debt.

The written off value of disposals is reversed through the Movement in Reserves Statement to the Capital Adjustment Account.

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## 5.2.4 Highways Infrastructure Assets

The Council has determined in accordance with Regulation 30M of the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

Highways infrastructure assets include carriageways, footways and cycle tracks, structures (e.g. bridges), street lighting, street furniture and land which together form a single integrated network.

## Recognition

Expenditure on the acquisition or replacement of components of the network is capitalised on an accrual basis, provided that it is probable that the future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably.

## Measurement

Highways infrastructure assets are generally measured at depreciated historical cost. However, this is a modified form of historical cost – opening balances for highways infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April 1994, which was deemed at that time to be historical cost. Where impairment losses are identified, they are accounted for by the carrying amount of the asset being written down to the recoverable amount.

## Depreciation

Depreciation is provided on the parts of the highways network infrastructure assets that are subject to deterioration or depletion and by the systematic allocation of their depreciable amounts over their useful lives. Depreciation is charged on a straight-line basis. Annual depreciation is the depreciation amount allocated each year. Useful lives of the various parts of the highways network are assessed by the Highways Asset Manager using industry standards where applicable as follows:

Part of the highways network	Useful life
Carriageways	21 years
Footways and cycle track	40 years
Structures (bridges, tunnels and underpasses)	73 years
Street lighting	25 years
Street furniture	25 years
Public Realm	50 years

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### Disposals and derecognition

When a component of the network is disposed of or decommissioned, the carrying amount of the component in the Balance Sheet is written off to the 'Other operating expenditure' line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement, also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal).

The written-off amounts of disposals are not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing.

Amounts are transferred to the capital adjustment account from the General Fund Balance in the Movement in Reserves Statement

### 5.2.5 Private Finance Initiatives (PFIs) and Similar Contracts

PFI and similar contracts (service concessions) are agreements to receive services where the responsibility for making available the property, plant and equipment needed to provide the services passes to the contractor. As the Council is deemed to control the services that are provided under the contract and as ownership of the property, plant and equipment will pass to the Council at the end of the contract for no additional charge, the Council holds the Property, Plant and Equipment used under the contracts on its Balance Sheet.

The original introduction of these assets onto the balance sheet is matched by the recognition of a deferred liability for amounts due to the operator to pay for the assets. Where the assets come into use at different stages the asset and matching liability are introduced in stages. For some PFI schemes the liability is written down by an initial capital contribution. This capital contribution was either in the form of a cash contribution or assets transferred to the contractor.

Property, Plant and Equipment relating to PFIs and similar contracts, recognised on the Balance Sheet, is revalued, depreciated and impaired in the same way as other property, plant and equipment owned by the Council.

The amounts payable to the operator each year are analysed as follows:

Value of the service received (including facilities management) during the year - debited to the relevant service line in the Deficit / Surplus on the Provision of Services in the Comprehensive Income and Expenditure Statement.

Interest cost based on the outstanding deferred liability - debited to the Financing and Investment Income and Expenditure line in the Deficit / Surplus on the Provision of Services.

Payment towards liability - debited to the deferred liability on the Balance Sheet thus reducing the liability. For non-HRA contracts this reduction in the charge in the Deficit / Surplus on the Provision of Services is replaced by an equivalent amount of Minimum Revenue Provision (MRP) in the Movement in Reserves Statement. For HRA contracts this

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reduction in unitary charge is reversed in the Movement in Reserves Statement to the Capital Adjustment Account.

Lifecycle replacement costs - these are posted to the Balance Sheet as a prepayment and then included as additions to Property, Plant and Equipment when the works are carried out. Where lifecycle costs can be identified as capital in nature they have been recognised as capital expenditure. This expenditure relates to enhancements or replacement of assets.

Government grants received towards the funding of general fund PFI related payments are shown within the Taxation and Non-specific Grant Income line in the Comprehensive Income and Expenditure Statement. HRA PFI related grants are shown within the HRA income line in the Comprehensive Income and Expenditure Statement.

#### 5.2.6 Heritage Assets

Heritage assets are those assets that are intended to be preserved for future generations because of their cultural, environmental or historical associations. They are held by the Council in pursuit of its overall objectives in relation to the maintenance of heritage. Heritage assets include civic regalia, museum and gallery collections and works of art. Community assets (including parks and cemeteries) are not heritage assets, but are accounted for as property, plant and equipment.

Operational heritage assets (i.e., those that, in addition to being held for their heritage characteristics, are also used by the Council for other activities or to provide other services) are accounted for as operational assets rather than heritage assets and valued in the same way as other assets of that general type (e.g., buildings such as the Central Library).

Heritage assets are shown in the Balance Sheet at market value where this is available. For those assets where no market value is available the insurance valuation is used. Where a valuation is not available and cannot be obtained at a cost which is commensurate with the benefits to the users of the financial statements the assets are held at cost. Where the cost information is not available, they are not recognised in the balance sheet.

Depreciation is not provided for as these assets are considered to have infinite lives.

Any impairment is recognised and measured in accordance with the Council's general policies on impairment (policy 5.2.9). The proceeds of any disposals are accounted for in accordance with the Council's general provisions relating to the de-recognition of property, plant and equipment (policy 5.2.3).

#### 5.2.7 Investment Properties

Investment Properties are those that are used solely to earn rentals and / or for capital appreciation. The definition is not met if the property is used in any way to provide services by the Council or is held for sale.

Investment Properties are initially measured at cost. After initial recognition they are measured at fair value - highest and best use. The fair value reflects market conditions at the balance sheet date. A gain or loss arising from a change in the fair value of investment

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property is recognised in the Financing and Investment Income and Expenditure line within the Comprehensive Income and Expenditure Statement.

Investment Properties are not depreciated but are revalued annually according to market conditions at year end.

An investment property is derecognised on disposal. Gains or losses arising from the disposal are recognised in the Financing and Investment Income and Expenditure line within the Comprehensive Income and Expenditure Statement.

Revaluation and disposal gains and losses are reversed in the Movement in Reserves Statement and posted to the Capital Adjustment Account and sale proceeds over £10,000 to the Capital Receipts Reserve.

Rentals received in relation to investment properties are credited to the Financing and Investment income line in the Other Comprehensive Income and Expenditure Statement.

#### 5.2.8 Schools

In accordance with the Code of Practice on Local Authority Accounting the Council has assessed the legal framework underlying each school. The Council controls the non-current assets of community schools and foundation schools, vested with the governing body as a Trustee, as future economic benefits associated with the assets will flow to the Council and therefore the land and buildings of those schools are shown on the Council's balance sheet. The land and buildings of voluntary aided, voluntary controlled and foundation schools, where the trust is not the governing body are owned and controlled by the trustees of the schools or the foundation body and are therefore not shown on the balance sheet of the Council.

Any schools held on the balance sheet, which are transferred to academy status form part of the loss on disposal of non-current assets. This includes schools managed under a PFI contract.

Capital expenditure on schools shown on the Council's balance sheet is added to the value of those schools. Capital expenditure on schools not on the Council's balance sheet is treated as REFCUS (Revenue Expenditure Funded from Capital under Statute) expenditure and written off each year to the Comprehensive Income and Expenditure Statement as part of the Children's Services line. This is reversed out through the Movement in Reserves Statement and a transfer made to the Capital Adjustment Account.

All revenue income, expenditure, assets and liabilities of maintained schools, after the removal of transactions between schools and the Council, are included in the Council's single entity accounts.

Individual schools' balances are included in the balance sheet of the Council as any unspent delegated schools budget remains the property of the Council although these can only be spent by the school.

The Dedicated Schools Grant (DSG) is allocated between the central council budgets and budgets allocated to individual schools (delegated school budgets). Expenditure from central

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council budgets and delegated schools' budgets is charged to the Comprehensive Income and Expenditure Statement as part of the Children's Services line.

Accounting regulations were introduced relating to the Dedicated Schools Grant deficit balances for three years for accounting periods beginning 1 April 2020. The financial statements continue to be produced under IFRS with the DSG being accounted for in the normal way (through the CIES). A deficit must be carried forward to be funded from future DSG income. An accounting adjustment is then made via the MIRS to move any DSG deficit balances to an unusable reserve established for that purpose.

#### 5.2.9 Impairment

Assets are reviewed for impairment at the end of each reporting period. Examples of impairment include a significant reduction in a specific assets value and evidence of physical damage (e.g., fire damage).

The amount of impairment is charged to the Revaluation Reserve to the extent that the impairment does not exceed the amount in the Revaluation Reserve for the same asset. Thereafter the impairment is charged to the Deficit / Surplus on the Provision of Services.

This charge is reversed out through the Movement in Reserves Statement to the Capital Adjustment Account.

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

#### 5.2.10 Provision for Redemption of Debt

The Council is required to make provision for the repayment of an element of the accumulated General Fund capital expenditure, financed by borrowing, through a revenue charge, in accordance with the Minimum Revenue Provision (MRP) requirements. Regulations replaced the detailed formula for calculating MRP with a requirement to be prudent. The MRP policy (which details the basis of the provision) is agreed annually by the Council within the Treasury Management Strategy.

For all non-HRA capital expenditure funded by supported borrowing, otherwise known as supported capital expenditure, the Council's policy is to charge 2% of the capital financing requirement.

For all non-HRA unsupported borrowing MRP is calculated using the estimated life of the asset. Dependent upon the nature of the capital expenditure, a straight line (equal amount of MRP over the life of the asset) or annuity method (equal amount of MRP plus interest over the life of the asset) is used to link MRP to the future flow of benefits from the asset.

MRP starts in the year after the capital expenditure is incurred or in the case of new assets, in the year following the asset coming into use.

MRP is provided for non-HRA PFI related assets on the Council's Balance Sheet. This equates to the amount of unitary charge charged against the deferred liability on the Balance Sheet.

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MRP is provided for assets held under finance leases (including embedded leases) where the Council is the lessee. This equates to the amount of the lease payment charged against the deferred liability on the Balance Sheet.

There is no MRP charge to the Housing Revenue Account.

#### 5.2.11 Revenue Expenditure Funded from Capital under Statute

Revenue Expenditure Funded from Capital under Statute (REFCUS) is expenditure of a capital nature that does not result in the creation of a non-current asset on the Balance Sheet. These are generally grants and expenditure on property not owned by the Council. Expenditure is charged to the Deficit / Surplus on the Provision of Services as it is incurred. This is reversed out through the Movement in Reserves Statement and a transfer made to the Capital Adjustment Account.

Details of the accounting policy relating to grants and external contribution funding of REFCUS expenditure is shown in policy 5.2.16c.

#### 5.2.12 Non-Current Assets held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than its continued use it is reclassified as an asset held for sale. Before an asset can be classed as held for sale it must be available for immediate sale in its present condition, the sale must be highly probable, the asset must be actively marketed and the sale should be expected to be completed within one year of the date of classification. In situations where it is not necessary to carry out active marketing, for example because the Council is able to identify prospective purchasers willing to pay a reasonable price without marketing (such as transfers to a joint venture) or because a buyer initiates the transaction (such as right to buy sales), this test is not applicable. Where events or circumstances extend the period beyond one year and there is sufficient evidence that the Council remains committed to the plan to sell the assets they are classed as long-term assets held for sale.

The held for sale asset is carried at the lower of the carrying amount or the fair value less costs to sell. Where this results in a loss in value this loss is posted to Other Operating Expenditure in the Comprehensive Income and Expenditure Statement. Once an asset is classed as held for sale it is no longer depreciated.

If assets no longer meet the classification as assets held for sale they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale (adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classed as held for sale) or their recoverable amount at the date of the decision not to sell.

#### 5.2.13 Accruals of Income and Expenditure

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

Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.

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Supplies are recorded as expenditure when they are consumed.

An impairment loss allowance is made for debts that are not considered to be collectable – referred to as impairment of financial assets. This allowance is calculated based on the expected amount that will not be collected for differing types of debt applied to the amount of outstanding debt. The balance of debtors on the Balance Sheet is reduced by the amount of allowance made.

Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet.

#### 5.2.14 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of no more than twenty-four hours. Cash equivalents are highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Cash and cash equivalents are shown net of bank overdrafts that form an integral part of cash management.

#### 5.2.15. Provisions

Provisions are made where an event has taken place that gives the Council an obligation that probably requires settlement by a transfer of economic benefits and a reliable estimate can be made of the amount of the obligation, but the timing of the transfer is uncertain. Examples include a legal case that will probably result in a payment of compensation.

Contributions to provisions are charged to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year the Council becomes aware of the obligation based on the best estimate of the likely settlement. When payments are made, they are charged to the provision. Estimated settlements are reviewed at the end of each financial year and where it becomes likely that a transfer of economic benefits will not be required the contribution to the provision is reversed and credited back to the service line.

Provisions are classified as either short or long-term depending on the likely date of settlement.

#### 5.2.16 Government Grants and Contributions

Government grants and contributions are not recognised until there is reasonable assurance that the Council will comply with the conditions attached to them and the grant or contribution will be received. Grants and contributions are credited to the Comprehensive Income and Expenditure Statement except where the grant or contribution has a condition



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that has not been met. Conditions are stipulations that must be satisfied, or the grant or contribution must be returned. Monies advanced as grants and contributions for which conditions are not yet met are carried in the Balance Sheet as receipts in advance.

#### a. Revenue Grants and Contributions

Revenue grants and contributions are credited to the relevant service line for specific grants and the Taxation and Non-Specific Grant Income line for grants that cover general expenditure (e.g., New Homes Bonus Grant) except where the grant or contribution has a condition that has not been met. When the specific grant has been recognised but the expenditure relating to it has not been incurred the Council has elected to make a contribution equivalent to the unspent amount of grant to an earmarked reserve. This reserve will be released in future financial years when the expenditure to which the grant relates is incurred.

#### b. Capital Grants and Contributions

Capital grants and contributions are credited to Taxation and Non-Specific Grant Income in the Comprehensive Income and Expenditure Statement except where the grant or contribution has a condition that has not been met. The amount of the grant or contribution that has been used to finance expenditure is transferred to the Capital Adjustment Account via the Movement in Reserves Statement. The balance of the grant or contribution that has not been used to finance expenditure is transferred to the Capital Grants Unapplied Reserve via the Movement in Reserves Statement. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account when they are used to fund capital expenditure.

#### c. Grants and Contributions attributable to Revenue Expenditure Funded from Capital under Statute (REFCUS)

These grants and contributions are credited to the relevant service line in the Comprehensive Income and Expenditure Statement except where the grant or contribution has a condition that has not been met. The amount of the grant or contribution that has been used to finance expenditure is transferred to the Capital Adjustment Account via the Movement in Reserves Statement. The balance of the grant or contribution that has not been used to finance expenditure is transferred to the Capital Grants Unapplied Reserve via the Movement in Reserves Statement. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account when they are used to fund expenditure.

#### 5.2.17 Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred it is charged to the appropriate service in that year. The reserve is then appropriated back into the Movement in Reserves Statement so that there is no net charge for the expenditure on the General Fund balance.

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Certain reserves are kept to manage specific accounting treatments and do not represent usable resources for the Council. These are shown as unusable reserves in the Movement in Reserves Statement and Balance Sheet.

#### 5.2.18 Revenue Recognition

Revenue is a subset 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 is recognised when the performance obligations in a contract have been satisfied. This recognition can be over time when the service recipient simultaneously receives and consumes the benefits (e.g., home care services) or at a point in time.

#### 5.2.19 Value Added Tax (VAT)

VAT is only included in expenditure, either revenue or capital, to the extent that it is not recoverable from HM Revenues and Customs. VAT receivable is excluded from income.

#### 5.2.20 Leases

Leases are classified as either finance or operating leases based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or lessee. Whether the lease is a finance lease, or an operating lease depends on the substance of the transaction rather than the contract. Leases are classed as finance leases where the terms of the lease transfer the majority of the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Land and building elements of a lease are considered separately for the purpose of lease classification.

Arrangements that do not have the legal status of a lease but convey the right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific asset. This is referred to as an embedded lease.

#### Finance Leases

##### **Lessee**

Property, Plant and Equipment held under finance leases are recognised on the Balance Sheet at the commencement of the lease at its current value at the time of inception (or the present value of the minimum lease payments if lower). The asset recognised is matched by a deferred liability for the obligation to pay the lessor.

Lease payments are apportioned between a charge for the acquisition of the interest in the property, plant or equipment which is applied to write down the deferred liability and a

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finance charge which is recognised in the Financing and Investment Income and Expenditure line within the Comprehensive Income and Expenditure Statement.

These property, plant and equipment recognised are subject to depreciation. The MRP on these assets equates to the amount of the lease payment that is applied to write down the deferred liability.

The deferred liabilities are classified as either short or long-term in line with the lease repayments.

#### Operating Leases

##### Lessee

Leasing payments for operating leases are charged to revenue on a straight-line basis over the term of the lease even if this does not match the pattern of payments (e.g., there is a rent-free period at the commencement of the lease) and are shown within service expenditure in the Comprehensive Income and Expenditure Statement.

##### Lessor

Rental income from operating leases is recognised on a straight-line basis over the period of the lease even if this does not match the pattern of payments (e.g., there is a premium paid at the commencement of the lease) and is shown in the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Assets held for use as operating leases are recorded as assets in the Council's Balance Sheet.

#### 5.2.21 Benefits Payable during Employment

Short-term employee benefits are those due to be settled within twelve months of the year end. They include such benefits as wages and salaries, paid annual leave, flexi time leave and paid sick leave for current employees. They are recognised as an expense for services in the year in which employees undertake the service for the Council. An accrual is made for the cost of holiday entitlement (including flexi time leave), earned by employees but not taken before the year end, which employees can carry forward into the next financial year. The accrual is made at the wages and salary rates applicable in the following financial year, being the period in which the employee takes the benefit and includes employer national insurance and pension contributions.

The accrual is charged to the Deficit / Surplus on the Provision of Services but then reversed through the Movement in Reserves Statement to the Short-Term Accumulated Absences Account so that holiday absences are charged against Council Tax or Housing Rents in the financial year in which the absence occurs.

#### 5.2.21 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 severance and are shown on an accruals basis in the Deficit / Surplus on the Provision of Services in the Comprehensive Income and Expenditure Statement at the earlier

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of when the Council can no longer withdraw the offer or when it recognises the costs for a restructuring that involves termination benefits.

Where the employee makes the decision, the liability is recognised at the earlier of when the employee accepts the offer or when a restriction on the Council's ability to withdraw the offer takes effect.

#### 5.2.22 Post-Employment Benefits

##### a. Teachers' Pension Scheme

The payment of statutory pensions to former teachers is administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE). Contributions from teachers together with the employer's contribution are paid by the Council. The arrangements for this scheme mean that liabilities for benefits cannot be identified to the Council. The scheme is therefore accounted for as a defined contribution scheme – no liability for future payments of benefits is recognised in the Balance Sheet and the Children's Services line within the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable in the year.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the Teachers' scheme. These benefits are fully accrued in the pension liability.

##### b. National Health Service (NHS) Pension Scheme

Under the arrangements for Public Health, staff performing public health functions who were compulsorily transferred from the Primary Care Trusts to local authorities and had access to the NHS Pension Scheme on 31 March 2013 retained access to that Scheme on transfer at 1 April 2013.

The NHS pension scheme is an unfunded, defined benefit scheme that covers NHS employers and is a multi-employer defined benefit scheme. This means that liabilities for benefits cannot be identified to the Council. The scheme is therefore accounted for as a defined contribution scheme – no liability for future payments of benefits is recognised in the Balance Sheet and the Adult Social Care line within the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable in the year.

##### c. Local Government Pension Scheme

The Council pays an employer's contribution into the Greater Manchester Pension Fund, which is a fully funded defined benefits scheme administered by Tameside Metropolitan Borough Council from whom an Annual Report is available.

The liabilities of the Greater Manchester Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method, 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 projected earnings for current employees.

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Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on a basket of high-quality corporate bonds, government gilts and other factors.

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

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

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

The current service cost (the increase in the liability as a result of pension earned by Council employees in the year) is charged to the net cost of services.

Past services costs (the increase in the liability arising from current year decisions whose effect relate to years of service earned in earlier years) are shown within council wide items as they are costs that are not attributable to a particular service. An example of when past service costs would occur is where there was a change in the basis of up-rating annual pensions.

Gains and losses on settlements and curtailments (the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees) are shown as council wide items.

The effect of business combinations and disposals and liabilities following the transfer of former Northwards staff back to the Council are also shown as council wide items.

The net interest on the net defined benefit liability, i.e., net interest expenses for the period that arises from the passage of time, is shown within the Financing and Investment Income and Expenditure line.

Re-measurements comprising:

- The return on plan assets excluding amounts included in net interest on the defined benefit liability;
- change in demographic assumptions re-measurements; and
- *actuarial gains and losses on changes in financial assumptions – changes in the net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because actuaries have updated their financial assumptions (such as percentage increase in salaries)* are shown within Other Comprehensive Income and Expenditure.

In relation to retirement benefits, statutory provisions require the General Fund and HRA balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting

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standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund and HRA of being required to account for retirement benefits based on the cash flows rather than as benefits are earned by employees. The balance will be presented differently as a result of the upfront payment as set out below:

#### Upfront pension payment

The Council is liable to make contributions towards the cost of post-employment benefits. For the three-year period 2020/21 – 2022/23. The Council previously agreed with the Greater Manchester Pension Fund (GMPF) that the employer's contribution to the Local Government Pension Scheme could be paid as a single up-front payment. The Council made this payment in order to make a budget saving. In line with the Council's accounting policies, the amounts paid each year are offset against the pension liability on the balance sheet. These amounts will then be reflected in the pensions reserve in the years to which they relate. In the final year of the triennial period all amounts will have been reflected in the pension reserve to align to the pension liability.

#### Financial Instruments

##### 5.2.23 Financial Assets

Financial Assets e.g., investments and debtors are classified into three types – amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVPL).

The categorisation of financial assets into these types is dependent on the reason for holding these assets (to collect cash flows, to sell assets or achieve objectives by other means).

Financial assets are brought onto the balance sheet at fair value when the Council becomes a party to contractual provisions.

#### Amortised Cost

These assets relate to financial instruments where the amounts received relating to them are solely principal and interest and they are held to generate cash flows (e.g., investments of surplus cash with the government's debt management office or loans to third parties).

The interest received on these assets is spread evenly over the life of these instruments.

Any gain or loss in the value of these assets is recognised in the net surplus / deficit on the net provision of services at the point of de-recognition (disposal) or reclassification.

#### Fair Value through Other Comprehensive Income (FVOCI)

These assets relate to financial instruments where the amounts received relating to them are solely principal and interest, but they are held to collect cash and sell the assets (e.g., money market funds).

The interest received on these assets is spread evenly over the life of these instruments.

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Changes in the fair value of these assets are charged to Other Comprehensive Income and Expenditure. Cumulative gains and losses are charged to the surplus / deficit on provision of services when they are disposed of.

Under capital accounting regulations where these assets were treated as capital expenditure the gain or loss is reversed to an unusable reserve - the Financial Instruments Revaluation Reserve.

#### Fair Value through Profit and Loss (FVPL)

These assets relate to financial instruments where the amounts received relating to them are not principal and interest (e.g., equity investments).

Dividends received are accounted for at the point they are declared.

Charges in fair value are charged to the surplus / deficit on the net provision of services as they occur.

Under capital accounting regulations where these assets were treated as capital expenditure the gain or loss is reversed through the Movement in Reserves Statement and charged to an unusable reserve - the Capital Adjustment Account.

An equity instrument that has been classed as FVPL can be designated as FVOCI if it is not held for trading (e.g., a strategic investment). Once this designation has been made it cannot be reversed. This designation would mean that any gains and losses would be held in the Financial Instruments Revaluation Reserve.

#### Credit loss

The Council will recognise a loss allowance for expected credit losses, if applicable, on assets where cash flows are solely principal and interest (i.e., financial instruments measured at amortised cost or FVOCI unless they have been designated as such). This does not apply where the counterparty is central government or another local authority.

At each year end the loss allowance for a financial instrument is calculated as equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

If at year end the credit risk has not increased significantly since initial recognition the loss allowance is measured at an amount equal to twelve month expected credit losses.

Where the financial asset was treated as capital expenditure any losses will be reversed via the Movement in Reserves Statement to the Capital Adjustment Account.

The Council has made several loans to individuals at less than market rates of interest (these are known as soft loans). When the loans are made the amount of interest foregone over the life of the loan is charged to the Comprehensive Income and Expenditure Statement (debited to the appropriate service line) and the outstanding principal is reduced on the Balance Sheet. This represents the present value of the interest that will be foregone over the life of the loan agreement. Statutory provisions require that the impact of the soft loans on the General Fund balance is the interest receivable in the year, so the amount of foregone interest charged is

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managed by a transfer from the Financial Instruments Adjustment Account to the Movement in Reserves Statement.

#### 5.2.24 Embedded Derivatives

The Council has given equity mortgages and loans to individuals to assist with the purchase and improvement of properties. The repayments of these are based on a proportion of the value of the property in a number of years. This type of loan is classed as an embedded derivative as the amount of repayment is linked to future property values. When these mortgages and loans are granted, long-term debtors and deferred capital receipts are written onto the balance sheet. At the end of each financial year the long-term debtors and deferred capital receipt are adjusted in line with the change in property values.

#### 5.2.25 Financial Liabilities

Financial liabilities (e.g., borrowings and creditors) are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Council. For instance, when the Council takes out a loan, the advance of cash from the lender initiates the obligation to repay at some future date, and the loan would be recognised as a liability on the Balance Sheet when the advance is received.

Charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability multiplied by the effective rate of interest for the instrument. (The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised).

For many of the borrowings that the Council has, this means that the amount shown in the Balance Sheet is the outstanding principal repayable plus accrued interest, and the amount charged to the Comprehensive Income and Expenditure Statement is the amount payable per the loan agreement.

For Lender Option Borrower Option (LOBO) loans the effective interest rate has been calculated over the life of the loan. This is an average and differs from the amounts actually paid in the year. The difference between the calculated interest charge and interest paid has been adjusted in the carrying amount of the loan on the balance sheet. The amount charged in the Comprehensive Income and Expenditure Statement is the effective interest rate for the life of the loan rather than the amount payable per the loan agreement.

Where the Council is in receipt of loans that are interest free or at less than prevailing market interest rates if material, the effective interest rate is calculated so that the value of the financial assistance to the Council by the lender is separated from the financial cost of the transaction. This gain is calculated by working out the net present value of all future cash payments using the interest rate for a similar loan taken by the Council. This results in a lower figure for the fair value of the loan with the difference from the loan received treated as a government grant. This gain is reversed out in the Movement in Reserves Statement to the Financial Instruments Adjustment Account.



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

Where premiums and discounts (amounts paid or received on the rescheduling of a loan) have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact of premiums on the General Fund balance to be spread over the longer of the outstanding period of the replaced loan or the period of the replacement loan or any other shorter period that the Council wishes to choose. Discounts are required to be credited to revenue over a maximum period equal to the outstanding term of the replaced loan or ten years (if shorter). The difference between the amount charged to the Comprehensive Income and Expenditure Statement and the net charge against the General Fund balance is transferred to or from the Financial Instruments Adjustment Account in the Movement of Reserves Statement.

Following the HRA debt settlement there are no outstanding HRA premiums and discounts.

#### 5.2.26 Contingent Assets and Liabilities

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts (as applicable) where it is probable that there will be an inflow of economic benefits or service potential.

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts as applicable.

#### 5.2.27 Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in estimation techniques are accounted for prospectively (i.e., in the current and future years affected by the change) and do not give rise to a prior period adjustment.

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Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless otherwise stated) by adjusting opening balances and comparative amounts for the prior period.

#### 5.2.28 Material Items of Income and Expenditure

Where items of income and expenditure are material, their nature and amount are 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.

#### 5.2.29 Events after the Balance Sheet Date

Events after the balance sheet date are those events that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue.

Where these provide evidence of conditions in existence at the balance sheet date, the amounts recognised in the accounts are adjusted (e.g., settlement of a court case that confirms the amount of obligation at the balance sheet date). Where these are indicative of conditions that arose after the balance sheet date the amounts in the accounts are not adjusted (e.g., significant decline in market investments after 31 March). This is known as a non-adjusting event and is disclosed as a note to the accounts.

Events identified after the date of authorisation for issue are not reflected in the Statement of Accounts.

#### 5.2.30 Interests in Companies and Other Entities

The Council has material interests in companies and other entities and therefore group accounts have been prepared for the Council and its material interest in subsidiaries, associates and joint ventures. Inclusion in the Council group is dependent upon the extent of the Council's interest and power to influence an entity. The determining factor for assessing the extent of interest, power or power to influence is either through ownership of an entity, a shareholding in an entity or representation on an entity's board of directors. An assessment of all the Council's interests has been carried out during the year, in accordance with the Code of Practice, to determine the relationships that exist and whether they should be included in the Council's group accounts. In the Council's single entity accounts the Council's interests in those companies included in its group accounts are recorded as long-term investments at cost.

#### 5.2.31 Joint Operations

Joint Operations are arrangements where the parties are bound by a contractual arrangement, have joint control of the arrangement and have rights to the assets and obligations for the liabilities relating to the arrangement. The Council recognises its share of the assets, liabilities, income and expenditure of the joint operation in its single entity accounts.

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## 5.2.32 Local Taxation

The Council, as a billing authority act as an agent, collecting Council Tax and national non-domestic rates (NNDR) on behalf of the major preceptors and, as principals, collecting Council Tax and NNDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e., the Collection Fund) for the collection and distribution of amounts due in respect of Council Tax and NNDR. 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 NNDR collected could be less or more than predicted.

The Council Tax and NNDR 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 NNDR 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 Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item 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 NNDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

## 5.2.33 Fair Value Measurement

The Council measures some of its assets and liabilities at fair value at the balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The Council uses Valuers to provide a valuation of its assets and liabilities in line with the highest and best use definition within the accounting standard. The highest and best use of the asset or liability being valued is considered from the perspective of a market participant.

Inputs to the valuation techniques in respect of the Council's fair value of its assets and liabilities are categorised within the fair value hierarchy as follows:

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

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### Note 6. Critical Accounting Judgements

In applying the accounting policies set out in note 65 the Council has to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

#### 6.1 Schools Non-Current Assets

The Council has assessed the legal framework underlying each type of school.

Community schools' property, plant and equipment are owned by the Council and remain on the balance sheet as future economic benefits associated with the assets will flow to the Council.

The plant, property and equipment of voluntary aided, voluntary controlled and foundation schools are owned and controlled by the religious body or the trustees of the schools and are therefore not shown on the balance sheet of the Council unless the trustees are the governing body.

The Council does not control the schools' property, plant and equipment owned by the religious bodies or the trustees, there has been no past events which have transferred the ownership or control of the property, plant and equipment to the Council and any future benefits from the property, plant and equipment would be for the benefit of the religious body or trustee and not the Council.

An asset must be controlled by the Council for that asset to be recognised in the single entity accounts. Usage of the asset does not demonstrate control in form or substance without rights that are either legal or substantive.

The religious bodies or trustees own the assets, there has not been a reassignment of those assets to the Council and the rights to the asset are still maintained by the religious body or the trust. The religious bodies or trustees have a legal right to take back these assets.

The religious bodies or trustees have provided a licence for the Council to use the asset however these licenses are not provided in a written form. These licences do not create control of the asset by the Council. The religious bodies or trustees assert their continued control over the asset by permitting the asset to be used for precisely the purpose that the school wishes by the objectives of the religious bodies or trustees being the same as the governing bodies.

The religious bodies or trustees have decided that their asset is to be used as a school and therefore continue to have the rights to the resources in the asset. The continued agreement to permit the schools to use the asset means that the religious bodies or trustees are perpetually reasserting their control, and this has not been passed to the school.

The right of termination of the arrangement at any time by the religious body or trust provides evidence that the risks and rewards of ownership of the asset have not transferred to the Council.

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Details of the value of schools' land and building assets are shown in the notes to the accounts.

### 6.2 PFI and Similar Arrangements

The Council is deemed to control the services provided via its PFI arrangements and to control the residual value of the assets at the end of the contract. The accounting policy for PFIs and similar contracts has been applied to these arrangements and the assets valued at £260.823 (£261.071m in 2021/22) are recognised as Property, Plant and Equipment in the Council's Balance Sheet.

The operators' models were examined to identify the service element of the unitary charge. Where that charge could not be clearly separated the relevant costs were obtained from the models and a margin was applied to the costs to provide an amount for the service costs. The margin used was based on advice received from expert external advisors. The service element of the unitary charge is inflated annually by an agreed indicator (e.g., RPI) as per the contract.

The implicit interest rate (IIR) was calculated by discounting the non-service element of the unitary charge at a rate that brings it back to the fair value of the asset. The fair value of the asset is taken as the construction or refurbishment costs of the scheme. The IIR calculated is compared to the closing swap rate in the financial model to check the reasonableness of the assumptions made.

### 6.3 Investment Properties

The Council has reviewed all assets to ensure they meet the accounting policy for investment properties (i.e., they are solely used to earn rentals and / or for capital appreciation) and as a result, assets valued on that basis totalling £537.407m (£493.722m in 2021/22) are recognised as Investment Properties in the Council's Balance Sheet.

### 6.4 Classification of Financial Assets

Under IFRS9 (Financial Instruments) the default valuation method of the Council's equity holdings would be Fair Value through Profit and Loss. However, it is the Council's view that the majority of its equity instruments are strategic investments (i.e., are not held for trading) and designating these at Fair Value through Other Comprehensive Income results in a reasonable and reliable accounting policy for the investment.

### 6.5 Pooled Budgets

The new Pooled Budget arrangements commenced on 1 April 2021. The accounting arrangements for the Pool are dependent on whether the Council, has control of the fund. The agreement with the Manchester University NHS Foundation Trust (MFT) states that relevant decisions must have unanimous agreement, all members of the fund hold providers to account for delivery of services and risks are borne in line with the agreement. The Council's view is that the Pool should be accounted for as a joint operation and as a result account for its share of the fund's assets, liabilities, expenditure and income.

### 6.6 Lender Option Borrower Option (LOBO) loans

The Council has £310.000m of (LOBO) loans. These loans contain options which allow, on specific dates, the lender to alter the interest rate on the loan, and the Council then has an

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option to decide to either accept the new rate or repay the loan without penalty. These loans have a fixed rate of interest, but the options mean it could change over the life of the loan. This means that there cannot be any certainty as to whether the loans will be paid early, and therefore the Council has treated these loans as fixed loans which will run to their existing maturity.

### 6.7 Composition of the Council's Group

The Council undertakes its activities through a variety of undertakings, either under ultimate control or in partnership with other organisations. Those considered to be material are included in the group accounts. Profit and loss, net worth and value of non-current assets for each organisation are considered as a percentage of the Council's single entity accounts to determine those that are material. Turnover, assets and liabilities (including the pension liability) are assessed individually. An entity could be material but still not consolidated (if all of its business is with the Council and eliminated on consolidation) – i.e., the consolidation would mean that the group accounts are not materially different to the single entity accounts. The assessment of materiality also considers qualitative factors such as whether the Council depends significantly on these entities for the continued provision of its statutory services or where there is concern about the level to which the Council is exposed to commercial risk.

### Note 7. Key Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2023 for which there is a risk of adjustment in the following financial year are:

#### 7.1 Revaluation of Property, Plant and Equipment (PPE)

Property, plant and equipment (with the exception of infrastructure, community assets, assets under construction and small value items of vehicles, plant and equipment) are revalued on a periodic basis and tested annually for indicators of impairment. Judgements are required to make an assessment as to whether there is an indication of impairment. This includes examination of capital expenditure incurred in the financial year to ascertain whether or not it has resulted in an increase in value of an asset. Advice has been provided by valuers engaged by the Council. If the actual results differ from the assumptions the value of PPE will be over or understated. This would be adjusted when the assets were next revalued.

The total PPE carrying value of £3,350m includes the following categories of asset that are subject to revaluation; operational land and buildings, council dwellings and surplus assets. If these assets had a revaluation increase of 1% the carrying value would rise by £24.509m.

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### 7.2 Depreciation of Property, Plant and Equipment.

Assets are depreciated based on useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to maintain the expenditure on repairs and maintenance resulting in uncertainty in the useful lives assigned to assets by the Valuers. If the useful life of assets is reduced depreciation increases and the carrying amount of assets falls.

It is estimated that the annual depreciation charge would increase by £3.947m for every year the useful lives are reduced.

However, due to capital regulations, there would be no impact on the general fund balance.

Percentages have been provided, based on professional judgement, for various components of council houses and flats. These percentages have been applied to the valuations of houses and flats to obtain valuations of the components to which useful lives are applied to calculate the depreciation on council dwellings. If these percentages were amended, the value of the council dwellings and the related depreciation would be over or under stated.

### 7.3 Revaluation of Investment Property

Investment properties are initially measured at cost. After initial recognition they are measured at fair value – highest and best use. The fair value reflects market conditions at the balance sheet date.

It is estimated that the carrying value of investment property of £537.795m would increase by £5.377m for every 1% increase in valuation.

### 7.4 Provision for Business Rate Appeals

The Council has made an in-year provision for a reduction in business rate income of £130.1m due to appeals made against rateable values set by the Valuation Office Agency (VOA). This is based on percentage reductions in rateable values (RV) for hereditaments where there was an outstanding appeal on 31 March 2023. This provision includes the estimated impact on 2022/23 income of appeals anticipated to be lodged in future years. The percentages used for appeals against the 2010 valuation list are based on information from the VOA on the percentage reductions, per category of property and type of appeal, to the valuation list following previously settled appeals. The percentage used for the reduction in the 2017 valuation list is based on the percentage that the 2010 list has fallen by adjusted by the reduction in value that has already occurred as a result of the check, challenge, and appeal process. Appeals raised against hereditaments with larger RVs have been considered separately, along with the interest payable to ratepayers settled after 31 March 2023. This is in line with the Non-Domestic Rating (Payment of Interest) Regulations 1990, which provides that the rate of interest on refunds of overpaid rates, arising from alterations to the rating list should be set at 1% below the standard rate of interest on 15 March of the preceding year. On 15 March 2023 the standard rate was 4.0%; therefore, the rate of interest to be applied in the rating year 2023/24 is 3.0%.

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An increase of 1% in the percentage reduction would have the effect of adding £3.106m to the total provision required (Council's share £3.074m at 99%).

#### 7.5 Pensions Asset

Estimation of the net liability or asset to pay pensions depends on a number of complex judgements relating to the discount rate used, the expected rate of price inflation, the rate at which salaries and pensions are expected to increase, mortality rates and the rate of commutation of pensions. A firm of external actuaries are engaged by the Pension Fund to provide expert advice about the assumptions to be applied and has estimated the asset as £372.2m. This is after adjusting for the credit ceiling which limits the value of the asset to be reported on the balance sheet.

The effects on the net pension liability of changes in individual principal assumptions can be measured. For instance, a 0.1% decrease in the real discount rate assumption would result in an increase in the pension liability of £53.207m, a 1-year increase in member life expectancy being £127.076m, a 0.1% increase in the salary increase rate would result in a £6.191m increase in the pension liability and a 0.1% increase in the pension rate increase (CPI) would result in a £47.759m increase in the pension liability.



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## Note 8. Significant items warranting additional disclosure

The following items of material expenditure occurred during the year:

Impairment including downward revaluation and reversal of past impairment  
 Impairment and revaluation of property plant and equipment and revaluation of investment properties of £56,953,000 (£27,878,000 in 2021/22) has been included within the surplus / deficit on provision of services:

	2021/22 £000s	2022/23 £000s
Adults Social Care	62	173
Children's Services	606	4,005
Corporate Core	0	0
Neighbourhoods and Highways	1,415	7,811
Growth and Development	0	13,907
Council Wide Costs	5,829	4,083
Housing Revenue Account	1,952	8,511
Investment properties	18,014	18,463
<b>Total</b>	<b>27,878</b>	<b>56,953</b>

Note 9. Expenditure and Income Analysis

The Council's expenditure and income is analysed as follows:

	2021/22 £000	2022/23 £000
<b>Expenditure</b>		
Employee Benefit Expenses	635,228	614,901
Other Service Expenses	951,980	994,014
Business Rates Tariff	38,334	35,033
Capital Charges including Depreciation and impairment	145,947	205,692
Interest Payments	35,544	39,385
Pensions Interest Costs	91,110	118,583
Precepts and Levies	67,210	67,844
Payments to Housing Capital Receipts Pool	2,554	0
Loss on Disposal of Non-current Assets	11,626	1,291
<b>Total Expenditure</b>	<b>1,979,533</b>	<b>2,076,743</b>
<b>Income</b>		
Fees, Charges and Other Service Income	(281,978)	(326,745)
Interest and Investment Income	(38,317)	(42,681)
Return on Pension Assets	(69,294)	(102,400)
Capital Charges related income	(47,114)	(53,407)
Council Tax Income	(186,646)	(198,619)
Business Rates Income	(267,535)	(296,936)
Government Grants and Contributions	(1,011,780)	(918,232)
Gain on Disposal of Fixed Assets	(6,069)	(7,365)
<b>Total Income</b>	<b>(1,908,733)</b>	<b>(1,946,385)</b>
<b>Deficit / (Surplus) on the Provision of Services</b>	<b>70,800</b>	<b>130,358</b>

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Note 10. Adjustments between accounting and funding basis under regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice, to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure. It shows the technical items that are removed that do not impact on the funded position and replaces them with other items that are funded.

The table below shows the adjustments made in 2021/22

	Usable Reserves £000s						Unusable Reserves £000's
	General Fund Reserves	Housing Revenue Account Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	Total Usable Reserves	Total Unusable Reserves
Reversal of items debited or credited to the comprehensive income and expenditure statement:							
Depreciation	(61,390)	0	0	0	(23,259)	(84,649)	84,649
Amortisation of intangible assets	(64)	0	0	0	0	(64)	64
Impairment / revaluation losses charged to the comprehensive income and expenditure statement	(7,911)	(1,952)	0	0	0	(9,863)	9,863
Movement in fair value of investment property	18,842	0	0	0	0	18,842	(18,842)
Financing of capital expenditure on council dwellings	0	0	0	0	21,054	21,054	(21,054)
Capital grants and contributions	71,339	2,253	0	26,232	0	99,823	(99,823)
Revenue expenditure funded from capital under statute	(22,716)	(40)	0	(10,598)	0	(33,355)	33,355
Gain / (loss) on disposal of non-current assets	(11,626)	6,069	0	0	0	(5,557)	5,557
Reversal of items relating to retirement benefits debited or credited to the CIES	(156,966)	(38,541)	0	0	0	(195,507)	195,507
Employer's pension contributions and direct payments to pensioners payable in year	56,082	208	0	0	0	56,290	(56,290)
Private finance initiative charges to the HRA	0	3,492	0	0	0	3,492	(3,492)

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	Usable Reserves £000s						Unusable Reserves £000's
	General Fund Reserves	Housing Revenue Account Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	Total Usable Reserves	Total Unusable Reserves
Differences between statutory accounting and amounts recognised as income and expenditure in relation to financial instruments	(658)	0	0	0	0	(658)	658
Amount by which council tax and business rates income adjustment included in the comprehensive income and expenditure statement is different from the amount taken to the general fund in accordance with regulation	113,265	0	0	0	0	113,265	(113,265)
Statutory provision for the repayment of debt - minimum revenue provision	30,122	0	0	0	0	30,122	(30,122)
Statutory provision for the repayment of debt - private finance initiatives	4,231	0	0	0	0	4,231	(4,231)
HRA capital receipts to housing central pool	(2,554)	0	2,554	0	0	0	0
Revenue contribution to finance capital	7,231	17	0	0	0	7,248	(7,248)
Premiums and discounts charged to revenue	532	0	0	0	0	532	(532)
Principal repayment of ex-GMC debt	2,678	0	0	0	0	2,678	(2,678)
Capital receipts received	0	0	(25,162)	0	0	(25,162)	25,162
Use of capital receipts reserve to finance capital expenditure	0	0	12,286	0	0	12,286	(12,286)
Write down of long-term debtor	(24)	0	0	0	0	(24)	24
Capital receipts for long-term debtors	0	0	(10,095)	0	0	(10,095)	10,095
Transfer to short term accumulated absences account	155	0	0	0	0	155	(155)
Reclassification of Dedicated School Grant (DSG)	(445)	0	0	0	0	(445)	445
<b>Total adjustments</b>	<b>40,123</b>	<b>(28,495)</b>	<b>(20,418)</b>	<b>15,633</b>	<b>(2,205)</b>	<b>4,639</b>	<b>(4,639)</b>

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The table below shows the adjustments made in 2022/23

	Usable Reserves £000s					Total Usable Reserves	Unusable Reserves £000's
	General Fund Reserves	Housing Revenue Account Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve		Total Unusable Reserves
Reversal of items debited or credited to the comprehensive income and expenditure statement:							
Depreciation	(76,320)	0	0	0	(23,683)	(100,003)	100,003
Amortisation of intangible assets	(61)	0	0	0	0	(61)	61
Impairment / revaluation losses charged to the comprehensive income and expenditure statement	(29,979)	(8,511)	0	0	0	(38,490)	38,490
Movement in fair value of investment property	22,983	0	0	0		22,983	(22,983)
Financing of capital expenditure on council dwellings	0	0	0	0	23,310	23,310	(23,310)
Capital grants and contributions	68,416	5,046	0	21,122	0	94,584	(94,584)
Revenue expenditure funded from capital under statute	(36,059)	(72)	0	(12,544)	0	(48,675)	48,675
Gain / (loss) on disposal of non-current assets	(1,291)	7,365	0	0	0	6,074	(6,074)
Reversal of items relating to retirement benefits debited or credited to the CIES	(142,959)	(632)	0	0	0	(143,591)	143,591
Employer's pension contributions and direct payments to pensioners payable in year	59,255	349	0	0	0	59,604	(59,604)
Private finance initiative charges to the HRA	0	4,784	0	0	0	4,784	(4,784)
Differences between statutory accounting and amounts recognised as income and expenditure in relation to financial instruments	2,688	0	0	0	0	2,688	(2,688)

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Amount by which council tax and business rates income adjustment included in the comprehensive income and expenditure statement is different from the amount taken to the general fund in accordance with regulation	98,643	0	0	0	0	98,643	(98,643)
Statutory provision for the repayment of debt - minimum revenue provision	32,698	0	0	0	0	32,698	(32,698)
Statutory provision for the repayment of debt - private finance initiatives	4,758	0	0	0	0	4,758	(4,758)
HRA capital receipts to housing central pool	0	0	0	0	0	0	0
Revenue contribution to finance capital	4,971	0	0	0	0	4,971	(4,971)
Premiums and discounts charged to revenue	506	0	0	0	0	506	(506)
Principal repayment of ex-GMC debt	0	0	0	0	0	0	0
Capital receipts received	0	0	(78,711)	0	0	(78,711)	78,711
Use of capital receipts reserve to finance capital expenditure	0	0	56,158	0	0	56,158	(56,158)
Write down of long-term debtor	(1,300)	0	0	0	0	(1,300)	1,300
Capital receipts for long-term debtors	0	0	(17,031)	0	0	(17,031)	17,031
Transfer to short term accumulated absences account	893	0	0	0	0	893	(893)
Reclassification of Dedicated School Grant (DSG)	1,285	0	0	0	0	1,285	(1,285)
Total adjustments	9,127	8,329	(39,584)	8,579	(373)	(13,923)	13,923

Note 11. Private Finance Initiatives and Service Concessions

Undischarged obligations arising from PFI and service concession transactions as at 31 March 2023 were as follows:

Payments/ Scheme	Liability Repayment £000	Lifecycle Costs £000	Interest Charges £000	Service Charges £000	Total £000	Scheme Details
Miles Platting Housing						Miles Platting – housing refurbishment,

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Payments/ Scheme	Liability Repayment £000	Lifecycle Costs £000	Interest Charges £000	Service Charges £000	Total £000	Scheme Details
						maintenance and estate management - services commenced in 2006/07. Total obligation as at start of contract of £496,894,000 to be met from PFI Grant and the Housing Revenue Account. Indexation – RPI Contract expiry - 2037
Payments within 1 year	2,073	3,476	2,343	9,005	16,897	
Payments within 2 to 5 years	9,228	13,902	8,062	39,163	70,355	
Payments within 6 to 10 years	13,515	17,378	6,718	57,094	94,705	
Payments within 11 to 15 years	13,967	13,902	2,299	51,040	81,208	
Sub total	38,783	48,658	19,422	156,302	263,165	
						Plymouth Grove – housing refurbishment, maintenance and estate management - services commenced in 2003/04. Total obligation as at start of contract of £145,785,000 to be met from PFI Grant and the Housing Revenue Account. Indexation – RPI Contract expiry - 2033
<b>Plymouth Grove Housing</b>						
Payments within 1 year	745	730	1,317	2,883	5,675	
Payments within 2 to 5 years	4,067	2,918	4,355	12,139	23,478	
Payments within 6 to 10 years	7,704	3,648	2,633	17,304	31,289	
Sub total	12,515	7,296	8,305	32,326	60,442	
						Temple School – design, build and maintenance of Temple Primary School – services commenced in 2001/02. Total obligation as at start of contract of £14,617,000 to be met from PFI Special
<b>Temple School</b>						
Payments within 1 year	361	0	120	316	797	
Payments within 2 to 5 years	861	0	130	656	1,647	
Sub total	1,222	0	250	973	2,444	

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Payments/ Scheme	Liability Repayment £000	Lifecycle Costs £000	Interest Charges £000	Service Charges £000	Total £000	Scheme Details
						Grant and Dedicated Schools Grant (DSG). Indexation – RPI Contract expiry - 2026
<b>Wright Robinson Sports College</b>						Wright Robinson Sports College - design, build and maintenance of sports college - services commenced in 2007/08. Total obligation as at start of contract of £116,428,000 to be met from PFI Special Grant and Dedicated Schools Grant (DSG). Indexation – RPI Contract expiry - 2032
Payments within 1 year	1,387	461	1,058	1,888	4,795	
Payments within 2 to 5 years	6,505	1,844	3,276	8,156	19,781	
Payments within 6 to 10 years	8,493	1,871	1,435	9,346	21,145	
Sub total	16,386	4,177	5,769	19,390	45,721	
<b>Public Lighting</b>						Public Lighting – refurbishment and maintenance of street lighting and illuminated street signage – services commenced in 2004/05. Total obligation as at start of contract of £164,300,000 to be met from PFI Special Grant and council resources. Indexation – RPI applied Contract expiry - 2030
Payments within 1 year	2,479	620	1,000	2,861	6,959	
Payments within 2 to 5 years	11,412	2,479	2,577	12,268	28,736	
Payments within 6 to 10 years	4,561	775	265	4,321	9,921	
Sub total	18,452	3,873	3,842	19,450	45,617	
<b>Brunswick Housing</b>						Brunswick – housing refurbishment, maintenance and estate management -
Payments within 1 year	1,910	0	3,929	2,547	8,386	



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Payments/ Scheme	Liability Repayment £000	Lifecycle Costs £000	Interest Charges £000	Service Charges £000	Total £000	Scheme Details
Payments within 2 to 5 years	7,391	0	14,195	10,886	32,473	services commenced in 2013/14. Total obligation as at start of contract of £258,236,000 to be met from PFI Grant and the Housing Revenue Account. Indexation – RPIX Contract expiry - 2038
Payments within 6 to 10 years	9,892	0	14,814	14,957	39,663	
Payments within 11 to 15 years	19,787	0	8,393	17,317	45,498	
Payments within 16 to 20 years	6,431	0	322	2,670	9,424	
Sub total	45,411	0	41,654	48,377	135,443	
						Refuse vehicles utilised in the provision of refuse collection services to the Council. The service contract commenced in 2015 and the purchase of new vehicles to be utilised in the contract commenced in 2016. Indexation – Various Contract expiry – 2032
<b>Refuse Vehicles Service Concession</b>						
Payments within 1 year	908	0	50	14,670	15,628	
Payments within 2 to 5 years	2,517	0	80	59,914	62,511	
Payments within 6 to 10 years	374	0	6	66,039	66,419	
Sub total	3,799	0	136	140,623	144,558	
<b>Total</b>	<b>136,568</b>	<b>64,004</b>	<b>79,378</b>	<b>417,441</b>	<b>697,390</b>	

The service charge included above excludes inflation applied annually using the relevant index.

The service charge shown assumes no deductions will be made for poor performance.

The Brunswick Housing liability is being introduced onto the balance sheet as the work is undertaken.

The Refuse Vehicle Service Concession liability is being introduced onto the balance sheet as assets are purchased.

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The Council has six PFI Schemes and one Service Concession as follows:

- Miles Platting, HRA (Housing) Services PFI Scheme
- Plymouth Grove, HRA (Housing) Services PFI Scheme
- Temple Primary School, Children's Services PFI Scheme
- Wright Robinson Sports College, Children's Services PFI Scheme
- Public Lighting, Neighbourhood Services PFI Scheme
- Brunswick, HRA (Housing) Services PFI Scheme
- Refuse Vehicles Service Concession

Each PFI scheme specifies the start dates for the contractor to begin the work as well as improvement dates for cyclical planned maintenance. The contractor makes the property, plant and equipment needed to provide the services available to the Council for the length of the contract. At the end of the contract the ownership of the property, plant and equipment passes to the Council at no extra charge. The management and maintenance contract with the contractor expires at the end of the PFI Scheme, the contractor does not have an automatic right to renew the contract for a further period but is entitled to re-tender for the contract. If the Council defaults on the terms, the contractor can terminate the PFI Scheme. The Council is entitled to terminate the contract if the contractor defaults.

#### HRA (Housing) PFI Schemes

In each of the Housing PFI schemes (Miles Platting, Plymouth Grove, Brunswick) the contractor is contracted to improve a specified group of properties in an area to specified standards (the actual number may be affected by demolitions and tenants exercising their Right to Buy (RTB)).

Each Housing PFI scheme sets out a minimum specification for the standard of maintenance and service provision to the individual properties by the contractor. There are clauses which set out the financial deductions to be applied if these standards are not met.

#### Children's Services PFI Schemes

The School PFI schemes oblige the contractor to construct, fit out and equip new school buildings and facilities as defined and specified in each of the contracts. The contractor is then obliged to manage and maintain the new facilities for the duration of the life of the PFI scheme.

The School PFI schemes have minimum specifications for service provision/availability. If these are breached (e.g., unavailability of a sports pitch), then financial penalties are payable by the contractor.

Work to increase the number of pupil places at Temple Primary School has been completed. The Council funded the capital works at the school. The PFI contract has been amended to include the management and maintenance of the new facility.

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## Neighbourhoods PFI Scheme

The Public Lighting PFI scheme specified that 41,698 streetlights were certified to be replaced during the Initial Apparatus Replacement Programme, plus others to be replaced at others expense (e.g. housing developers). The scheme also includes an Annual Apparatus Replacement Programme where the contractor is required to replace streetlights on a cyclical basis.

Changes to the Public Lighting PFI contract were negotiated in 2017/18. These related to the procurement and installation of low energy LED street lighting technology and a management system for centralised control. The equipment is designed to deliver long term sustainable benefits and revenue savings, whilst providing high quality lighting to recognised standards.

## Refuse Vehicles Service Concession

The contract to provide refuse collection service to the Council stipulates that new vehicles will be purchased by the contractor to provide these services. The nature of the contract means that it must be classified under the IFRIC12 standard as a Service Concession and the vehicles capitalised on the Council's balance sheet.

## Note 12. National Health Services Act 2006 Pooled Funds

Section 75 of the National Health Services Act 2006 enables the establishment of joint working arrangements between NHS bodies and local authorities. Pooled funds enable health bodies and local authorities to work together to address specific health issues.

On 1 April 2021, new arrangements came into place between Manchester City Council (MCC) and Manchester Foundation Trust (MFT) to 'supercharge' Manchester's Local Care Organisation. This included the creation of a new Section 75 (S75) agreement between MCC and MFT which included Adult Social Care services, which were previously made part of the S75 agreement between Manchester Clinical Commissioning Group (MCCG) and MCC.

The Manchester Local Care Organisation was established in 2018 as the delivery vehicle for reducing health inequalities and improving population health of people in Manchester, underpinned by a S75 agreement to facilitate and support the strengthening of the Manchester Local Care Organisation (MLCO) ensuring delivery of integrated community health and adult social care services in Manchester. The pooling of the Better Care Fund forms part of these arrangements. The total MLCO Pooled budget for both health and social care is £301m.

## Better Care Fund

The Better Care Fund has been established by the Government to provide funds to local areas to support the integration of health and social care. It was a requirement of the Better Care Fund that Greater Manchester Integrated Commissioning Board (GM ICB) and the Council establish a pooled fund from 1 April 2015 for this purpose.

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	2021/22 £000's	2022/23 £000's
<b>Funding</b>		
Manchester City Council	(39,299)	(42,454)
Manchester CCG/GM ICB	(81,915)	(86,269)
<b>Total Funding</b>	<b>(121,214)</b>	<b>(128,723)</b>
<b>Expenditure</b>		
New Delivery Models of Integrated Care	81,840	87,623
Protection of Adult Social Care	15,100	15,955
Reablement	13,788	14,583
Care Act Responsibilities	2,003	2,116
Capital Expenditure	8,164	8,483
<b>Total Expenditure</b>	<b>120,895</b>	<b>128,760</b>
Overspend / (Underspend)	(319)	37

The underspend of £37k is due to additional spend on community health equipment.

The Council is the local Social Services Authority for Manchester within the meaning of the Local Authority Social Services Act 1970 and a commissioner and provider of health and social care services to people of all ages in Manchester. The aims and benefits of the partners in entering into this agreement are to:

- give the Council and the GM ICB greater transparency and control over the use of funding to support local integration of health and care services
- realise benefits from integration in terms of efficiencies in how services are delivered, reducing reactive unplanned health and social care activity, and improving long term health outcomes for people.
- deliver reform of the local health and care system based on agreed strategic objectives for the Locality Plan and national conditions for use of the Better Care Fund
- protect health and / or social care as relevant to the partners in so far as this delivers the Better Care Fund national conditions.

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## Note 13. Financing and investment income and expenditure

The table below analyses the figures included in the Comprehensive Income and Expenditure Statement.

	Gross Expenditure 2021/22 £000's	Gross Income 2021/22 £000's	Gross Expenditure 2022/23 £000's	Gross Income 2022/23 £000's
Interest payable on debt	24,581	0	28,968	0
Interest payable on PFI unitary payments	10,963	0	10,417	0
Interest income / expense on the defined benefit pension scheme	91,120	(69,304)	118,583	(102,400)
Investment interest income	0	(37,816)	0	(42,233)
Rentals received on investment properties	0	(25,658)	0	(42,967)
Expenses incurred on investment properties	3,920	0	19,126	0
Change in fair value of investment properties	18,014	(36,856)	18,463	(41,446)
Dividend receivable	0	(501)	0	(448)
Impairment loss on debtors	6,709	0	4,897	0
Impairment of financial assets	711	0	(2,350)	0
(Gain)/Loss on trading accounts	0	17	0	0
<b>Total</b>	<b>156,018</b>	<b>(170,118)</b>	<b>198,104</b>	<b>(229,494)</b>

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## Note 14. Taxation and non-specific grant income

The table below analyses the figure included in the taxation and non-specific grant income line of the Comprehensive Income and Expenditure Statement.

	2021/22 £000	2022/23 £000	
Council Tax Income	(186,646)	(198,619)	(a)
Business Rates Income	(267,514)	(296,936)	(b)
Business Rates Tariff	38,334	35,033	(c)
Business Rates Section 31 Grants	(128,544)	(64,003)	(d)
Enterprise Zone Relief Grant	(860)	(486)	
Tax Income Guarantee	(276)	0	
Education Services Grant	(1,200)	(1,150)	
New Homes Bonus Grant	(8,330)	(9,857)	(e)
Housing Benefit and Council Tax Support Administration Grant	(3,999)	(3,987)	
Local Council Tax Support Grant	(5,711)	0	(f)
Returned Business Rates Growth Levy Share	0	(1,499)	(g)
Private Finance Initiative Grant (General Fund)	(6,580)	(6,580)	
Improved Better Care Fund	(30,816)	(31,749)	(h)
Lower Tiers Services Grant	(1,237)	(1,328)	
Children's and Adults Social Care Grant	(23,877)	(31,924)	(i)
Services Grant	0	(12,324)	(j)
COVID-19 Emergency Funding	(22,229)	0	(k)
COVID-19 Sales, Fees and Charges	(3,595)	0	
COVID New Burdens Grant	(233)	(801)	
Other Revenue Grants	(179)	(152)	
Adjustment on concessionary interest loan	400	329	
Capital Grants and contributions	(73,592)	(73,462)	(l)
<b>Total taxation and non-specific grant income</b>	<b>(726,684)</b>	<b>(699,496)</b>	

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- a. Council Tax Income has increased by £12m due to an increase in the Council Tax Base of 6.7% and Council Tax Rate increase of 3.99%.
- b. Roll back of Extended Retail and Nursery Discount from an average of 75% in 2021/22 to 50% in 2022/23 with national caps to retail, hospitality, leisure and nurseries businesses. In addition, Business rates collection in 2022/23 was 97.29%, up 2.50% from 94.79% in 2021/22; and up 9.38% from 87.91% in 2020/21
- c. Business Rates Tariff is the amount paid to government to adjust income from business rates and bring it into line with the government's assessment of baseline funding level required.
- d. Business Rates Section 31 grants are paid by government to compensate authorities for loss of business rates income due government policy announcements. These include the extension small business rates relief, capping the increase in business rates to 2% along with other measures announced in the Government's Budget Statements. The reduction in Extended Retail and Nursery Discount in 2022/23 has been the main reason for the reduction in Section 31 grants.
- e. New Homes Bonus (NHB) grant reduced from a three year to a two year legacy payment in 2021/22 and continued in 2022/23 in line with the government plan to wind down this funding incentive. The government has consulted on a replacement for New Homes Bonus, although this has been confirmed for 2023/24 also.
- f. Local Tax Support Grant, was announced in the Spending Review for 2021/22, to provide additional local council tax support in 2021/22 to support households facing financial difficulties because of the pandemic. This funding was removed in 2022/23.
- g. Returned Business Rates Levy Share. As part of the Final Settlement announcement in February 2023, Government announced return of the Levy account surplus to authorities. The Levy account receives levies on rates growth above a baseline set by Government from certain authorities. Under statute this funding is to be returned to local authorities and the Council's share is £1.499m.
- h. The Improved Better Care Fund is allocated to local authorities to fund social care. From 2017 the Spending Review made available social care funds for local government. The Council's allocation in 2022/23 increased by £934k to £31.749m.
- i. The Children's and Adults Social Care Grant was announced in the October 2018 budget with the stated aim of reducing demand on the NHS and improving the social care offer for older people, people with disabilities and children.
- j. Services Grant is a new government grant from 2022/23 to provide funding to all tiers of local government in recognition of the vital services delivered at every level of local government.

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k. COVID Emergency Funding and COVID Sales, Fees and Charges income loss funding ended in 2021/22, with no further un-ringfenced funding provided in 2022/23.

l. The Capital Grants and Contributions include Basic Need Grant (to fund additional school places), Schools Capital Maintenance Funding, Disabled Facilities Grant for adaptations to homes, Arts Council England grant funding for the Factory project, Public Sector Decarbonisation grant funding, Housing Infrastructure Fund grant funding and contributions from developers.

#### Note 15. Revenue grants credited to the Comprehensive Income and Expenditure Statement

The table below analyses the revenue grants credited to Net Cost of Services in the Comprehensive Income and Expenditure Statement

	2021/22 £000s	2022/23 £000s	
Dedicated Schools Grant	(328,019)	(342,602)	
Pupil Premium	(23,783)	(24,530)	
Housing and Council Tax Support	(169,755)	(165,590)	(a)
Private Finance Initiative Grant (Housing Revenue Account)	(23,374)	(23,374)	
Learning and Skills Council Grants	(7,825)	(8,031)	
Asylum Seekers Grant	(9,827)	(11,529)	(b)
Universal Free School Meals Grant	(3,157)	(3,060)	
Sixth Form Funding Grant	(445)	(541)	
Troubled Families Grant	(3,090)	(3,782)	
Independent Living Fund	(1,984)	(1,984)	
Youth Justice Board Grants	(1,291)	(2,205)	
Department for Education - (Inherited Staff Liabilities)	(861)	(694)	
Homelessness, Rough Sleepers, Accommodation for Ex Offenders and Staying Put Grant	(11,666)	(5,048)	(c)
Homeless Prevention Grant	(1,158)	(3,905)	(d)
PE and Sports Grant	(2,138)	(1,874)	
Teachers Pay Grant	(194)	(181)	
Additional School Grant including Teacher Pension grant for maintained schools and COVID emergency support for schools	(7,174)	(14,571)	(e)
Public Health Grants	(1,383)	(2,104)	
COVID 19 Grants	(23,885)	0	(g)
Business Support Grant	(5,310)	0	(g)
Household Support Fund	(6,453)	(12,906)	(h)
Afghan Resettlement Grant	0	(11,095)	(i)
Domestic Abuse Grant	0	(3,628)	(j)
New Burdens Council Tax Energy Rebate Scheme	0	(317)	



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	2021/22 £000s	2022/23 £000s	
Market Sustainability Fair Cost of Care	0	(1,800)	(k)
SAFE Taskforce (schools)	0	(1,589)	(l)
Council Tax Energy Rebate (Discretionary scheme)	0	(1,626)	(m)
Family Hub Grant	0	(888)	
Domestic Abuse Grant	0	(1,658)	(n)
Other Grants	(4,028)	(4,482)	(o)
<b>Total revenue grants credited to the Comprehensive Income and Expenditure Statement</b>	<b>(636,801)</b>	<b>(655,593)</b>	

(a) Housing and Council Tax Support grants have reduced in line with lower expenditure as a result of fewer claimants and more residents moving to Universal Credit.

(b) Asylum Seekers Grant increase is due to an increased number of unaccompanied asylum seeking children along with those leaving care.

(c) Homelessness grants have reduced due to removal of one off ringfenced grants received in 2021/22. In 2022/23 this includes Homelessness Grant, Rough Sleepers Initiative Grant, Staying Put Grant, Accommodation for Ex Offenders and Rough Sleeping Accommodation Programme.

(d) Home Office Prevent Strategy is part of the Government's Counter Terrorism Strategy, which aims to prevent people from becoming a terrorist or supporting terrorism of any form.

(e) Additional School increase is due to Supplementary grant of £5.621m announced by the Government following the Autumn 2021 Spending Review, the additional funds are intended to reflect the additional cost of the Health and Social Care Levy and other inflationary cost increases that local authorities and schools faced in 2022/23. From 2023/24 this will be part of school's core funding; and the new £456k Alternative Provision Taskforce Grant. The 2022/23 level also includes new Ukraine and Afghan School Grant and £0.513m Teachers Pension Grant.

(g) COVID 19 grants and Business Support Grant ended in 2021/22.

(h) Household Support Fund was distributed by councils in England to directly help those who needed it most. The grant was distributed through small payments to support vulnerable households meet daily needs such as food, clothing, and utilities. This was extended to 2022/23, and then to 2023/24 in the Chancellor's Autumn Statement.

(i) Afghan Resettlement Grant to support the resettlement of Afghan nationals into the UK. The council received £11.095m in 2022/23.

(j) Homes for Ukraine Grant - The government has provided funding at a rate of £10,500 per person to councils to enable them to provide support to families to rebuild their lives and fully integrate into communities. The Council received £3.628m in 2022/23.

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(k) Market Sustainability Fair Cost of Care funding of £1.800m for the Manchester Local Care Organisation to support the sustainability of the 65+ care home market and the 18+ domiciliary care market (including domiciliary care providers who operate in extra care settings).

(l) SAFE Taskforce (schools) funding of £1.589m for young people who are most at risk of serious violence or gang exploitation and provide targeted support to keep them engaged in education and attending lessons.

(m) Council Tax Energy Rebate Discretionary scheme funding of £1.626m to provide support to people on low incomes or in vulnerable groups in addition to the Council Tax Energy Rebate Core Scheme.

(n) Domestic Abuse Grant of £1.658m following introduction of the Domestic Abuse Act 2021 which places new duties on local authorities across England to ensure that victims of domestic abuse and their children can access the right support in safe accommodation when they need it.

(o) Other Grants of lower amounts including Community voices, Home Office grant for elections, Talk English Grant, DEFRA, HMP Library services and Department of Transport grant.

Note 16. Officers' Emoluments and Senior Employees' Remuneration

Employee Remuneration

The Accounts and Audit Regulations require the disclosure of employees' remuneration in excess of £50,000 excluding the remuneration details of the Council's senior employees, which are disclosed separately. [2](#)

Non schools-based staff

The number of non-schools-based staff in each salary band over £50,000 split between those staff who have not received severance or other related payments and those who have is shown below.

	2021/22 Staff Who Have Not Received Severance or Other Related Payments	2021/22 Staff Who Have Received Severance or Other Related Payments	2021/22 Total	2022/23 Staff Who Have Not Received Severance or Other Related Payments	2022/23 Staff Who Have Received Severance or Other Related Payments	2022/23 Total
£50,000 - £54,999	140	0	140	194	0	194
£55,000 - £59,999	65	0	65	87	0	87
£60,000 - £64,999	19	0	19	29	0	29
£65,000 - £69,999	24	0	24	20	0	20
£70,000 - £74,999	14	0	14	24	0	24
£75,000 - £79,999	18	0	18	18	0	18
£80,000 - £84,999	10	0	10	13	0	13
£85,000 - £89,999	11	0	11	5	0	5
£90,000 - £94,999	10	0	10	20	0	20
£95,000 - £99,999	2	0	2	2	0	2
£100,000 - £104,999	5	0	5	2	0	2
£105,000 - £109,999	4	0	4	4	0	4
£110,000 - £114,999	2	0	2	4	0	4
£120,000 - £124,999	2	0	2	1	0	1
£125,000 - £129,999	0	0	0	2	0	2
£135,000 - £139,999	1	0	1	1	0	1

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	2021/22 Staff Who Have Not Received Severance or Other Related Payments	2021/22 Staff Who Have Received Severance or Other Related Payments	2021/22 Total	2022/23 Staff Who Have Not Received Severance or Other Related Payments	2022/23 Staff Who Have Received Severance or Other Related Payments	2022/23 Total
£145,000 - £149,999	1	0	1	0	0	0
Total	328	0	328	426	0	426

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Schools based staff

The number of schools-based staff in each salary band over £50,000 split between those staff who have not received severance or other related payments and those who have is shown below.

	2021/22 Staff Who Have Not Received Severance or Other Related Payments	2021/22 Staff Who Have Received Severance or Other Related Payments	2021/22 Total	2022/23 Staff Who Have Not Received Severance or Other Related Payments	2022/23 Staff Who Have Received Severance or Other Related Payments	2022/23 Total
£50,000 - £54,999	87	0	87	85	0	85
£55,000 - £59,999	51	0	51	60	0	60
£60,000 - £64,999	31	0	31	22	0	22
£65,000 - £69,999	16	0	16	24	0	24
£70,000 - £74,999	15	0	15	17	0	17
£75,000 - £79,999	16	0	16	15	0	15
£80,000 - £84,999	4	0	4	10	0	10
£85,000 - £89,999	7	0	7	6	0	6
£90,000 - £94,999	9	0	9	7	0	7
£95,000 - £99,999	1	0	1	2	0	2
£100,000 - £104,999	1	0	1	2	0	2
£105,000 - £109,999	2	0	2	0	0	0
£110,000 - £114,999	0	0	0	1	1	2
£115,000 - £119,999	2	0	2	1	0	1
£120,000 – £124,999	0	0	0	2	0	2
£130,000 - £134,999	1	0	1	0	0	0
<b>Total</b>	<b>243</b>	<b>0</b>	<b>243</b>	<b>254</b>	<b>1</b>	<b>255</b>

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Senior Employees' Remuneration

The following Council employees are classed as senior employees as they received a salary in excess of £150,000 (disclosed by name) or received a salary in excess of £50,000 and are part of the Council's Strategic Management Team or are in a designated post that is required to be disclosed (disclosed by job title)

Senior Employees' Remuneration	Salary, Fees or Allowances		Employer's Contribution to Pension		Total including Pension Contributions	
	2021/22 £	2022/23 £	2021/22 £	2022/23 £	2021/22 £	2022/23 £
Chief Executive (Head of Paid Service), Joanne Roney	211,584	213,509	39,143	39,499	250,727	253,008
Deputy Chief Executive and City Treasurer (Section 151 Officer), Carol Culley	159,566	161,491	29,520	29,876	189,086	191,367
City Solicitor (Monitoring Officer), Fiona Ledden	148,701	150,626	27,510	27,866	176,211	178,492
Strategic Director (Neighbourhoods) (a)	138,357	68,851	25,596	0	163,953	68,851
Strategic Director (Neighbourhoods) (b)	0	109,481	0	20,033	0	129,514
Strategic Director of Children and Education Services, Paul Marshall	148,701	150,626	27,510	27,866	176,211	178,492
Executive Director of Adult Social Services, Bernadette Enright	138,357	150,626	25,596	27,866	163,953	178,492
Director of Education	120,486	122,411	22,290	22,646	142,776	145,057
Strategic Director (Development) (c)	41,572	0	7,691	0	49,263	0
Strategic Director (Development) (d)	58,810	131,377	10,880	24,305	69,690	155,682
Director of Population, Health and Wellbeing (Director of Public Health)	110,486	116,458	15,888	16,747	126,374	133,205
Assistant Chief Executive (e)	0	108,121	0	18,978	0	127,099
Project Director (Our Town Hall), Paul Candelent (f)	0	150,626	0	27,866	0	178,492
<b>Total</b>	<b>1,276,620</b>	<b>1,634,203</b>	<b>231,624</b>	<b>283,548</b>	<b>1,508,244</b>	<b>1,917,751</b>

There were no expenses allowances, severance payments or employer contributions to early retirement costs in relation to any of the officers disclosed above in 2021/22 and 2022/23

- (a) The post-holder was on phased retirement during 2022/23 and left the Council on 31 March 2023
- (b) The current post-holder commenced on 1 June 2022
- (c) The post-holder commenced on 22 June 2020 and left the Council on 11 July 2021
- (d) The current post-holder commenced on 18 October 2021
- (e) The Assistant Chief Executive is a redesignated post effective from 1 April 2022 and reports directly to the Chief Executive (Head of Paid Service) from that date
- (f) The Project Director for the Our Town Hall project qualified for inclusion in this year's note as the salary for the post satisfied the definition of a senior employee. ☐

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Note 17. Exit Packages

The number of agreed exit packages and the total cost of these within each band is shown below. The total cost figures shown include severance, early retirement and any compensation for loss of office payments that have been agreed at the year end.

Non schools-based staff

	2021/22 Number of Staff Departures Agreed	2021/22 Total Cost of Exit Packages £000s	2022/23 Number of Staff Departures Agreed	2022/23 Total Cost of Exit Packages £000s
£0 - £20,000	42	378	10	47
£20,001 - £40,000	16	392	2	53
£40,001 - £60,000	1	51	1	55
<b>Total</b>	<b>59</b>	<b>821</b>	<b>13</b>	<b>155</b>

There were no compulsory redundancies in relation to non schools-based staff during 2021/22 and 2022/23

Schools-based staff

	2021/22 Number of Compulsory Redundancies	2021/22 Number of Other Staff Departures Agreed	2021/22 Total Number of Exit Packages	2021/22 Total Cost of Exit Packages	2022/23 Number of Compulsory Redundancies	2022/23 Number of Other Staff Departures Agreed	2022/23 Total Number of Exit Packages	2022/23 Total Cost of Exit Packages
£0 - £20,000	0	66	66	473	2	54	56	468
£20,001 - £40,000	0	6	6	180	0	6	6	141
£40,001 - £60,000	0	1	1	51	0	3	3	141
<b>Total</b>	<b>0</b>	<b>73</b>	<b>73</b>	<b>704</b>	<b>2</b>	<b>63</b>	<b>65</b>	<b>750</b>

The table above accounts for 2 compulsory redundancies within schools at a cost of £33,767

Note 18. Audit Fees



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The following amount of fees have been incurred for work carried out by the external auditors:

	2021/22 £000	2022/23 £000
Fees payable to Mazars with regard to external audit services carried out by the appointed auditor	159	189

Note 19a. Property, Plant and Equipment

Movements on property, plant and equipment during 2022/23 were as follows:

	Property, Plant and Equipment						
	Council Dwellings £000s	Other Land and Buildings £000s	Vehicles, Plant, and Equipment £000s	Community Assets £000s	Assets Under Construction £000s	Surplus Assets £000s	Total £000s
<b>Movement in 2022/23</b>							
Gross book value brought forward	744,818	1,308,532	141,109	41,033	329,963	156,858	2,722,313
Accumulated depreciation and impairment brought forward	(341)	(66,795)	(73,277)	(853)	0	(2,977)	(144,243)
<b>Net book value carried forward as at 1 April 2022</b>	744,477	1,241,737	67,832	40,180	329,963	153,881	2,578,070
Additions	21,130	48,755	5,686	1,614	192,269	993	270,447
Revaluations recognised in revaluation reserve	25,884	97,603	0	0	0	20,378	143,865
Downward Revaluations recognised in deficit / surplus on the provision of services	(7,576)	(20,918)	0	0	0	(3,598)	(32,092)
Derecognition – disposals	0	(5,563)	0	0	0	(945)	(6,508)

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	Property, Plant and Equipment						
	Council Dwellings £000s	Other Land and Buildings £000s	Vehicles, Plant, and Equipment £000s	Community Assets £000s	Assets Under Construction £000s	Surplus Assets £000s	Total £000s
Transferred (to) held for sale assets	(12,565)	(31,404)	0	0	0	(19,267)	(63,236)
Other transfers	3,815	(12,281)	(213)	686	4,082	151	(3,760)
Other movements in cost or valuation - newly recognised PFI assets	935	0	614	0	0	0	1549
Depreciation	(23,332)	(31,055)	(11,137)	0	0	(92)	(65,616)
Impairments charged to the deficit / surplus on the provision of services	(935)	(4,925)	(53)	0	0	0	(5,913)
Impairments covered by the revaluation reserve	(13,481)	(6,869)	0	0	0	0	(20,350)
<b>Net book value carried forward as at 31 March 2023</b>	<b>738,352</b>	<b>1,275,080</b>	<b>62,729</b>	<b>42,480</b>	<b>526,314</b>	<b>151,501</b>	<b>2,796,456</b>
Gross book value carried forward	739,065	1,351,624	146,645	43,333	526,314	153,259	2,960,240
Accumulated depreciation and Impairment carried forward as at 31 March 2023	(713)	(76,544)	(83,916)	(853)	0	(1,758)	(163,784)
<b>Net book value carried forward as at 31 March 2023</b>	<b>738,352</b>	<b>1,275,080</b>	<b>62,729</b>	<b>42,480</b>	<b>526,314</b>	<b>151,501</b>	<b>2,796,456</b>

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Movements on property, plant and equipment during 2021/22 were as follows:

	Property, Plant and Equipment						
	Council Dwellings £000s	Other Land and Buildings £000s	Vehicles, Plant, and Equipment £000s	Community Assets £000s	Assets Under Construction £000s	Surplus Assets £000s	Total £000s
<b>Movement in 2021/22</b>							
Gross book value brought forward	623,171	1,157,178	119,666	34,077	229,320	163,044	2,326,456
Accumulated depreciation and impairment brought forward	24	(58,776)	(63,389)	(853)	0	(2,860)	(125,854)
<b>Net book value carried forward as at 1 April 2021</b>	<b>623,195</b>	<b>1,098,402</b>	<b>56,277</b>	<b>33,224</b>	<b>229,320</b>	<b>160,184</b>	<b>2,200,602</b>
Additions	19,822	27,649	20,290	4,458	139,356	1,557	213,132
Revaluations recognised in revaluation reserve	133,072	133,105	0	0	0	7,370	273,547
Downward Revaluations recognised in deficit / surplus on the provision of services	0	(1,872)	0	0	0	(5,700)	(7,572)
Derecognition – disposals	0	(5,750)	0	0	0	(7,671)	(13,421)
Transferred (to) held for sale assets	(8,167)	(4,524)	0	0	0	(4,097)	(16,788)
Other transfers	12,437	23,839	1,174	2,498	(38,713)	2,634	3,869
Other movements in cost or valuation - newly recognised leased / PFI assets	811	0	(21)	0	0	0	790
Depreciation	(22,958)	(28,920)	(9,826)	0	0	(396)	(62,100)
Impairments charged to the deficit / surplus on the provision of services	(1,952)	(148)	(62)	0	0	0	(2,162)
Impairments covered by the revaluation reserve	(11,783)	(44)	0	0	0	0	(11,827)
<b>Net book value carried forward as at 31 March 2022</b>	<b>744,477</b>	<b>1,241,737</b>	<b>67,832</b>	<b>40,180</b>	<b>329,963</b>	<b>153,881</b>	<b>2,578,070</b>

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	Property, Plant and Equipment						
	Council Dwellings £000s	Other Land and Buildings £000s	Vehicles, Plant, and Equipment £000s	Community Assets £000s	Assets Under Construction £000s	Surplus Assets £000s	Total £000s
Gross book value carried forward	744,818	1,308,532	141,109	41,033	329,963	156,858	2,722,313
Accumulated depreciation and Impairment carried forward as at 31 March 2022	(341)	(66,795)	(73,277)	(853)	0	(2,977)	(144,243)
Net book value carried forward as at 31 March 2022	744,477	1,241,737	67,832	40,180	329,963	153,881	2,578,070

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**Note 19b. Infrastructure assets**

In accordance with the temporary relief offered by the Update to the Code on Infrastructure Assets this note does not disclose gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resulting information deficits mean that this would not faithfully represent the asset position to the users of the financial statements

The Council has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

The Council has determined that in accordance with the new Regulation 30M of the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

	£000s
Net book value as at 1 April 2022	552,732
Movement in 2022/23	
Additions	35,194
Other transfers	(302)
Depreciation	(34,387)
Net book value carried forward at 31 March 2023	553,237

	£000s
Net book value as at 1 April 2021	538,992
Movement in 2021/22	
Additions	38,224
Transfer (to) held for sale assets	0
Other transfers	(1,935)
Depreciation	(22,549)
Net book value carried forward at 31 March 2022	552,732

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## Note 20. Disposal of Assets

The note below shows the value of assets disposed of and the gain and loss on disposal.

	2021/22 £000	2022/23 £000
<b>Disposals of Assets</b>		
Held for Sale - Council dwellings (right to buy)	8,302	12,565
Other HRA disposals		86
Held for Sale - General Fund	9,132	54,895
Academy Disposals	0	5,563
Other General Fund Disposals	13,285	859
<b>Total</b>	<b>30,719</b>	<b>73,968</b>

## (Gains) and Losses on Disposal of Non-current Assets

	2021/22 £000	2022/23 £000
Held for Sale - Council dwellings (right to buy)	(4,725)	(4,846)
HRA Other	(1,344)	(2,519)
Held for Sale General Fund	1,611	9,443
Academy Disposals	0	5,563
Other General Fund Disposals and other Capital Receipts	10,015	(13,715)
<b>Total</b>	<b>5,557</b>	<b>(6,074)</b>

## Note 21. Accounting for Local Government Schools

The Council has the following maintained schools:

	Community	Voluntary Controlled	Voluntary Aided	Foundation
Number of schools at 31 March 2023	53	13	40	2
Value of land and buildings at 31 March 2023	£411,849,000	N/A	N/A	£18,471,000
Value of land and buildings at 31 March 2022	£384,121,000	N/A	N/A	£18,883,000

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## Non-Current assets

The treatment of land and buildings for each type of school is based on the legal framework underlying each type of school. The Council controls the non-current assets of community schools and foundation schools that are vested with the governing body and therefore the land and buildings of those schools are shown on the Council's balance sheet. The land and buildings of voluntary aided, voluntary controlled and foundation schools that are vested with an external trust are owned and controlled by the trustees of the schools or the foundation body and are therefore not shown on the balance sheet of the Council.

Capital expenditure on community and foundation schools vested with the governing body schools is added to the balances for those schools as reported in property, plant and equipment (note 19a). Capital expenditure on voluntary aided, voluntary controlled and foundation schools vested with an external trust is treated as REFCUS (Revenue Expenditure Funded from Capital under Statute) expenditure and written off each year to the Comprehensive Income and Expenditure Statement within the Children's Services line.

## Revenue Funding

Dedicated Schools Grant (DSG) is a ring-fenced government grant used to fund the running costs of schools and is credited to the Comprehensive Income and Expenditure Statement within gross income on the Children's Services line based on amounts due from the Department for Education. The running costs of all categories of schools, apart from academies, are shown within the Comprehensive Income and Expenditure Statement.

The DSG is allocated between central council budget and budgets allocated to individual schools (delegated school budgets). Expenditure from central council budgets and delegated schools' budgets is charged to the Comprehensive Income and Expenditure Statement under the Children's Services line.

Individual schools' balances, for all categories of schools apart from academies, are included in the balance sheet of the Council within usable reserves (note 38).

Included within the Council's Comprehensive Income and Expenditure Statement and Balance Sheet are the following amounts relating to each category of school.

	Community £000s	Voluntary Controlled £000s	Voluntary Aided £000s	Foundation £000s	Total £000s
Opening schools' reserves	12,167	2,082	5,061	776	20,086
Funding, including DSG	177,795	33,746	98,896	7,213	317,650
Net expenditure incurred by schools	(179,468)	(33,776)	(100,464)	(7,513)	(321,221)
Closing schools' reserves	10,494	2,052	3,493	476	16,515

Note 22. Heritage Assets

Movements on heritage assets during 2022/23 were as follows:

	Fine Art Works £000's	Civic Plate £000's	Town Hall Sculptures £000's	Monuments, Statues, Fountains, Buildings and other Civic Regalia £000's	Total £000's
Cost or valuation					
Balance at 1 April 2022	613,434	2,959	2,962	17,957	637,312
Additions/ Donations				72	72
Revaluations	1,909				1,909
Transfers	(19)				(19)
Balance at 31 March 2023	615,343	2,959	2,962	18,010	639,274

Movements on heritage assets during 2021/22 were as follows:

	Fine Art Works £000's	Civic Plate £000's	Town Hall Sculptures £000's	Monuments, Statues, Fountains, Buildings and Civic Regalia £000's	Total £000's
Cost or valuation					
Balance at 1 April 2021	611,958	2,959	2,962	17,923	635,802
Additions/ Donations	0	0	0	34	34
Revaluations	1,476	0	0	0	1,476
Balance at 31 March 2022	613,434	2,959	2,962	17,957	637,312



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## a) Heritage Assets Nature and Scale of Assets Held

Manchester City Galleries (Manchester Art Gallery, Platt Hall and Queens Park Conservation Studios) currently holds around 46,900 objects in trust on behalf of the People of Manchester. The collection comprises of approximately 14,400 items of fine art, 10,400 items of decorative art, and 22,000 items of costume.

In addition to the MCG collections, the Libraries, Information and Archives Service holds a collection of rare books, records and archives that have heritage significance relating to Manchester but are also of national significance.

Heritage furniture, civic plate and Lord Mayor's regalia, sculpture, paintings from the Town Hall collection (and also some paintings from the MCG collection) are displayed in appropriate public spaces, selected offices and meeting rooms.

Manchester City Galleries' (MCG) collections are covered by the Greater Manchester Act 1981 whereby financially motivated disposal is prohibited by the Act. Further details can be found in the following documents:

- Manchester Art Gallery Collection Development Policy 2021
- Resource and Governance Overview and Scrutiny Committee 17 November 2011 – Heritage Assets Report

## b) Heritage Asset Management and Preservation

## Manchester City Galleries Collection

The management and care of the collection is overseen by the Senior Operational Lead, in partnership with the Senior Curator, Collection Manager and Conservation Manager.

Public access to the collections and collection information is delivered in a variety of ways:

- Gallery displays and temporary exhibitions at Manchester Art Gallery.
- Education and learning activities.
- Web-based information, including the galleries website with searchable database, social networking sites, and the Art UK website.
- Access in store to researchers and interested individuals/groups by arrangement.
- Loans out to UK and international museums and galleries, or other venues.

The collections are assessed and conserved in the conservation studios at Queens Park by highly specialised, fully trained conservators.

The condition of the art works is maintained through a programme of effective collection care to reduce damage and deterioration by reducing risk from physical damage (including handling), theft and vandalism, fire and water/flood, inappropriate relative humidity, light and pollutants.

Further details can be found in the following documents:

- Manchester City Galleries Constitution
- Manchester Art Gallery Business Plan 2023-2026
- Manchester City Galleries Procedures Manual 2016

## Manchester City Council Annual Statement of Accounts 2022/23

- Manchester City Galleries Collections Development Policy 2021-2024
- Manchester City Galleries Loans Policy 2019-2021
- Manchester City Galleries Conservation and Collection Care Policy 2016 -2019
- Manchester City Galleries Handling Guidelines 2016
- Manchester City Galleries Collection Information Policy 2020-2023

#### The Town Hall Collection

The Town Hall Collection includes sculpture, fine art, silver, textiles, photographs and social history material. The collection is currently the responsibility of the Our Town Hall Curatorial Manager who manages a Collections Officer and a Paintings Conservator. Details of the collections are held on the EMu collections management database.

As part of the Our Town Hall project, considerable conservation work is being undertaken on the collection. This focuses primarily on the collection that will be returned to public display or for use in public rooms. The paintings, furniture and sculpture collection will all be assessed and conserved accordingly.

The Collection is managed according to the Town Hall Collections Development Policy which was approved by the Our Town Hall Strategic Board in 2022.

#### The Lord Mayor's Regalia

The Lord Mayors regalia is frequently used and is therefore cared for and managed by the Civic and Ceremonial team. The material is kept in two safes in the Town Hall Extension.

#### c) Heritage Assets Accounting Policies

##### Manchester City Galleries Collections

Specified items (those valued over £100,000) are included in the balance sheet at market valuation.

In the case of loss or damage the recoverable amount may be less than the full market valuation as works over £200,000 are insured at 75% of market value up to a threshold cap of £7,000,000.

Non-specified works are grouped. Where they have a market valuation, they are included in the balance sheet at that value, otherwise the insurance valuation has been used.

Over the course of the year the valuations of works which are due to go out on loan are checked and amended if necessary. Valuations are also updated on an incidental basis if a curator becomes aware that a particular work may have increased or decreased in value based on comparative works sold at auction. Changes in value during 2022/23 resulted in an increase in value of £1,909,000 (2021/22 £1,476,000 increase).

##### Civic Plate / Lord Mayors Regalia / Model of HMS Manchester

These items are included in the balance sheet at insurance valuation.

##### Sculptures

The sculptures are deemed to have indefinite lives; hence the Council does not consider it appropriate to charge depreciation.

## Manchester City Council Annual Statement of Accounts 2022/23

### Furniture

These items are included in the balance sheet at a nominal value until a more detailed and appropriate valuation can be obtained. The assets within this category are deemed to have indeterminate lives; hence the Council does not consider it appropriate to charge depreciation

The majority of the heritage furniture, paintings and social history material (including civic gifts) from the Town Hall have been moved to an offsite storage location during the Town Hall restoration project. A selection of furniture and the Lord Mayor's regalia has been retained for use in the Lord Mayor's rooms in Central Library. The Town Hall sculpture collection has been relocated to various venues within the Council's Estate, or on loan to other venues in the city.

### Statues and Monuments in the Public Realm

These items are included in the balance sheet at a nominal value plus some relocation and enhancement costs.

The assets will be included at this value until a more detailed and appropriate valuation can be obtained.

The assets within this category are deemed to have indefinite lives; hence the Council does not consider it appropriate to charge depreciation.

### d) Heritage Assets carried as other asset types

#### Listed Buildings

Manchester has 84 listed buildings and related assets such as the Town Hall, Central Library, Heaton Hall, bridges and areas of parks. The Council also has custody of scheduled ancient monuments including the City Centre Hanging Bridge and the moated sites to Clayton Hall and Peel Hall in addition to a number of other monuments, statues and fountains.

Listed buildings, such as the Town Hall complex, are actively used in the delivery of Council services. In accounting terms, they have been classified as operational assets and reported and valued as Property, Plant and Equipment in the same way as other assets of this type

#### Statues / Fountains

Statues and Fountains situated in open spaces are classified as street furniture. As no insurance valuation is available and cannot be obtained at a cost which is commensurate with the benefits to users of the financial statements these assets have not been recognised in the balance sheet.

#### Rare Books, Records and Archives

Rare books, records and archives that have heritage significance relating to Manchester. As no insurance or market valuation is available and cannot be obtained at a cost which is commensurate with the benefits to users of the financial statements these assets have not been recognised in the balance sheet.

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## Note 23. Valuation of Property, Plant and Equipment

The Council's non-current assets are valued on the balance sheet in accordance with the statement of asset valuation principles and guidance notes issued by the Royal Institution of Chartered Surveyors (RICS):

- plant and machinery are included in the valuations of buildings when it is an integral part of the building
- properties classified as operational, excluding council dwellings, were valued on the basis of net realisable value in existing use or, where a market did not exist, on the basis of depreciated replacement cost
- council dwellings were valued at existing use value - social housing
- community assets and infrastructure have been valued at historic cost net of depreciation
- assets under construction are held at historic cost until brought into use.
- surplus assets have been valued on the basis of market value for the highest or best use

Depreciation has been calculated using a straight-line method (i.e., apportioned equally over each year of the life of the asset) for all assets. The estimated useful life of each property is determined by a qualified valuer and updated at each valuation. Land and assets not yet available for use (assets under construction) are not depreciated.

Council dwellings are valued annually. All other assets, with the exception of those valued at historic cost net of depreciation, are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their value at year end, but as a minimum every five years. Valuations have been undertaken during the year by internal Council valuers, Jacobs, Avison Young and Capita; external valuers commissioned by the Council. Avison Young have provided indexation factors for the percentage increase in value from the date of the last valuation to 31 March 2023 for various categories of asset. These have been applied to the asset values.

The Valuers have determined the appropriate method of valuation having regard to the assets' physical and economic characteristics. Assets are valued using the depreciated replacement cost approach where there is no active market for the asset being valued, that is, where there is no relevant evidence of recent sales transactions due to specialist nature of the asset. Where recent transactions can be identified, the Valuer has adopted the existing use value method, where rental value is capitalised at a rate determined by the type, quality and location of the asset. The assumptions made by the valuer include the application of an appropriate rental value and capitalisation rate. This is based on comparable evidence of market transactions of similar assets nearby.

A large proportion of the Council's property, plant and equipment (PPE) asset value is comprised of properties valued using the Depreciated Replacement Cost (DRC) method of valuation.

Inspections of PPE were carried out in 2022/23 as part of the Council's revaluation process. As a result of these inspections the Council recognised revaluations of PPE in the revaluation reserve of £108,134,000 reflecting the revaluation movement since the last revaluation of these assets.

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The Council also performed impairment reviews where there were impairment indicators, such as a change in use or capital expenditure in excess of £500,000 during the year. Downward valuations were charged against the revaluation reserve to the extent there was a credit balance in the reserve for the individual asset. Amounts in excess of the credit balance in the reserve were charged to the Comprehensive Income and Expenditure Statement. This has resulted in £ 32,092,000 in relation to PPE being charged to the Comprehensive Income and Expenditure Statement. In keeping with the presentation of Note 19a, infrastructure assets are omitted from this table. Infrastructure assets are carried at historical cost.

The following table lists the value of each type of property, plant and equipment with the year of their last valuation. (Note infrastructure assets are carried at historical cost and are omitted from this table.):

	Council Dwellings £000s	Other Land and Buildings £000s	Vehicles, Plant and Equipment £000s	Community Assets £000s	Assets Under Construction £000s	Surplus Assets £000s	Total £000s
Historical Cost	0	0	62,457	42,480	526,314	0	631,251
Valuation in Year							
2017/18	0	1,533	0	0	0	0	1,533
2018/19	0	58,713	97	0	0	9,961	68,771
2019/20	0	430,194	175	0	0	7,761	438,130
2020/21	0	120,561	0	0	0	30,294	150,855
2021/22	0	39,146	0	0	0	48,174	87,320
2022/23	738,352	624,933	0	0	0	55,311	1,418,596
Total	738,352	1,275,080	62,729	42,480	526,314	151,501	2,796,456

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## Surplus Assets

## Fair Value Hierarchy

Details of the Council's surplus properties and information about the fair value hierarchy as at 31 March is as follows:

		31 March 2022 £000s	31 March 2023 £000s
Other significant inputs*	Level 2	5,891	2,588
Significant unobservable inputs*	Level 3	147,990	148,913
Total		153,881	151,501

\*The fair value hierarchy categorisation at the end of note provides additional information.

All surplus property has been valued in accordance with IFRS13 under the fair value hierarchy. The fair value measurement requires the valuer to determine:

- the highest and best use of the asset and whether it is used in combination with other assets or on a stand-alone basis
- what is legally, physically and financially feasible
- the market in which an orderly transaction would take place for the asset
- the appropriate valuation technique to use maximising the use of relevant observable inputs (market data such as market rents and yields or actual information about transactions such as lease details or covenant strength) and minimising unobservable inputs (these are inputs where market data is not available and are developed using the best information available about the assumptions market participants would use when pricing the asset such as comparable land or property values. Where such evidence is not available the use of sales values and cost of development to produce a residual value has been used).

The fair value of surplus assets has been measured using the market valuation technique and has taken account of the following factors - market evidence of capital values, location, size, layout, knowledge of planning requirements and potential development costs. As the future use of these assets is yet to be determined, the current use cannot be assumed to be highest and best, however in estimating the fair value of surplus properties, the highest and best use of the properties has been adopted in accordance with the Code.

There have been £3.1m transfers between levels of fair value hierarchy during 2022/23.

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## Reconciliation of Fair Value Measurements Categorised within Level 3 of the Fair Value Hierarchy

	2021/22 £000	2022/23 £000
Balance at 1 April	146,935	147,990
Transfers to surplus assets	2,164	(11,587)
Transfers between levels	0	3,176
Total (losses) included in deficit / surplus on provision of services resulting from changes in the fair value	(3,585)	(3,598)
Total gains / (losses) included in other comprehensive income and expenditure	4,370	12,856
	<b>149,884</b>	<b>148,837</b>
Additions	258	254
Disposals	(1,756)	(86)
Depreciation	(396)	(92)
Balance at 31 March	<b>147,990</b>	<b>148,913</b>

Total losses included in surplus / deficit on provision of services resulting from changes in the fair value are shown within council wide costs in the Comprehensive Income and Expenditure Statement.

## Fair Value Hierarchy

## Level 1

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the balance sheet date. A quoted market price in an active market provides the most reliable evidence of fair value.

## Level 2

Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset, either directly or indirectly.

Level 2 inputs include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in markets that are not active

Inputs other than quoted prices that are observable for the asset or liability, for example:

- Interest rates and yield curves

Level 3 Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available

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## Note 24. Assets Held for Sale

Assets are categorised as held for sale when an asset is available for immediate sale in its present condition, the sale is highly probable, it is being actively marketed (if applicable) and the sale is expected to be within one year of classification as held for sale. ☐

Movements on assets held for sale during the year were as follows: ☐

	Assets Held For Sale £000s
Net book value at 31 March 2021	6,339
Movement in 2021/22	
Reclassifications	17,292
Disposals	(17,299)
Revaluations	(763)
Net book value carried forward at 31 March 2022	5,569
Movement in 2022/23	
Additions	6,667
Reclassifications	63,235
Disposals	(67,460)
Revaluations	(485)
Net book value carried forward at 31 March 2023	7,526



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Note 25. Assets Recognised Under PFI and Similar Arrangements

Movements on PFI and similar arrangements assets and liabilities during the year were as follows:

	Energy Services £000s	Plymouth Grove Housing £000s	Miles Platting Housing £000s	Brunswick Housing £000s	Public Lighting £000s	Refuse Vehicles Service Concession £000s	Total £000s
Net book value at 31 March 2021	63	29,419	72,470	56,516	64,557	4,824	227,849
<b>Movement in 2021/22</b>							
Expenditure	0	216	2	103	139	0	460
Newly recognised assets	0	0	0	0	0	198	198
Reclassifications	0	(570)	(625)	(174)	0	0	(1,369)
Depreciation	(8)	(1,103)	(2,704)	(1,890)	(2,588)	(755)	(9,048)
Revaluations	0	6,698	30,392	8,063	0	(220)	44,933
Impairments	0	0	0	(1,952)	0	0	(1,952)
Net book value carried forward at 31 March 2022	55	34,660	99,535	60,666	62,108	4,047	261,071
<b>Movement in 2022/23</b>							
Expenditure	0	973	0	0	27	0	1000
Newly recognised assets	0	0	0	935	0	614	1,549
Reclassifications	0	(560)	(1,929)	(846)	0	0	(3,335)
Depreciation	(8)	(1,005)	(3,144)	(1,844)	(3,293)	(862)	(10,156)
Revaluations	0	2,014	5,170	(5,944)	0	0	1,240
Impairments	0	(584)	0	(1,643)	0	0	(2,227)
Net book value carried forward as at 31 March 2023	47	35,498	99,632	51,324	58,842	3,799	249,142

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	Temple Primary School £000s	Plymouth Grove Housing £000s	Miles Platting Housing £000s	Brunswick Housing £000s	Public Lighting £000s	Wright Robinson Sports College £000s	Refuse Vehicles Service Concession £000s	Total £000s
Deferred liability brought forward as at 1 April 2021	1,824	13,971	42,669	48,561	22,995	18,914	4,824	153,758
Movement in 2021/22								
Additional liability	0	0	0	811	0	0	198	1,009
Disposals and derecognitions	0	0	0	0	0	0	(220)	(220)
Write down of liability	(283)	(747)	(1,891)	(2,366)	(2,212)	(1,224)	(755)	(9,478)
Deferred liability carried forward as at March 2022	1,541	13,224	40,778	47,006	20,783	17,690	4,047	145,069
Movement in 2022/23								
Additional liability	0	0	0	935	0	0	615	1,550
Disposals and derecognitions	0	0	0	0	0	0	(1)	(1)
Write down of liability	(320)	(709)	(1,996)	(2,529)	(2,331)	(1,303)	(862)	(10,051)
Deferred liability carried forward as at March 2023	1,221	12,515	38,782	45,412	18,452	16,387	3,799	136,567

Note 26. Assets Held as Lessee

Operating Leases

The Council has obtained the right to use printers and multi-functional devices by entering into operating leases.

The Council has entered into a number of leases relating to offices and land. The leases vary in length from short-term leases to those with terms over 600 years.

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

	31 March 2022 £000s	31 March 2023 £000s
Not later than one year	4,650	4,650
Later than one year and not later than five years	16,127	15,710
Later than five years	65,182	55,081
<b>Total</b>	<b>85,959</b>	<b>75,441</b>

Lease payments made:

	2021/22 £000s	2022/23 £000s
Minimum lease payments	4,729	4,797
<b>Total</b>	<b>4,729</b>	<b>4,797</b>

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The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

	2021/22 £000s	2022/23 £000s
Corporate Core	361	307
Growth and Development	4,368	4,490
<b>Total minimum lease payments</b>	<b>4,729</b>	<b>4,797</b>

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## Note 27. Assets Held as Lessor

## Operating Leases

The Council has leased out a number of offices, industrial premises and land to various organisations for both community use and economic development purposes. The leases vary in length and are all classed as operating leases.

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

	31 March 2022 £000s	31 March 2023 £000s
Not later than one year	16,057	15,328
Later than one year and not later than five years	61,919	59,288
Later than five years	930,920	942,956
<b>Total minimum lease payments</b>	<b>1,008,896</b>	<b>1,017,572</b>

The minimum lease payments do not include rents that are contingent on events taking place after the lease has been entered into, such as adjustments following rent reviews.

## Note 28. Investment Properties

The value of income generating investment properties classed as operating leases is £537,407,000 (£493,722,000 at 31 March 2021).

These assets are classed as investment properties because they are held to solely earn rentals during the year and are not used by the Council in delivering its services. As these assets are classed as investment properties no depreciation charge has been made in 2021/22 or 2022/23.

	2021/22 £000s	2022/23 £000s
Rental income from investment property	(25,658)	(42,967)
Direct operating expenses arising from investment property	3,920	19,126
<b>Net (gain)</b>	<b>(21,738)</b>	<b>(23,841)</b>

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

	Investment Properties £000s
Net book value carried forward as at 1 April 2021	476,130
Movement in 2021/22	
Expenditure	1,188
Reclassifications	(2,437)
Movement in fair value of investment property	18,841
Net book value carried forward as at 31 March 2022	493,722
Movement in 2022/23	
Expenditure	16,621
Reclassifications	4,081
Movement in fair value of investment property	22,983
Net book value carried forward as at 31 March 2023	537,407

#### Fair Value Hierarchy

All properties within the Council's investment portfolio have been value assessed as Level 2 on the fair value hierarchy for valuation purposes (accounting policy 5.2.33 provides an explanation of the fair value levels).

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

The fair value of investment property has been measured using a market approach, which takes into account quoted market prices for similar assets in active markets, existing lease terms and rentals, research into market evidence including market rentals and yields, covenant strength for existing tenants and data and market knowledge gained in managing the Council's investment asset portfolio. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised as level 2 on the fair value hierarchy.

There has been no change in the valuation techniques used during the year for investment properties.

#### Highest and Best Use

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

#### Valuers

The investment properties were valued in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS) by Colliers, external valuers engaged by the Council.

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## Note 29. Capital Expenditure and Capital Financing

	2021/22 £000s	2022/23 £000s
<b>Opening Capital Financing Requirement</b>	<b>1,648,796</b>	<b>1,768,251</b>
<b>Expenditure</b>		
Property, plant and equipment	213,132	270,447
Infrastructure	38,224	35,194
Investment properties	1,188	16,621
Held for sale	0	6,667
Heritage assets	34	72
Revenue expenditure funded from capital under statute*	33,355	48,675
Long term debtors	7,114	19,308
Investment in share capital	164	6,630
	<b>293,211</b>	<b>403,614</b>
Assets acquired under finance lease / PFI arrangements	1,009	1,550
<b>Funding Resources</b>		
Revenue contributions	(7,248)	(4,971)
Capital Receipts	(12,286)	(56,158)
Major Repairs Reserve	(21,054)	(23,310)
Government grants	(82,124)	(79,100)
External contributions	(17,699)	(15,484)
Minimum Revenue Provision	(34,353)	(37,457)
<b>Closing Capital Financing Requirement</b>	<b>1,768,251</b>	<b>1,956,935</b>
HRA	300,048	300,983
Non HRA	1,468,203	1,655,952
<b>Closing Capital Financing Requirement</b>	<b>1,768,251</b>	<b>1,956,935</b>
<b>Explanation of Movement in Year</b>		
Minimum Revenue Provision	(34,353)	(37,457)
Increase in underlying need to borrow	152,800	224,591
Assets acquired under finance lease / PFI arrangements	1,009	1,550
	<b>119,456</b>	<b>188,684</b>

\* Legislation allows some expenditure to be classed as capital expenditure even though it does not result in the recognition of a non-current asset on the Council's balance sheet (i.e., grants and expenditure on property not owned by the Council). This enables the expenditure to be funded by capital resources, rather than charging the General Fund and impacting upon the year's council tax.

Further analysis of the capital expenditure incurred is shown in the narrative report.

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## Note 30. Contracted Capital Commitments

Many capital schemes take two or more years to complete. At the Balance Sheet date, the main contractual commitments relating to ongoing schemes for the enhancement of assets were as follows:

	31 March 2022 £000s	31 March 2023 £000s
Housing	308	0
Education	13,362	0
Indoor Leisure	28,691	8,314
The Factory	36,684	0
Our Town Hall	156,470	100,946
Culture	0	7,761
Gorton Health Hub	8,919	0
Northern Quarter Cycling Scheme	0	5,057
Public Sector Decarbonisation	6,586	6,909
Housing Investment Fund	969	31,461
This City	0	1,787
Hammerstone Road Depot	3,234	13,335
<b>Total</b>	<b>255,223</b>	<b>175,570</b>



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## Note 31. Investments

The Council has the following long-term investments:

	31 March 2022 £000s	31 March 2023 £000s
<b>Investments in organisations included in the group statements</b>		
Manchester Airports Holdings Ltd Share Capital	112,354	112,354
Destination Manchester Ltd Share Capital	10,200	10,200
<b>Other long-term investments</b>		
<b>Investments in subsidiaries not included in the group statements</b>		
Manchester Mortgage Corporation Plc Share Capital	136	131
<b>Investments in associates and joint ventures not included in the group statements</b>		
Manchester Airports Holdings Ltd (C Shares)	4,800	4,300
Eastlands Development Company Limited	1,279	1,276
Matrix Homes Ltd	5,655	5,888
Mayfield Developments	7,087	7,198
	<b>141,512</b>	<b>141,347</b>
<b>Total other long-term investments</b>	<b>13,269</b>	<b>20,089</b>
<b>Total Long-Term Investments</b>	<b>154,780</b>	<b>161,435</b>

The investments in Manchester Airports Holdings Ltd (apart from the C shares, which relate to a car park investment) and Destination Manchester Ltd are shown at cost.

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All other investments are held at fair value, either at quoted price or based on the Council's share of reserves of the company.

The table below shows summarised financial information for the Council's joint venture for 2021/22 and 2022/23. These figures show the Council's share of the joint venture's results:

The table below shows summarised financial information for the Council's joint venture for 2021/22 and 2022/23. These figures show the Council's share of the joint venture's results:

Council's share of Manchester Airports Holdings Ltd	2021/22 £000s	2022/23 £000s
Total current assets as at 31 March	206,610	109,447
Total long-term assets as at 31 March	1,508,040	1,457,062
Total current liabilities as at 31 March	99,507	156,520
Total long-term liabilities at 31 March	1,357,804	1,185,913
Total income	164,046	365,295
Total expenditure	278,107	273,031

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## Note 32. Debtors and Payments in Advance

As the balance sheet date represents the position at the end of the financial year, there are monies owed to the Council at that date which are yet to be received in cash. The following analysis shows the amounts owed to the Council which had not been received at 31 March

The Council also makes an impairment loss allowance for outstanding monies which it is anticipated will not be recovered. These amounts are then deducted from the total value of debtors shown in the accounts. An analysis of this impairment of debt is shown below:

	31 March 2022 £000s	31 March 2023 £000s
<b>Short term debtors and payments in advance</b>		
<b>Debtors included in the Financial Instruments note</b>		
Government departments	25,128	31,283
Other local authorities	28,351	14,603
NHS bodies	10,324	21,072
Housing rents	8,444	9,378
Destination Manchester Ltd / Manchester Central Ltd	750	750
All other bodies (external to government) - trade organisations and individuals	127,019	168,155
	200,016	245,241
<b>Impairment of Debt</b>		
Housing rents	(6,970)	(7,315)
Other	(75,031)	(76,892)
	118,015	161,035
<b>Debtors not included in the Financial Instruments note</b>		
HM Revenue and Customs	20,685	17,963
Other Local Authorities payments in advance	94	0
Council tax	77,526	1
Business rates	51,002	91,506
All other bodies (external to government) payments in advance	7,748	44,627
		6,871
<b>Impairment of Debt</b>		
Council tax	(60,574)	(69,242)
Business rates	(45,497)	(37,348)
<b>Total</b>	<b>168,999</b>	<b>215,412</b>

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## Long Term Debtors

These are amounts which are owed to the Council which are being repaid over various periods longer than one year. Long-term debt which has become due in less than twelve months has been classified as short-term debt.

	31 March 2022 £000s	31 March 2023 £000s	
<b>Amounts falling due after one year</b>			
<b>Debtors included in the Financial Instruments note</b>			
Private Sector Housing Loans	11,698	12,542	(a)
Equity Mortgages	1,611	1,063	(b)
Matrix Homes	10,145	11,135	(c)
Biffa Municipal	3,247	2,862	(d)
Manchester Quays Riverside	4,288	0	(e)
Manchester College	18,987	8,212	(f)
Manchester Airport Holdings Ltd	390,706	409,954	(g)
Destination Manchester Ltd / Manchester Central Ltd	14,157	13,407	(h)
Northern Gateway (Far East Consortium)	6,670	7,931	(i)
Advertising Debtors	1,183	307	(j)
Manchester Heat Network Tradeco	0	14,500	(k)
Other	2,649	3,550	(l)
	<b>465,342</b>	<b>485,463</b>	
<b>Debtors not included in the Financial Instruments note</b>			
PFI prepayments	20,892	20,074	(m)
<b>Total</b>	<b>486,233</b>	<b>505,537</b>	

a - These debtors relate to loans to individuals given to carry out works to their properties or to provide relocation assistance following compulsory purchase orders. These loans are accounted for as embedded derivatives or soft loans. The amount relating to embedded derivatives is an estimate of the amount to be repaid based on the amount of loans outstanding adjusted by the Land Registry House Pricing Index. The amount relating to soft loans is based on the amount to be repaid reduced by the amount of foregone interest as these loans are offered at below market rates of interest.

b - These debtors relate to the balance due to the council from the mortgagee 10 years after the granting of equity mortgages.

c - This debtor relates to a technical loan for the grant of long-term leases to Matrix Homes and includes accrued long-term interest.

d - This debtor relates to a loan made to the company to purchase equipment to provide services to the Council.

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e - This debtor relates to a loan made to Manchester Quays Riverside Ltd in connection with the St John's development.

f - This debtor relates to a loan made to Manchester College

g - These debtors relate to long-term loan advances made to Manchester Airports Holdings Ltd to assist in the financing of approved capital works. A loan of £83.168m was renegotiated during 2009/10 and includes debt that was previously the responsibility of the Greater Manchester Debt Administration Fund. Advances totalling £124.25m have been made during 2018/19 and £106.452m in 2020/21. These loans are to contribute towards capital works at Manchester and Stansted Airports. This long-term debtor also includes accrued interest of £96.084m.

h – This debtor relates to loans made to the company.

i - This debtor relates to loans made to the Far East Consortium in connection with the Northern Gateway development.

j - This debtor relates to advertising income, the settlement of which has been deferred.

k – This debtor relates to a technical loan for equipment provided to the company.

l - This debtor relates to loans made to other organisations.

m - These debtors relate to amounts paid to contractors as part of the unitary charge where works will take place at a later date.

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## Note 33. Creditors and Receipts in Advance

As the Council's Balance Sheet represents the financial position at the end of the financial year, these are monies owed by the Council at that date which have yet to be paid. There are also amounts which the Council has received before the end of the financial year which relates to services which have not yet been provided. This analysis shows the amounts owed which had not yet been paid and the amounts received in advance as at 31 March.

	31 March 2022 £000s	31 March 2023 £000s
<b>Short Term Creditors and Receipts in Advance</b>		
<b>Creditors classed as Financial Instruments</b>		
Government departments	60,709	25,919
Other local authorities	14,356	17,301
NHS bodies	3,591	853
Public corporations	47	0
Financial institutions	911	615
Housing rents	2,922	2,818
Other bodies (external to government) - trade organisations and individuals	121,810	126,392
	204,345	173,899
<b>Creditors not classed as Financial Instruments</b>		
Government departments receipts in advance (a)	36,263	6,012
Other local authorities' receipts in advance	972	5,349
NHS bodies receipts in advance	1,261	505
Other public bodies receipts in advance	30	0
Other bodies (external to Government) receipts in advance	7,592	3,697
HM Revenue and Customs	12,016	12,940
Council tax	10,896	8,979
Business rates	27,861	37,857
<b>Total</b>	<b>301,236</b>	<b>249,238</b>

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## Long Term Creditors

These are amounts which are owed by the Council which are being repaid over various periods longer than one year. Long-term creditors which have become due in less than twelve months have been reclassified as short-term creditors.

	31 March 2022 £000s	31 March 2023 £000s
Amounts falling due after one year		
Creditors classed as Financial Instruments		
Equity mortgages - share of proceeds	548	361
Homes and Communities Agency re Matrix Homes	345	404
<b>Total</b>	<b>893</b>	<b>765</b>

## Capital Grants Receipts in Advance

	31 March 2022 £000s	31 March 2023 £000s
Carrington Reinstatement Deposit	801	801
Contributions from Private Developers	8,704	12,142
<b>Total</b>	<b>9,505</b>	<b>12,943</b>

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## Note 34. Analysis of Long-term Borrowing

## a. To Balance Sheet Date

The table below shows the outstanding long-term borrowing at 31 March:

	31 March 2022 £000s	Range of Interest Rates Payable		Average Interest %	31 March 2023 £000s
		From %	To %		
<b>Analysis of loans by type</b>					
Public Works Loans Board	400,000	0.10	4.50	4.36	500,000
Market Loans	403,874	0.00	4.10	2.33	400,753
Government Debt	14,940	1.34	3.66	2.33	31,490
Stocks	858	4.00	4.00	4.00	858
<b>Total Outstanding</b>	<b>819,672</b>				<b>933,101</b>
<b>Analysis of loans by maturity</b>					
1-2 years	6,571				30,904
2-5 years	11,886				31,125
5-10 years	782				70,815
after 10 years	800,433				800,256
<b>Total by maturity</b>	<b>819,672</b>				<b>933,101</b>

## b. To Maturity

The table below includes the outstanding long-term borrowing at the balance sheet date (as per the table above) plus interest due to the date of maturity of the outstanding loans. This provides details of future commitments if the loans are held to the date of maturity.

	31 March 2022 £000s	Range of Interest Rates Payable		Average Interest %	31 March 2023 £000s
		From %	To %		
<b>Analysis of loans by type</b>					
Public Works Loans Board	720,261	0.1000	4.5000	4.3569	712,251
Market Loans	1,075,806	0.0000	4.1000	2.3251	1,055,302
Government Debt	14,940	1.3400	3.6600	2.3275	32,160
Stocks	1,821	4.0000	4.0000	4.0000	1,787
<b>Total Outstanding</b>	<b>1,812,828</b>				<b>1,801,500</b>
<b>Analysis of loans by maturity</b>					
1-2 years	31,964				56,898
2-5 years	87,857				77,166
5-10 years	127,539				127,503
after 10 years	1,565,468				1,539,933
<b>Total by maturity</b>	<b>1,812,828</b>				<b>1,801,500</b>



Note 35. Deferred Liabilities

The note below shows the amounts owed by the Council, split between short-term (amounts owed in less than 12 months) and long-term (amounts owed in more than 12 months) on the balance sheet.

	31 March 2022 £000s	Short Term 31 March 2022 £000s	Long Term 31 March 2022 £000s	Repaid in year £000s	Disposals and Derecognitions in year £000s	Additions in year £000s	31 March 2023 £000s	Short Term 31 March 2023 £000s	Long Term 31 March 2023 £000s
Private Finance Initiatives	141,022	9,189	131,834	(9,189)	0	935	132,768	9,763	123,005
Service Concession	4,047	766	3,282	(862)	(1)	615	3,799	908	2,891
<b>Total</b>	<b>145,069</b>	<b>9,954</b>	<b>135,115</b>	<b>(10,051)</b>	<b>(1)</b>	<b>1,550</b>	<b>136,567</b>	<b>10,671</b>	<b>125,897</b>

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Note 36. Provisions

Provisions are established to meet liabilities or losses which are likely or certain to be incurred, but the amounts or timings are uncertain.

These have been split between short-term (amounts owed in less than 12 months) and long-term (amounts owed in more than 12 months) on the balance sheet.

The Council has established the following provisions:

	31 March 2022 £000s	Short Term 31 March 2022 £000s	Long Term 31 March 2022 £000s	Contributions in year £000s	Amounts released/used in year £000s	31 March 2023 £000s	Short Term 31 March 2023 £000s	Long Term 31 March 2023 £000s	
Compensation provisions	7,020	5,145	1,875	576	(3,170)	4,426	2,530	1,898	a
Insurance provision (including HRA)	2,400	1,768	632	1,090	(771)	2,719	1,048	1,671	b
Provision for business rate appeals	112,970	15,671	97,299	24,652	(8,779)	128,845	7,138	121,705	c
Various other provisions	799	666	133	155	(445)	509	428	81	
<b>Total</b>	<b>123,189</b>	<b>23,250</b>	<b>99,939</b>	<b>26,473</b>	<b>(13,165)</b>	<b>136,499</b>	<b>11,144</b>	<b>125,355</b>	

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a - The compensation provisions have been set up to compensate claimants for claims received by the Council as at 31 March 2023. These claims will be paid as the amount of compensation is agreed for each case. The amounts of the provisions have been calculated based on an estimate of the likely settlement of the claims. There is no expected reimbursement to fund these claims.

b - The insurance provision includes amounts in relation to Municipal Mutual Insurance. In January 1994, the Council's then insurer, Municipal Mutual insurance (MMI) made a Scheme of Arrangement with its creditors. Under this scheme, claims are initially paid out in full, but if the eventual winding up of the company results in insufficient assets to meet all liabilities, a clawback clause will be triggered, which could affect claims already paid.

c - Following the partial localisation of business rates from 1 April 2013 the Council is required to make a provision for its share of the estimated settlement value of appeals against business rates. For the 2010 list this provision has been estimated using information received from the Valuation Office Agency (VOA) on appeals settled and outstanding. For the 2017 rating list the assumption has been made that the reduction in income due to appeals will be a similar percentage to the prior lists, based on experience and local knowledge. The Council cannot be certain as to when these appeals will be settled as it is dependent on the timing of their settlement by the VOA. The Council's share of the provision is 99% as a result of the Council participating in the 100% rates retention pilot (the remaining 1% is attributable to the GMCA fire and rescue element). Settled appeals will be charged to the provision once determined by the VOA.

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## Note 37. Financial Instruments

The Council's treasury management policy complies with the CIPFA Code of Practice on Treasury Management (Revised December 2021). In accordance with best practice, the Deputy Chief Executive and City Treasurer has undertaken a review of the policy and is satisfied that the policy is relevant and complete.

The Council's treasury management activities are managed through a Central Loans and Investment Account. Operating a Central Loans and Investment Account enables the Council to borrow on advantageous terms, minimise administration costs and dampen the effects of large interest rate changes. In 2022/23 the average net rate of interest paid and received was 3.16% (3.23% in 2021/22).

A financial instrument is any contract that results in a financial asset in one entity and a financial liability or equity shareholder in another,

## Financial Instruments Balances

	Long-Term		Current		Total	
	31 March 2022 £000s	31 March 2023 £000s	31 March 2022 £000s	31 March 2023 £000s	31 March 2022 £000s	31 March 2023 £000s
<b>Financial Liabilities at Amortised Cost:</b>						
Borrowings	819,672	933,101	20,610	119,148	840,282	1,052,250
Deferred Liabilities	135,115	125,897	9,954	10,671	145,069	136,568
Creditors	893	765	204,345	173,899	205,238	174,664
<b>Total Financial Liabilities</b>	<b>955,680</b>	<b>1,059,763</b>	<b>234,909</b>	<b>303,718</b>	<b>1,190,589</b>	<b>1,363,482</b>
<b>Financial Assets</b>						
Amortised cost	462,816	483,998	261,365	256,056	724,181	740,054
Designated Fair value through other comprehensive income	31,480	38,078	0	0	31,480	38,078
Fair value through profit and loss	3,272	2,267	0	0	3,272	2,267
<b>Total Financial Assets</b>	<b>497,568</b>	<b>524,344</b>	<b>261,365</b>	<b>256,056</b>	<b>758,933</b>	<b>780,400</b>

The Council's treasury management strategy during the year was to seek long-term borrowing whilst rates were low, and therefore, in the table above, long-term borrowings have increased.

Assets that are classed as fair value are valued at a quoted market value where this is available (level 1 of the fair value hierarchy). Where investments are not quoted the value of

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that investment has been taken as the Council's share of the reserves of the company invested in (level 2 of the fair value hierarchy).

## Fair Value of Assets and liabilities

	Carrying Amount		Fair Value	
	31 March 2022 £000s	31 March 2023 £000s	31 March 2022 £000s	31 March 2023 £000s
<b>Liabilities</b>				
Public Work Loans Board	401,878	502,108	352,040	311,094
Market debt	418,829	413,118	607,397	398,780
Government debt	18,707	136,154	17,885	131,291
Stocks	867	868	1,104	778
<b>Total Borrowings</b>	<b>840,281</b>	<b>1,052,249</b>	<b>978,426</b>	<b>841,943</b>
Ex GMC debt	0	0	0	0
PFI and service concessions liabilities	145,069	136,568	145,069	136,568
Trade creditors	205,238	174,664	205,238	174,664
<b>Total Financial Liabilities</b>	<b>1,190,588</b>	<b>1,363,481</b>	<b>1,328,733</b>	<b>1,153,175</b>
	Carrying Amount		Fair Value	
	31 March 2022 £000s	31 March 2023 £000s	31 March 2022 £000s	31 March 2023 £000s
<b>Assets</b>				
Cash and cash equivalents	143,350	95,021	143,350	95,022
Long term investments	34,752	40,346	34,752	40,346
Trade debtors	580,831	645,033	614,171	678,638
<b>Total Financial Assets</b>	<b>758,933</b>	<b>780,400</b>	<b>792,273</b>	<b>814,005</b>

Assets and liabilities are carried at amortised cost where part of their carrying amount (as per the balance sheet) will either be written down or written up via the Comprehensive Income and Expenditure Statement over the term of the financial instrument.

For the purposes of the notes to the accounts, all assets and liabilities are given a fair value, although this is only shown in the balance sheet for fair value through profit and loss and fair value through other comprehensive income assets. For many financial instruments the fair value will be the same as the outstanding principal amount, but for others there could be a significant difference.

Fair value is the price that would be received to sell an asset or paid to transfer a liability at the measurement date in the principal market for the asset or liability or in the absence of a principal market, the most advantageous market.

The fair values for PWLB, market and Government debt were determined by reference to new loan rates on the Gilt market as at the balance sheet date as there is no active market for similar assets at this time and include accrued interest as this provides a sound approximation for the fair value for these instruments (level 2). By way of comparison, if the fair values were calculated with reference to PWLB redemption rules and prevailing PWLB

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redemption rates, they would be £366.1m for PWLB debt, £131.6m for Government debt and £475.6m for market debt.

Fair value for PFI and service concessions cannot be obtained as there is no comparable information available and has therefore been shown at the carrying amount.

## Income, expense, gains and losses

	2021/22		2022/23	
	Surplus / Deficit on the provision of services £000s	Other comprehensiv e income and expenditure £000s	Surplus / Deficit on the provision of services £000s	Other comprehensi ve income and expenditure £000s
<b>Net (gains)/losses on:</b>				
Financial assets measured at fair value through profit or loss	3,272	0	2,267	0
Financial assets measured at amortised cost	711	0	(2,350)	0
Investments in equity instruments designated at fair value through other comprehensive income	0	(3,115)	0	(154)
<b>Total net (gains)/losses</b>	<b>3,983</b>	<b>(3,115)</b>	<b>(83)</b>	<b>(154)</b>
Interest income	(37,816)	0	(42,233)	0
Interest expense	35,544	0	39,385	0

Nature and extent of risk arising from Financial Instruments and the management of those risks

## Key Risks

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

Credit Risk - the possibility that other parties might fail to pay amounts due to the Council.

Liquidity Risk - the possibility that the Council might not have funds available to meet its commitments to make payments.

Refinancing Risk - the possibility that the Council might be required to renew financial instruments on maturity at a disadvantageous interest rate or terms.

Market Risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements.

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### Overall Procedures for Risk

The Council's overall risk management procedures focus on the unpredictability of financial markets and implementing restrictions 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 in the maturity structure of its debts.
  - Its maximum and minimum 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 counter parties with Government Guidance.

These are required to be reported and approved annually before the start of the year to which they relate. These items are reported with the annual Treasury Management Strategy and actual performance is also reported semi-annually to Members.

The annual Treasury Management Strategy was approved by full Council on 4 March 2022. The strategy is available on the Council's website.

### 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 managed through the Annual Investment Strategy which was approved by full Council on 4 March 2022. This strategy is available on the Council's website. Some of the key areas of the strategy are as follows:

Specified Investments are investments in sterling denomination, with maturities up to a maximum of one year. All specified investments meet the minimum "high" ratings criteria where applicable. Examples of the investments used are:

- Term deposits – Other Local Authorities
- Term deposits – Banks and building societies
- Money Market Funds

Non-specified investments are any other type of investment than specified. The Council does not make use of this type of investment.

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## Investment Limits

The financial investment limits of banks and building societies are linked to their Fitch (or equivalent) long-term ratings, as follows:

## Banks and Building Societies

Fitch or Equivalent AA+ and above	£20 million
Fitch or Equivalent AA/AA-	£15 million
Fitch or Equivalent A+/A	£15 million
Fitch or Equivalent A-	£10 million
Fitch or Equivalent BBB+	£10 million

## Other

Debt Management Office	£200 million
Greater Manchester Combined Authority	£200 million
Other local authorities	£20 million

Credit quality of counter parties (issuers and issues) and investment schemes will be determined by reference to credit ratings published by Fitch, Moodys and Standard and Poor's rating agencies. The Council's minimum long-term, short-term, and other credit rating criteria, which are considered sufficient for each category of investment, will be adhered to at all times. Since the 2009/10 financial year, in response to the continuing economic uncertainty and financial difficulties faced by some banks the Council has restricted fixed deposits to UK banks and building societies and has limited fixed deposits to a time period of 3 months. The Council continued to rely on market intelligence as well as credit ratings, credit outlooks and additional information to alert it to institutions possibly facing financial difficulties.

As at the balance sheet date, the amounts included within the cash and cash equivalents figure above held with banks and financial institutions (excluding other local authorities) can be analysed by potential credit loss:

Deposit	Fitch Short Term rating	Moody's Short-Term rating	S&P short term rating	Amount at 31 March 2022 £000's	Assessed Risk of Default	Estimated value at risk £000's
Bank of Scotland	F1	P-1	A-1	12	0.02%	0
NatWest Bank	F1	P-1	A-1	1	0.05%	0
Barclays Bank	F1	P-1	A-1	18,256	0.02%	4



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The Council does not expect any losses from these investments.

#### Monitoring of credit ratings

A - All credit ratings will be monitored on a continual basis and reviewed weekly. The Council is alerted by Link Asset Services, its external Treasury Management advisors, to changes in the Fitch, Moody's and Standard and Poor's rating agencies ratings daily.

B - If a downgrade results in the counter party/investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.

C - If a counter party/investment scheme is upgraded so that it fulfils the Council's criteria, the Deputy Chief Executive and City Treasurer will have the discretion to include it on the lending list.

For all financial assets held at amortised cost the Council has reviewed the creditworthiness of each relevant organisation to ascertain the likely 12-month impairment. For those with indications of financial distress the Council has provided for lifetime impairment losses.

The trade debtor amount is £730,703,000 and the estimated exposure to default is £84,206,000.

#### Liquidity Risk

The Council has ready access to borrow from the money markets to cover any day-to-day cash flow need, and from 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 Council manages its liquidity risk position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system as required by the CIPFA Code of Practice, this seeks to ensure that cash is available when it is needed.

The maturity analysis of financial assets, net of any impairment, is as follows:

	31 March 2022 £000	31 March 2023 £000
Less than 1 year	266,941	263,976
Between 1 year and 2 years	22,424	3,440
Between 2 and 3 years	2,810	2,436
More than 3 years	466,758	510,549
<b>Total</b>	<b>758,933</b>	<b>780,400</b>

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## Refinancing and Maturity Risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures listed 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 placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the central treasury management team address the operational risks within the approved parameters. This includes monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer-term investments provide stability of maturities and returns in relation to the longer-term cash flow needs.

The Council has £310,000,000 lender option borrower option (LOBO) loans. These have fixed rates of interest, but the lender may seek to increase interest rates at which point the Council has the option to repay the loan. As there is no certainty as to whether these loans will be repaid early, the Council has treated these loans as fixed loans which will run to maturity.

The maturity profile of financial liabilities is as follows:

	31 March 2022 £000	31 March 2023 £000
Less than 1 year	233,975	302,910
Between 1 year and 2 years	16,302	41,604
Between 2 and 5 years	43,066	62,407
Between 5 and 10 years	47,806	115,354
More than 10 years	849,439	841,206
<b>Total</b>	<b>1,190,588</b>	<b>1,363,481</b>

## 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 Comprehensive Income and Expenditure Statement will rise.

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- borrowings at fixed rates – the fair value of the borrowing liability will fall.
- investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise.
- investments at fixed rates – the fair value of the assets will fall.

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 Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Comprehensive Income and Expenditure Statement and affect the General Fund Balance.

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

The Council tries to maximise its income on temporary investment and minimise its interest costs on temporary and long-term borrowing.

The maximum interest rate increase that could be expected in the current climate is assessed at 1%. This would only apply to the net short-term investments. The Council also has a number of LOBO loans that can be called at periods. There is the risk that these may have to be refinanced at a higher rate.

- LOBO risk (loans potentially subject to call £90,000,000 @ 1%) = £900,000.

#### Price Risk

The Council, excluding the pension fund, does not generally invest in equity shares but does have shareholdings at a value of £161,435,000 in a number of organisations including those within its group. Whilst these holdings are generally illiquid, the Council is exposed to losses arising from movements in the prices of the shares or impairment of the assets held. As the shareholdings have arisen in the acquisition of specific interests, the Council is not in a position to limit its exposure to price movements by diversifying its portfolio. Instead, it only acquires shareholdings in return for "open book" arrangements with the company concerned so that the Council can monitor factors that might cause a fall in the value of specific shareholdings.

#### 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.

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## Note 38. Usable Reserves

The Council maintains a number of reserves on the Balance Sheet. Some are held for statutory reasons, some are needed to comply with proper accounting practice, and others have been set up voluntarily to earmark resources for future spending plans.

Movements on the Council's usable reserves in 2021/22 were as follows:

	Balance 31 March 2021 £000s	Transfers between reserves £000s	Transfers to reserves £000s	Transfers from reserves £000s	31 March 2022 £000s
<b>a) Reserves Held for Capital Purposes</b>					
Capital Receipts Reserve	(93,956)	0	(35,257)	14,839	(114,374)
Major Repairs Reserve	(6,069)	0	(23,259)	21,054	(8,274)
Capital Grants Unapplied Reserve	(94,005)	0	(84,189)	99,824	(78,370)
<b>Total Reserves Held for Capital Purposes</b>	<b>(194,030)</b>	<b>0</b>	<b>(142,705)</b>	<b>135,717</b>	<b>(201,018)</b>
<b>Reserves Held for Revenue Purposes</b>					
<b>b) Schools Reserves</b>					
Local Management of Schools	(21,479)	0	0	1,393	(20,086)
<b>Total reserves held for schools</b>	<b>(21,479)</b>	<b>0</b>	<b>0</b>	<b>1,393</b>	<b>(20,086)</b>
<b>c) Statutory Reserves</b>					
Bus Lane Enforcement Reserve	(10,461)	0	(3,733)	5,944	(8,249)
On-street Parking Reserve	(1,533)	0	(6,405)	3,745	(4,194)
Ancoats Square Reserve	(2,767)	0	0	69	(2,698)
Highways Commuted Sums Reserve	(3,043)	0	(1,439)	89	(4,393)
Other smaller reserves under £1.0m	(2,449)	0	(607)	0	(3,055)
<b>Total Statutory Reserves</b>	<b>(20,253)</b>	<b>0</b>	<b>(12,185)</b>	<b>9,847</b>	<b>(22,589)</b>
<b>d) Reserves held for PFIs</b>					
Public Lighting PFI Reserve	(210)	0	(45)	0	(255)
Temple School PFI Reserve	(558)	0	(9)	84	(483)
Wright Robinson Sports College PFI Reserve	(1,436)	0	(40)	0	(1,476)
<b>Total Reserves held for PFIs</b>	<b>(2,204)</b>	<b>0</b>	<b>(94)</b>	<b>84</b>	<b>(2,214)</b>
<b>e) Small specific reserves</b>					
Other smaller reserves under £1.0m	(4,265)	0	(751)	917	(4,099)
<b>Total small specific reserves</b>	<b>(4,265)</b>	<b>0</b>	<b>(751)</b>	<b>917</b>	<b>(4,099)</b>

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f) Reserves held to smooth risk / assurance					
Insurance Fund Reserve	(18,064)	0	(2,770)	0	(20,834)
Crime and Disorder Reserve	(833)	0	0	412	(421)
Investment Estate Reserve	(1,233)	0	(466)	700	(999)
Collections Initiative Reserve	(2,986)	0	(1,261)	234	(4,013)
Manchester International Festival Reserve	(12,160)	0	0	1,060	(11,100)
Adult Social Care Reserve	(16,499)	0	(9,065)	4,082	(21,482)
Transformation Reserve	(9,213)	0	0	271	(8,942)
Airport Dividend Reserve	(43,953)	0	0	4,913	(39,040)
Planning Income Reserve	(3,579)	0	(129)	206	(3,502)
Budget Smoothing Reserve	(14,721)	0	(20,477)	13,234	(21,965)
Children's Services Reserve	(2,277)	0	(854)	300	(2,831)
Other smaller reserves under £1.0m	(2,688)	0	(435)	216	(2,907)
<b>Total reserves held to smooth risk / assurance</b>	<b>(128,206)</b>	<b>0</b>	<b>(35,457)</b>	<b>25,628</b>	<b>(138,036)</b>
g) Business Rates Reserve					
Business Rates Reserve	(29,175)	0	(2,135)	15,643	(15,667)
<b>Total Business Rates Reserve</b>	<b>(29,175)</b>	<b>0</b>	<b>(2,135)</b>	<b>15,643</b>	<b>(15,667)</b>
h) Revenue reserves held to support capital schemes					
Capital Fund Reserve	(87,664)	0	(14,558)	12,029	(90,193)
Capital Financing Reserve	(34,730)	0	0	0	(34,730)
English Institute of Sport Reserve	(1,009)	0	(5,613)	6,615	(7)
Investment Reserve	(11,782)	0	0	1,066	(10,716)
<b>Total revenue reserves held to support capital schemes</b>	<b>(135,185)</b>	<b>0</b>	<b>(20,171)</b>	<b>19,710</b>	<b>(135,646)</b>
i) Reserves held for economic growth and public sector reform					
Clean and Green Places Reserve	(390)	0	0	63	(327)
Social Care Reserve	(7,984)	0	(1,557)	7,476	(2,065)
Our Manchester Reserve	(3,057)	0	(240)	1,488	(1,808)
Town Hall Reserve	(12,396)	0	0	2,023	(10,374)
Supporting Families Reserve	(1,927)	0	0	237	(1,690)
Other smaller reserves under £1.0m	0	0	(326)	0	(326)
<b>Total reserves held for economic growth and public sector reform</b>	<b>(25,754)</b>	<b>0</b>	<b>(2,123)</b>	<b>11,287</b>	<b>(16,590)</b>
j) Grants and contributions used to meet commitments over more than one year (shown as reserves due to the required accountancy treatment)					

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English Partnership Reserve	(789)	0	0	0	(789)
Other Grants and Contributions Reserve	(1,100)	0	(260)	536	(824)
Integration Reserve	(14,977)	0	(6,359)	5,945	(15,392)
Manchester Adult Education Service Reserve	(1,449)	0	0	0	(1,449)
Supporting People Reserve	(1,925)	0	(1,934)	0	(3,859)
Other smaller reserves under £1.0m	(770)	0	(117)	74	(814)
Total grants and contributions used to meet commitments over more than one year	(21,010)	0	(8,670)	6,555	(23,127)
k) COVID-19 Grants and contributions used to meet commitments over more than one year (shown as reserves due to the required accountancy treatment)					
COVID 19- Contain Outbreak Management Fund	(18,302)	0	(5,333)	18,302	(5,333)
COVID 19- Additional Restriction Grant	(7,680)	0	0	7,680	0
COVID 19- Clinically Extremely Vulnerable	(1,599)	0	0	1,599	0
COVID 19- other under £1.0m	(2,467)	0	(436)	1,087	(1,816)
Business Rates S31 Grant - Taxation Income Guarantee Scheme	(19,219)	0	(276)	10,288	(9,207)
Business Rates S31 Grant - Extended Retail Relief	(142,740)	0	(80,426)	139,075	(84,091)
Business Rates S31 Grant – Covid Additional Relief Fund (CARF)	0	0	(23,993)	0	(23,993)
Total COVID-19 grants and contributions used to meet commitments over more than one year	(192,007)	0	(110,464)	178,031	(124,440)
Total reserves held for revenue purposes	(579,538)	0	(192,050)	269,095	(502,494)
l) General Fund Reserve					
General Fund Reserve	(26,803)	0	0	306	(26,497)
Total all general fund reserves	(606,341)	0	(192,050)	269,401	(528,991)

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## m) Housing Revenue Account Reserve

Housing Revenue Account Reserve	(111,167)	0	0	5,078	(106,088)
Total All Usable Reserves	(911,537)	0	(334,755)	410,196	(836,098)

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Movements on the Council's usable reserves in 2022/23 were as follows:

	Balance 31 March 2022 £000s	Transfers between reserves £000s	Transfers to reserves £000s	Transfers from reserves £000s	31 March 2023 £000s	
<b>a) Reserves Held for Capital Purposes</b>						
Capital Receipts Reserve	(114,374)	0	(95,742)	56,158	(153,958)	a(1)
Major Repairs Reserve	(8,274)	0	(23,683)	23,310	(8,647)	a(2)
Capital Grants Unapplied Reserve	(78,370)	0	(86,006)	94,584	(69,792)	a(3)
<b>Total Reserves Held for Capital Purposes</b>	<b>(201,018)</b>	<b>0</b>	<b>(205,431)</b>	<b>174,052</b>	<b>(232,397)</b>	
<b>Reserves Held for Revenue Purposes</b>						
<b>b) Schools Reserves</b>						
Local Management of Schools	(20,086)	0	0	3,570	(16,516)	b(1)
<b>Total reserves held for schools</b>	<b>(20,086)</b>	<b>0</b>	<b>0</b>	<b>3,570</b>	<b>(16,516)</b>	
<b>c) Statutory Reserves</b>						
Bus Lane Enforcement Reserve	(8,249)	0	(3,344)	5,014	(6,579)	c(1)
On-street Parking Reserve	(4,194)	0	(6,680)	3,696	(7,178)	c(2)
Ancoats Square Reserve	(2,698)	0	0	94	(2,604)	
Highways Commuted Sums Reserve	(4,393)	0	(408)	95	(4,706)	
Other smaller reserves under £1.0m	(3,055)	17	(281)	259	(3,060)	
<b>Total Statutory Reserves</b>	<b>(22,589)</b>	<b>17</b>	<b>(10,713)</b>	<b>9,158</b>	<b>(24,127)</b>	
<b>d) Reserves held for PFIs</b>						
Public Lighting PFI Reserve	(255)	0	(4)	259	(0)	
Temple School PFI Reserve	(483)	0	(8)	100	(391)	
Wright Robinson Sports College PFI Reserve	(1,476)	0	(147)	78	(1,545)	
<b>Total Reserves held for PFIs</b>	<b>(2,214)</b>	<b>0</b>	<b>(159)</b>	<b>437</b>	<b>(1,936)</b>	d(1)
<b>e) Small specific reserves</b>						
Other smaller reserves under £1.0m	(4,099)	1,058	(791)	711	(3,121)	e(1)
<b>Total small specific reserves</b>	<b>(4,099)</b>	<b>1,058</b>	<b>(791)</b>	<b>711</b>	<b>(3,121)</b>	
<b>f) Reserves held to smooth risk / assurance</b>						
Insurance Fund Reserve	(20,834)	3,000	(1,269)	125	(18,978)	f(1)
Collections Initiative Reserve	(4,013)	1,071	(2,070)	207	(4,805)	f(2)
Manchester International Festival Reserve	(11,100)	0	0	2,098	(9,002)	f(3)
Adult Social Care Reserve	(21,482)	11,042	0	2,519	(7,921)	f(4)



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Transformation Reserve	(8,942)	0	(24)	1,064	(7,902)	f(5)
Airport Dividend Reserve	(39,040)	0	0	24,851	(14,189)	f(6)
Planning Income Reserve	(3,502)	0	(341)	203	(3,640)	f(7)
Budget Smoothing Reserve	(21,965)	(13,981)	(14,003)	1,215	(48,734)	f(8)
Children's Services Reserve	(2,831)	0	(2,313)	725	(4,419)	f(9)
Other smaller reserves under £1.0m	(4,327)	1,554	(578)	97	(3,254)	f(10)
Total reserves held to smooth risk / assurance	(138,036)	2,686	(20,598)	33,104	(122,844)	
g) Business Rates Reserve						
Business Rates Reserve	(15,667)	3,607	(22,314)	24,465	(9,909)	g(1)
Total Business Rates Reserve	(15,667)	3,607	(22,314)	24,465	(9,909)	
h) Revenue reserves held to support capital schemes						
Capital Fund Reserve	(90,193)	(2,722)	(27,757)	15,193	(105,479)	h(1)
Capital Financing Reserve	(34,730)	0	0	0	(34,730)	h(2)
English Institute of Sport Reserve	(7)	0	(5,625)	5,632	0	h(3)
Investment Reserve	(10,716)	0	0	1,823	(8,893)	h(4)
Total revenue reserves held to support capital schemes	(135,646)	(2,722)	(33,382)	22,648	(149,102)	
i) Reserves held for economic growth and public sector reform						
Social Care Reserve	(2,065)	656	0	1,409	0	
Our Manchester Reserve	(1,808)	703	0	728	(377)	i(1)
Town Hall Reserve	(10,374)	0	(14)	2,489	(7,899)	i(2)
Supporting Families Reserve	(1,690)	0	(750)	100	(2,340)	i(3)
Other smaller reserves under £1.0m	(653)	0	(10)	153	(510)	
Total reserves held for economic growth and public sector reform	(16,590)	1,359	(774)	4,879	(11,126)	
j) Grants and contributions used to meet commitments over more than one year (shown as reserves due to the required accountancy treatment)						
English Partnership Reserve	(789)	0	0	220	(569)	
Other Grants and Contributions Reserve	(824)	0	(323)	110	(1,037)	
Integration Reserve	(15,392)	2,809	(1,136)	8,577	(5,143)	
Manchester Adult Education Service Reserve	(1,449)	0	0	27	(1,422)	
Supporting People Reserve	(3,859)	0	(87)	1,309	(2,637)	
Public Health Reserve	0	(1,547)	(4,155)	11	(5,691)	
Other smaller reserves under £1.0m	(814)	0	(2,348)	33	(3,129)	
Total grants and contributions used to meet	(23,127)	1,261	(8,049)	10,287	(19,628)	j(1)

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commitments over more than one year						
k) COVID-19 Grants and contributions used to meet commitments over more than one year (shown as reserves due to the required accountancy treatment)						
COVID 19- Contain Outbreak Management Fund	(5,333)	0	0	5,333	0	
COVID 19- other under £1.0m	(1,816)	0	0	1,816	0	
Business Rates S31 Grant - Taxation Income Guarantee Scheme	(9,207)	0	0	1,895	(7,312)	k(1)
Business Rates S31 Grant - Extended Retail Relief	(84,091)	0	0	84,091	0	k(2)
Business Rates S31 Grant – Covid Additional Relief Fund (CARF)	(23,993)	0	0	23,993	0	k(3)
Total COVID-19 grants and contributions used to meet commitments over more than one year	(124,440)	0	0	117,128	(7,312)	
Total reserves held for revenue purposes	(502,494)	7,266	(96,780)	226,387	(365,621)	
l) General Fund Reserve						
General Fund Reserve	(26,497)	(7,266)	0	7,916	(25,847)	l(1)
Total all general fund reserves	(528,991)	0	(96,780)	234,303	(391,468)	
m) Housing Revenue Account Reserve						
Housing Revenue Account Reserve	(106,088)	0	(204)	10,497	(95,795)	m(1)
Total All Usable Reserves	(836,098)	0	(302,415)	418,852	(719,661)	

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**a) Reserves Held for Capital purposes** have increased by £31.4m in line with the delivery of the planned capital programme and reflects capital receipts received to be utilised in future years in line with the approved capital strategy as detailed below.

**a(1) - Capital Receipts Reserve**

Proceeds of non-current assets sales available to meet future capital investment.

	2021/22 £000s	2022/23 £000s
Balance at 1 April	(93,956)	(114,374)
Capital receipts received in year	(35,257)	(95,742)
Paid to housing national pool	2,554	0
Applied to fund capital expenditure	12,286	56,158
<b>Balance at 31 March</b>	<b>(114,374)</b>	<b>(153,958)</b>

**a(2) - Major Repairs Reserve**

Resources available to meet capital investment in council housing.

	2021/22 £000s	2022/23 £000s
Balance at 1 April	(6,068)	(8,274)
HRA depreciation	(23,259)	(23,683)
Financing of capital expenditure on council dwellings	21,053	23,310
<b>Balance at 31 March</b>	<b>(8,274)</b>	<b>(8,647)</b>

**a(3) - Capital Grants Unapplied Reserve**

Capital grants and contributions available to meet future capital expenditure.

	2021/22 £000s	2022/23 £000s
Balance at 1 April	(94,004)	(78,370)
Grants received in year	(84,190)	(86,006)
Transferred to Capital Adjustment Account: General Grants and Contributions	89,226	82,040
Transferred to Capital Adjustment Account: Revenue Expenditure Funded from Capital Under Statute (REFCUS) Grants and Contributions	10,599	12,544
<b>Balance at 31 March</b>	<b>(78,370)</b>	<b>(69,792)</b>

Of the balance above £29.0m relates to Basic Need grant allocations.

**b(1)** The LMS Reserve is committed to be spent on the Education service and is not available for the general use of the Council. This is held by schools under delegated schemes.

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c(1) The Bus Lane Enforcement Reserve was established to hold surpluses generated from bus lane enforcement and will be spent on public transport related activities and highways improvements. Movements in year are reflective of the cost of the service less the actual income. £5m was utilised in 2022/23 in accordance with the requirements to fund the Council's contribution to the cost of the Metro shuttle and contribute towards the costs of the Transport Levy.

c(2) The On-street Parking Reserve was established to hold surpluses generated from on-street parking and will be spent on transport related activities and road and environmental improvements.

d(1) There were three PFI reserves at the start of the year, Street Lighting is now finalised, and two school-related PFIs remain.

e(1) Small reserves under £1m includes the Climate Innovation Fund (£0.7m), End User Device (£0.6m), Community Safety (£0.5m), Cemeteries Replacement (£0.5m), Housing Compliance (£0.2m), Great Ancoats Management Improvement (£0.2m), Fixed Penalty Notices Litter (£0.2m), Social Value Fund (£0.1m), Contributions from Other Local Authorities (£0.1m) and Trading Standards (£0.1m). The remainder are each under £0.1m and total £0.2m.

**f) Reserves to smooth risk** includes reserves that support the Council's budget position over the life of its Medium-Term Financial Plan. Just over £48.7m relates to the smoothing reserve which is used to smooth the impact of budget shortfalls whilst savings are developed and implemented. This is being applied over the medium term to support the budget as set out in the MTFs and detailed below.

f(1) The Insurance Fund was established to fund risks that are self-insured, such as those that fall below the insurance policy deductible amounts and historic claims where the period of exposure predates when the commercial liability policies were procured.

f(2) The Collection Initiatives Reserve holds funds relating to various initiatives supporting residents including a contribution to discretionary housing payments.

f(3) Manchester International Festival - business rates growth is held in a reserve to fund the grant agreement with MIF over a 10-year period.

f(4) The Adult Social Care Reserve will support system wide improvements in line with the approved budget strategy.

f(5) The Transformation Reserve was set up to fund future service transformation costs which includes the revenue costs associated with the replacement of the ERP system.

f(6) The Airport Dividend Reserve will be applied to the budget to meet the anticipated budget shortfall over the MTFs as part of the measures set out in the Medium-Term Financial Strategy. It is expected to be fully utilised by March 2025.

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f(7) The Planning Income Reserve was set up to smooth fluctuations in planning income due to economic volatility.

f(8) The Budget Smoothing Reserve has been created through underspends in previous years. It is used to smooth the impact of budget shortfalls whilst savings are developed and implemented over the Medium Term Financial Strategy; this totalled £18.5m. In addition, the 2022/23 overspend of £4.5m, a call on General Fund Reserve, was replenished from the Budget Smoothing Reserve to retain it at a prudent level. Other key movements during 2022/23 include contributions of £14.0m including £1.8m refund received from GMCA relating to the waste disposal levy and £1.2m use of reserves.

f(9) Children's Services Reserve includes various smaller balances, the most significant relating to Early Intervention Grant, Workforce Development, Remand, and Unaccompanied Asylum Seeker Grant.

f(10) Other smaller reserves held to smooth risk / assurance include Taxi Licensing (£0.9m), Investment Estate (£0.9m), Pension Contributions (£0.5m), Selective Licensing Reserve (£0.4m), Crime and Disorder Reserve (£0.4m), Hulme High Street (£0.3m), Land Charges Fees (£0.2m), and Historic Abuse Reserve (£0.2m).

g(1) The Business Rates Reserve was established to mitigate business rates income risk due to the volatility of the assumptions and the future reset of the business rates base, which would see a loss of the Council's income growth since 2013.

h(1) The Capital Fund was established to fund revenue contributions to major capital schemes.

h(2) The Capital Financing Reserve was established to fund increases in borrowing costs due to the Council's capital investment programme.

h(3) The English Institute of Sport Reserve holds monies received in relation to the City of Manchester Stadium and is to be used to fund future developments at Sportcity.

h(4) The Investment Reserve has been set up to deliver priority regeneration projects.

i(1) The Our Manchester Reserve used to drive forward the delivery of Our Manchester for example through Voluntary Sector Grants.

i(2) The Town Hall Reserve has been set up to fund revenue expenditure on the Town Hall Complex Programme. This reserve is expected to fund relevant spend until the end of the Town Hall project.

i(3) Supporting Families Reserve is grant funds used to support families with multiple and complex needs.

j(1) These grants will not need to be repaid in accordance with the conditions on which the grant has been given, IFRS accounting standards require these grants to be recognised in

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the Consolidated Income and Expenditure Statement when they are due. The Council has chosen to transfer these grants to reserves to meet future spending commitments.

**k) COVID-19 related grants** – The Council has administered a considerable number of COVID-19 grant schemes over the last three years on behalf of Government to support businesses and residents during the pandemic. There is a balance of £7.3m at 31 March 2023 with the majority being applied in 2022/23, with details below:

k(1) Business Rates S31 Grant - Taxation Income Guarantee Scheme - This scheme reimbursed the council for 75% of losses in 2020/21 Business Rates Income. The collection fund deficit resulting from the lost income will be spread over three years as mandated by government. This reserve will be drawn down over the three years to partly mitigate the budget impact.

k(2) Business Rates S31 Grant – Retail, Hospitality and Leisure Relief (formerly Extended Retail Discount) - 50% Business Rates Relief was awarded to retail, hospitality, leisure and properties in the city with national caps of £110k per business. The income loss was reimbursed by government via a Section 31 grant. The collection fund deficit resulting from the lost income will come through in 2023/24. This reserve was applied to offset the collection fund deficit.

k(3) Business Rates S31 Grant – COVID Additional Relief Fund (CARF) was introduced by Government to provide relief to businesses that were not eligible for Extended Retail Discount. Government confirmed the allocation in December 2021, and this must be applied to liabilities in respect of 2021/22. The Council has awarded the majority of this in 2022/23 and the unapplied grant has been returned to Government.

l(1) The General Fund Reserve is the only unallocated reserve, held to meet costs arising from unplanned events, it also acts as a buffer to help mitigate against the financial risks the Council faces and is used to smooth expenditure across years.

The position on the General Fund Reserve is as follows.

The budget for 2022/23 assumed a transfer from general reserves of £2.973m to support the budget plus £400k to fund carry forwards approved in 2021/22. The 2022/23 revenue outturn position was an overspend of £4.543m, which brought the total transfer from general reserve to £7.916m. As planned throughout 2022/23 the surplus balance in the budget smoothing reserve was used to support the pressures and a transfer of £7.266m to the General Fund Reserve enacted. The General Fund Reserve, after this transfer, stands at £25.847m as at 31 March 2023.

m(1) HRA reserve holds resources available to meet future running costs for council housing. The £10.3m reduction was more than budgeted, reflecting the increased Repairs and Maintenance costs within Housing Operations. The 30-year business plan currently forecasts that reserves will be sufficient to maintain the HRA until 2037-38. The current business plan does not include the costs of work needed as part of the zero-carbon work and officers are working to ensure that zero carbon can be achieved within the resources available.

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## Note 39. Unusable Reserves

The balances on the Council's unusable reserves were as follows:

	31 March 2022 £000s	31 March 2023 £000s	Note
<b>Revaluation balances</b>			
Revaluation Reserve	(1,626,935)	(1,697,472)	(a)
Financial Instruments Revaluation Reserve	(13,395)	(13,548)	(b)
<b>Adjustment accounts</b>			
Pensions Reserve	583,813	(372,170)	(c),43
Capital Adjustment Account	(1,441,695)	(1,464,730)	(d)
Deferred Capital Receipts Reserve	(4,280)	(5,151)	(e)
Financial Instruments Adjustment Account	4,723	4,497	(f)
Collection Fund Adjustment Account	63,777	(34,866)	(g)
Short-term Accumulated Absences Account	6,593	5,699	(h)
Dedicated Schools Grant Reserve	2,702	1,417	(i)
<b>Total</b>	<b>(2,424,697)</b>	<b>(3,576,324)</b>	

## a - Revaluation Reserve

The revaluation reserve represents the level of revaluation gains net of impairments charged on the Council's non-current assets from 1 April 2007 onwards.

	2021/22 £000s	2022/23 £000s
Balance at 1 April	(1,397,896)	(1,626,935)
Revaluations relating to property, plant and equipment	(273,546)	(143,864)
Revaluations relating to other non-PPE assets	(842)	(1,909)
Revaluation gain depreciation	21,781	26,364
Impairment not charged to CIES	11,826	20,350
Disposals Transferred to Capital Adjustment Account (CAA)	11,742	28,523
<b>Total</b>	<b>(1,626,935)</b>	<b>(1,697,472)</b>

## b - Financial Instruments Revaluation Reserve

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

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

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	2021/22 £000s	2022/23 £000s
Balance at 1 April	(10,280)	(13,395)
Upward revaluation of investments	(4,776)	(1,118)
Downward revaluation of investments	1,661	964
<b>Balance at 31 March</b>	<b>(13,395)</b>	<b>(13,548)</b>

## c - Pensions Reserve

The balance on the Pensions Reserve absorbs the differences arising from the different arrangements for accounting for post-employment benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the CIES as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pension for which it is directly responsible

In 2022/23 the actuarial valuation has seen a significant movement from a deficit to a surplus position. Under the International Accounting Standards (IAS19) the Council must disclose the lower of the actuarial valuation or the Asset Ceiling calculation. The Asset Ceiling calculation has resulted in a lower valuation and has therefore been included within the accounts for 2022/23.

	2021/22 £000s	2022/23 £000s
Balance at 1 April	1,035,884	583,813
Net Movement in Year	(452,071)	(1,228,930)
Credit Ceiling Adjustment		272,947
<b>Balance at 31 March</b>	<b>583,813</b>	<b>(372,170)</b>

## d - Capital Adjustment Account (CAA)

The Capital Adjustment Account includes 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 of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert current value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties that have yet to be consumed by the Council.



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The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

	2021/22 £000s	2022/23 £000s
Balance at 1 April	(1,377,853)	(1,441,695)
Repayment of ex GMC debt	(2,654)	0
Minimum revenue provision	(34,353)	(37,457)
Reversal of PFI charges to HRA	(3,492)	(4,784)
Capital grants and contributions	(99,823)	(94,584)
Revenue contributions used	(7,248)	(4,971)
Movement in fair value of investment property	(36,856)	(22,983)
Revaluation gain depreciation	(21,781)	(26,364)
Disposals transferred from revaluation reserve	(11,742)	(28,523)
Depreciation	84,649	100,003
Major Repairs Allowance	(21,054)	(23,310)
Capital Receipts Used	(12,286)	(56,158)
Other Disposals	30,720	73,968
Amortisation of intangible assets	64	61
Repayment of long-term debtors	10,095	17,031
(Gain) on repayment of housing loan	(24)	220
Write down of revenue expenditure funded from capital under statute	33,355	48,675
Impairment of non-current assets	27,877	38,490
Impairment of financial instrument assets	711	(2,350)
<b>Balance at 31 March</b>	<b>(1,441,695)</b>	<b>(1,464,730)</b>

#### e - Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the granting of equity mortgages, equity loans and the disposal of council houses under right to buy legislation 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 takes place, amounts are transferred to the Capital Receipts Reserve.

#### Equity Mortgages

These relate to a joint home build scheme between the Council and Redrow Homes. The Council has provided homebuyers, purchasing the properties, equity mortgage loans for up to 25% of the property value. These loans become repayable 10 years after the purchase of the property or earlier if the homeowner decides to sell the property before this time. There is also the option for the homebuyer to repay the loan before either of these events. The outstanding balance is adjusted each year in line with the Land Registry House Pricing Index.

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## Equity Loans

## a) Home Improvement Loans

These are equity share loans offered to homeowners to carry out essential renovation works. The minimum loan value available is £7,000 up to a maximum of £25,000 or 33% of the value of the improved home. The equity share is secured by a legal charge and loans are repayable on the death of the purchaser, or the sale of the property or when the purchaser ceases to occupy the property as their main home. The outstanding balance is adjusted each year in line with the Land Registry House Pricing Index.

## b) Relocation Assistance Loans

These are equity share loans provided to assist owner-occupiers displaced by demolition to purchase a replacement property. Loan values are available which meet the difference between the value of the property to be demolished and the cost of buying another property subject to specified limits. The equity share is secured by a legal charge and loans are repayable on the death of the purchaser, or the sale of the property or when the purchaser ceases to occupy the property as their main home. The outstanding balance is adjusted each year in line with the Land Registry House Pricing Index.

	Opening Balance 1 April 2022 £000s	Gains on disposal £000s	Principal Repayments £000s	Fair Value Adjustmen ts £000s	Closing Balance 31 March 2023 £000s
Equity Mortgages	(1,064)	(106)	310	158	(702)
Equity Loans	(3,216)	0	0	(1,233)	(4,449)
<b>Total Deferred Capital Receipts</b>	<b>(4,280)</b>	<b>(106)</b>	<b>310</b>	<b>(1,075)</b>	<b>(5,151)</b>

## f - Financial Instruments Adjustment Account

Balancing account to allow for differences in statutory requirements and proper accounting practices for borrowings and investments.

	2021/22 £000s	2022/23 £000s	
Balance at 1 April	4,924	4,723	
Soft loans in year movements	(70)	(48)	
Adjustment for interest free loans	401	329	f(a)
Premium and discounts	(532)	(506)	
<b>Balance at 31 March</b>	<b>4,723</b>	<b>4,498</b>	

f (a) The Council has received interest free loans of £8.5m from the Homes England repayable in 2024 and £20.5m from Salix repayable until 2025. This amount represents the saving to the Council over the remaining length of the loans of them being interest free.

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## g - Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and business rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax and business rate payers, compared with the statutory arrangements for paying across amounts to the general fund from the collection fund.

	2021/22 £000s	2022/23 £000s
Council Tax		
Balance at 1 April	(975)	(10,763)
Movement in Year	(9,788)	10,344
Balance at 31 March	(10,763)	(419)

	2021/22 £000s	2022/23 £000s
Business Rates		
Balance at 1 April	178,017	74,540
Movement in Year	(103,477)	(108,987)
Balance at 31 March	74,540	(34,447)

	2021/22 £000s	2022/23 £000s
Total		
Balance at 1 April	177,042	63,777
Movement in Year	(113,265)	(98,643)
Balance at 31 March	63,777	(34,866)

## h - Short-term Accumulated Absences Account

The Short-term Accumulated Absences Account absorbs the differences that would otherwise arise on the general fund balance from accruing for compensated absences earned but not taken in the year e.g., annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the general fund balance is neutralised by transfers to and from this account.

	2021/22 £000s	2022/23 £000s
Balance at 1 April	6,748	6,593
Movement in Year	(155)	(893)
Balance at 31 March	6,593	5,700

## i - Dedicated Schools Grant Reserve

The DSG deficit is presented as an unusable reserve. This is the result of the introduction on 29 November 2020 of a new Statutory Instrument to amend the Local Authorities (Capital Finance and Accounting Regulations 2002) by establishing new accounting practices in relation to the treatment of schools' budget deficits. The aim is to ensure that DSG deficits

Manchester City Council Annual Statement of Accounts 2022/23

are ringfenced and held separately from General Fund resources so that specific measures can be put in place to address the deficits without placing pressures on resources required for other essential services.

## Manchester City Council Annual Statement of Accounts 2022/23

## Note 40. Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant monies provided by the Education and Skills Funding Agency, the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools' Budget as defined in the Schools Finance and Early Years (England) Regulations 2018. The schools budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable in 2022/23 are as follows:

	Central Expenditure £000s	Individual Schools Budget £000s	Total £000s
Final DSG for 2022/23 before academy and high needs recoupment			633,392
Academy and high needs figure recouped for 2022/23			(289,459)
Total DSG after academy and high needs recoupment for 2022/23			343,933
Plus brought forward from 2021/22			0
Less carry forward to 2023/24 agreed in advance			(1,350)
Agreed initial budgeted distribution in 2022/23	42,302	300,281	342,583
In year adjustments	0	(118)	(118)
Final budgeted distribution for 2022/23	42,302	300,163	342,465
Less: actual central expenditure	42,518	0	42,518
Less: actual ISB deployed to schools	0	300,206	300,206
Plus: local authority contribution for 2022/23	193	0	193
In year Carry forward to 2023/24 surplus / (deficit)	(22)	(43)	(65)
Plus Carry forward to 2023/24 agreed in advance			1,350
Carry forward surplus / (deficit) to 2023/24			1,285
DSG unusable reserve at the end of 2021/22			(2,702)
Addition to DSG unusable reserve at the end of 2022/23			0
Total of DSG unusable reserve at the end of 2022/23			(2,702)
Net DSG position at the end of 2022/23			(1,417)

The Dedicated Schools Grant (DSG) reserve is negative due to overspend on budgets deployed to schools, largely due to expenditure within the high needs block which supports the education of children with Special Educational Needs and Disabilities.

The DSG deficit is not expected to increase in 2022/23 and to ensure that the DSG deficit does not increase further, a detailed recovery plan of the high needs block is underway with operational leadership and guidance from the Children's Leadership Team.

## Manchester City Council Annual Statement of Accounts 2022/23

The original budget for the Central Expenditure includes the following which are transferred to schools during the year:

- provisions for funding for Special Education Needs
- increases in pupil numbers
- contingencies within schools

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- provisions for funding for Special Education Needs
- increases in pupil numbers
- contingencies within schools

## Manchester City Council Annual Statement of Accounts 2022/23

[Note 41. Local Government Pension Scheme](#)

As part of the terms and conditions of employment of its officers and other employees, the Council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The Council participates in three pension schemes:

[a\) The Local Government Pension Scheme](#)

The Local Government Pension Scheme is a fully funded defined benefits scheme. The scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of Tameside MBC who administer the scheme on behalf of the Greater Manchester Authorities. Tameside MBC delegates its functions in relation to the Greater Manchester Pension Scheme to the Pension Fund Management Panel, the Pension Fund Advisory Panel, Pension Fund Working Groups and the Executive Director of Pensions. The Pension Fund Management Panel is the key decision maker for investment management, monitoring investment activity and performance, overseeing administrative activities and providing guidance to officers in exercising delegated powers. All the Greater Manchester authorities are represented on the Management Panel.

The Public Service Pensions Act 2013 received Royal Assent on 25 April 2013. As a result, benefits earned from 1 April 2014 are based on career average revalued earnings.

There are risks and uncertainties associated with whatever assumptions are adopted. The Accounting Standard requires the assumptions to be determined on a best estimate basis. However, the assumptions are in effect projections of future investment returns and demographic experience many years into the future and there is inevitably a great deal of uncertainty in what constitutes best estimate for such projections.

The Accounting Standard requires the discount rate to be set with reference to yields on high quality corporate bonds irrespective of the investment strategy of the Fund. As such, the figures are unlikely to reflect either the actual eventual cost of providing benefits or the likely level of contributions to fund the employer's obligations to the Fund. The Balance Sheet position may change significantly due to relative changes in the equity and bond markets at the reporting date.

The main risk to the Council is that if the assumptions are more prudent than other employers it would lead to a poorer reported financial position or if less prudent an improved financial position. This does not have an impact on the underlying cost of the Fund nor the level of contributions that will be derived from future funding valuations.

In order to assess the value of the employer's liabilities in the Fund at 31 March 2022 the actuary has rolled forward the value of liabilities calculated at the latest formal valuation, 31 March 2022, allowing for the different financial assumptions required under the Accounting Standards at the accounting date. In calculating the current service cost, allowance has been made for changes in the employer's pensionable payroll as estimated from contribution information. In calculating the asset share the employer's share of assets allocated at the

## Manchester City Council Annual Statement of Accounts 2022/23

latest valuation has been rolled forward, allowing for investment returns, the effect of contributions paid into and benefits paid from the Fund by the employer and its employees.

The estimated liability will not reflect any difference in demographic experience from that assumed, the impact of differences in salary and pension increases and changes for specific individuals and the effect of any changes in the age and length of service structure of the liabilities. It is not possible to reflect these without undertaking a full valuation. There is no reason to believe that this will introduce any undue distortions in the results.

b) The Teachers' Pension Scheme

The Teachers' Pension Scheme is a defined benefit scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education. Further information is included in Note 42.

c) The NHS pension scheme

Under the arrangements for Public Health, staff performing public health functions who were compulsorily transferred from the Primary Care Trusts to local authorities and had access to the NHS Pension Scheme on 31 March 2013 retained access to that Scheme on transfer at 1 April 2013.

The NHS pension scheme is an unfunded, defined benefit scheme that covers NHS employers and is a multi-employer defined benefit scheme. Further information is included in Note 43.



## Manchester City Council Annual Statement of Accounts 2022/23

## Transactions Relating to Retirement Benefits

The costs of retirement benefits in the net cost of services are recognised when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against the Council Tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement during the year:

	2021/22 £000s	2022/23 £000s
<b>Comprehensive Income and Expenditure Statement</b>		
Net Cost of Services:		
current service cost	136,136	124,999
past service costs	4,379	4,114
effect of settlements	(4,781)	(1,705)
<b>Total Service Cost:</b>	<b>135,734</b>	<b>127,408</b>
Financing and investment income and expenditure		
interest income on scheme assets	(69,294)	(102,400)
interest cost on defined benefit obligation	91,000	118,583
<b>Total Net Interest</b>	<b>21,706</b>	<b>16,183</b>
<b>Total post-employment benefits charged to the Comprehensive Income and Expenditure Statement</b>	<b>157,440</b>	<b>143,591</b>
<b>Re-measurement of the Net Defined Benefit Liability comprising:</b>		
return on plan assets (excluding amounts included in net interest)	(323,926)	35,728
actuarial gains and losses arising on changes in demographic assumptions	(81,581)	(33,208)
actuarial gains and losses arising on changes in financial assumptions	(275,781)	(1,545,521)
other experience re-measurements	90,000	230,084
<b>Total remeasurements recognised in other comprehensive income and expenditure</b>	<b>(591,288)</b>	<b>(1,312,917)</b>
The post-employment benefits charged to the comprehensive income and expenditure statement	433,748	1,169,326
<b>Movement in Reserves Statement</b>		
Reversal of the charges to the surplus / deficit on the provision of services and the amounts chargeable to the general fund under regulation	(157,540)	(143,591)
Employer's contribution payable to scheme	46,728	50,873
Employer's contribution re: unfunded deficit	9,562	8,731

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## Assets and Liabilities in Relation to Retirement Benefits

## Present value of the scheme liabilities:

	Funded Liabilities: Local Government Pension Scheme	
	2021/22 £000s	2022/23 £000s
Balance at 1 April	4,467,117	4,382,178
Current service cost	136,126	124,999
Effect of settlements	(9,667)	(2,985)
Interest cost on defined benefit obligations	91,110	118,583
Effect of business combinations and disposals	116,822	0
Contributions by scheme participants	17,169	19,094
Changes in financial assumptions	(275,781)	(1,545,521)
Changes in demographic assumptions	(81,581)	(33,208)
Other experience re-measurements	37,414	230,084
Unfunded benefits paid	(9,562)	(8,731)
Benefits paid	(111,368)	(111,713)
Past service cost including curtailments	4,379	4,114
<b>Balance at 31 March</b>	<b>4,382,178</b>	<b>3,176,894</b>

## Fair value of the scheme assets:

	Local Government Pension Scheme	
	2021/22 £000s	2022/23 £000s
Balance at 1 April	(3,517,661)	(3,841,579)
Interest income on plan assets	(69,294)	(102,400)
Return on assets (excluding amounts included in net interest)	(323,926)	35,728
Effect of business combinations and disposals *	(78,855)	0
Other experience	52,586	0
Effect of settlements	4,886	1,280
Contributions in respect of unfunded benefits	(9,562)	(8,731)
Employer contributions	(3,514)	(7,659)
Contributions by scheme participants	(17,169)	(19,094)
Benefits paid	111,368	111,713
Unfunded benefits paid	9,562	8,731

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	Local Government Pension Scheme	
	2021/22 £000s	2022/23 £000s
Balance at 31 March	(3,841,579)	(3,822,011)

\*The effect of business combinations and disposals is the share of the pension fund assets and liabilities of former Northwards staff following the transfer of staff back to the Council.

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.

## Net Liability for Year

	2021/22 £000s	2022/23 £000s
Present value of funded liabilities	(4,280,227)	(3,094,110)
Present value of unfunded liabilities	(101,951)	(82,784)
Fair value of assets	3,841,579	3,822,011
Asset Credit Ceiling Adjustment	0	(272,947)
<b>Net Liability arising from Defined Benefit obligation</b>	<b>(540,599)</b>	<b>372,170</b>

Asset Ceiling – following the pensions valuation by the Council's actuary, this determined that the fair value of its pension plan assets outweighed the present value of the plan obligations at 31 March 2023. This resulted in a pension plan asset for the first time. Further, IAS19 requires that this is measured as the lower of the surplus in the defined benefit plan and the asset ceiling. The Council's actuary calculated the asset ceiling as the net present value of future service costs less the net present value of future contributions. The Council has limited the Pension asset recognised in its balance sheet to the lower value of the asset ceiling.

The 2021/22 liability showed the underlying commitment that the Council has in the long run to pay retirement benefits. The total asset of £372.2m is included within the net worth of the Council. This has increased by £1,035.2m as recorded in the balance sheet resulting in a positive overall balance of £4,296.9m

The Council made a payment of £129.6m in 2020/21 to the Greater Manchester Pension Fund for three years up front employer pension contributions. This resulted in a reduction in the percentage rate paid

## Basis for Estimating Assets and Liabilities

## Manchester City Council Annual Statement of Accounts 2022/23

Assets and liabilities have been assessed on an actuarial basis by Hymans Robertson, an independent firm of actuaries.

The main assumptions used in their calculations have been:

	2021/22	2022/23
<b>Mortality assumptions:</b>		
<b>Longevity at 65 for current pensioners</b>		
Men	20.3 years	19.6 years
Women	23.2 years	23.0 years
<b>Longevity at 65 for future pensioners *</b>		
Men	21.8 years	21.2 years
Women	25.4 years	24.6 years
Rate of increase in salaries	3.98%	3.80%
Rate of increase in pensions	3.20%	3.00%
Discount rate	2.70%	4.75%
Take-up of option to convert annual pension into retirement lump sum - pre-April 2008	50.00%	
Take-up of option to convert annual pension into retirement lump sum - post April 2008	50.00%	
Take-up of option to convert annual pension into retirement lump sum		50%

\* Figures assume members aged 45 as at the last formal valuation date.

The estimate of the defined benefit obligation is sensitive to the actuarial assumptions set out in the table below. The table shows the effect of changes to each assumption in isolation. It is possible for the experience of the Fund to deviate from more than one of the assumptions simultaneously and so the precise effect on the valuation is more complex.

Changes in assumptions at 31 March 2022	% Increase to Employer Liability	£000s
0.1% decrease in Real Discount Rate	2%	53,207
1 year increase in member life expectancy	4%	127,076
0.1% increase in the Salary Increase Rate	0%	6,191
0.1% increase in the Pension Increase Rate	2%	47,759

## Manchester City Council Annual Statement of Accounts 2022/23

The principal demographic assumption is the longevity assumption (i.e., member life expectancy). For sensitivity purposes it is estimated that a one-year increase in life expectancy would approximately increase the Employers Defined Benefit Obligation by around 3-5%. In practice the actual cost of a one-year increase in life expectancy will depend on the structure of the revised assumption.

	2021/22	2022/23
<b>Mortality assumptions:</b>		
<b>Longevity at 65 for current pensioners</b>		
Men	20.3 years	19.6 years
Women	23.2 years	23.0 years
<b>Longevity at 65 for future pensioners *</b>		
Men	21.8 years	21.2 years
Women	25.4 years	24.6 years
Rate of increase in salaries	3.98%	3.80%
Rate of increase in pensions	3.20%	3.00%
Discount rate	2.70%	4.75%
Take-up of option to convert annual pension into retirement lump sum - pre-April 2008	50.00%	
Take-up of option to convert annual pension into retirement lump sum - post April 2008	50.00%	
Take-up of option to convert annual pension into retirement lump sum		50%

\* Figures assume members aged 45 as at the last formal valuation date.

The estimate of the defined benefit obligation is sensitive to the actuarial assumptions set out in the table below. The table shows the effect of changes to each assumption in isolation. It is possible for the experience of the Fund to deviate from more than one of the assumptions simultaneously and so the precise effect on the valuation is more complex.

Changes in assumptions at 31 March 2022	% Increase to Employer Liability	£000s
0.1% decrease in Real Discount Rate	2%	53,207
1 year increase in member life expectancy	4%	127,076
0.1% increase in the Salary Increase Rate	0%	6,191
0.1% increase in the Pension Increase Rate	2%	47,759

## Manchester City Council Annual Statement of Accounts 2022/23

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Manchester City Council Annual Statement of Accounts 2022/23

The asset values are at bid value as required under IAS19. The assets consist of the following categories, by proportion of the total assets held:

Asset Category	Year Ended 31 March 2022				Year Ended 31 March 2023			
	Quoted Prices in Active Markets	Quoted Prices not in Active Markets £000s	Total		Quoted Prices in Active Markets £000s	Quoted Prices not in Active Markets £000s	Total	
	£000s		£000s	%		£000s	£000s	%
<b>Equity securities</b>								
Consumer	257,687	0	257,687	7	229,641	0	229,641	6
Manufacturing	254,227	0	254,227	6	211,297	0	211,297	6
Energy and utilities	210,403	0	210,403	5	188,669	0	188,669	5
Financial institutions	384,877	0	384,877	10	326,083	0	326,083	9
Health and care	203,735	0	203,735	5	191,425	0	191,425	5
Information technology	190,146	0	190,146	5	269,756	0	269,756	7
Other	43,535	0	43,535	1	43,454	0	43,454	1
<b>Debt securities</b>								
Corporate bonds (investment grade)	149,524	0	149,524	4	152,318	0	152,318	4
UK Government	72,542	0	72,542	2	91,336	0	91,336	2
Other	123,321	0	123,321	3	113,765	0	113,765	3
<b>Private equity</b>								
All	0	284,826	284,826	7	0	285,889	285,889	7
<b>Real estate</b>								
UK property	0	176,551	176,551	5	0	148,700	148,700	4

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Asset Category	Year Ended 31 March 2022				Year Ended 31 March 2023			
	Quoted Prices in Active Markets  £000s	Quoted Prices not in Active Markets £000s	Total  £000s	%	Quoted Prices in Active Markets £000s	Quoted Prices not in Active Markets £000s	Total  £000s	%
Investment funds and unit trusts								
Equities	243,631	0	243,631	6	204,158	0	204,158	5
Bonds	381,930	0	381,930	10	339,168	0	339,168	9
Infrastructure	0	260,817	260,817	7	0	305,423	305,423	8
Other	70,626	456,191	526,817	14	93,172	530,805	623,977	16
Derivatives								
Other	(21,650)	0	(21,650)	(1)	0	0	0	0
Cash and cash equivalents								
All	150,721	0	150,721	4	96,955	0	96,955	3
<b>Total</b>	<b>2,715,255</b>	<b>1,178,385</b>	<b>3,893,640</b>	<b>100</b>	<b>2,551,197</b>	<b>1,270,817</b>	<b>3,822,014</b>	<b>100</b>



## Manchester City Council Annual Statement of Accounts 2022/23

[Note 42. Teachers' Pension Scheme](#)

The Scheme is a defined benefit scheme; however, the scheme is unfunded. The Department for Education (DfE) uses a notional fund as the basis for calculating the employer's contribution rate paid by local education authorities. However, it is not possible for the Council to identify its share of the underlying financial position and performance of the scheme attributable to its own employees, with sufficient reliability for accounting purposes. Although the teachers' pension scheme is a defined benefits scheme, for the purposes of the statement of accounts it is therefore accounted for on the same basis as a defined contributions scheme.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the Teachers' Scheme. These benefits are fully accrued in the pensions' liability described in Note 43. The pension costs charged to the accounts are at the contribution rate set by the DfE on the basis of a notional fund. In 2021/22 the Council's contribution to the DfE in respect of teachers' pension costs was £23,380,000 (£23,103,000 in 2020/21), the set contribution rate being 23.68% (2021/22 in 23.68%). The total contributions expected to be made to the Teachers' Pension Scheme by the Council in the year to 31 March 2024 is £22,640,000.

In addition, the Council is responsible for all pension payments relating to added years it has awarded, together with related increases. In 2022/23 these amounted to £4,850,000 (£5,127,000 in 2021/22) of which £694,000 (£861,000 in 2021/22) relates to former further education employees and is refunded by the Department for Education.

[Note 43. National Health Service Pension Scheme](#)

The NHS pension scheme is an unfunded, defined benefit scheme that covers NHS employers and is a multi-employer defined benefit scheme. This means that liabilities for benefits cannot be identified to the Council. The scheme is therefore accounted for as a defined contribution scheme – no liability for future payments of benefits is recognised in the Balance Sheet and the Adults Social Care line within the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable in the year.

In 2022/23 the Council's contribution in respect of former NHS staff pension costs was £103,000 (£90,000 in 2021/22), the set contribution rate being 14.4% (14.4% in 2021/22).

[Note 44. Contingent Assets and Liabilities](#)[Contingent Assets](#)

As part of the Bowes Street Regeneration Scheme in Moss Side the Council has provided homebuyers purchasing the renovated properties equity mortgage loans totalling £1.064m for up to 30% of the property value. As these loans are repayable on the sale of the property or if the homebuyer decides to repay the loan before sale, the timing of the receipt cannot be assessed.

[Contingent Liabilities](#)

There are no Contingent Liabilities reported

## Manchester City Council Annual Statement of Accounts 2022/23

## Note 45. Related Party Transactions

The Code of Practice on Local Authority Accounting requires the disclosure of any material transactions with related parties to ensure that stakeholders are aware that these transactions have taken place and the amount and implications of such transactions.

Income	2021/22 £000s	2022/23 £000s
Central Government - revenue grants	821,407	786,400
Central Government - capital grants	73,592	75,420
Greater Manchester Combined Authority - capital contribution	28,131	22,141
Manchester Airports Holdings Ltd - repayment of interest	34,608	36,638
Manchester Airports Holdings Ltd - net rent	9,357	9,468
Manchester Clinical Commissioning Group	12,982	12,808
Destination Manchester Ltd - interest on loans	650	824
Destination Manchester Ltd - repayment of loan principal	1,500	750
Manchester Professional Services Limited	89	89
Manchester Creative Digital Assets Ltd	4,419	4,877
Manchester Working Limited	0	33
Lord Mayor Charity Appeal Trust	131	146
National Car Parks (NCP) Limited	0	0
Wythenshawe Forum Trust Limited	154	156
<b>Total</b>	<b>987,020</b>	<b>949,750</b>

Expenditure	Re-stated 2021/22 £000s	2022/23 £000s
Manchester Clinical Commissioning Group	5,035	5,656
Manchester Working (capital and revenue spend)	4,778	3,999
Manchester Professional Services Limited	31	44
Manchester Creative Digital Assets Ltd	3,906	2,942
CityCo (Manchester) Ltd	160	142
Lord Mayor Charity Appeal Trust	53	13
National Car Parks (NCP) Limited	34	28
Wythenshawe Forum Trust Limited	897	962
<b>Total</b>	<b>14,894</b>	<b>13,786</b>

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Amounts owed from and to :	Amounts owed from		Amounts owed to	
	2021/22 £000s	2022/23 £000s	2021/22 £000s	2022/23 £000s
Central Government	45,812	49,246	108,988	44,871
Manchester Airports Holdings Ltd	390,707	409,954	0	0
Destination Manchester Ltd	14,907	14,157	7	1
Manchester Clinical Commissioning Group/ Integrated Care Board	1,354	1,519	1,830	51
Manchester Working Ltd	2	1	0	0
Manchester Professional Services Ltd	20	20	0	0
Manchester Creative Digital Limited	723	712	29	29
Lord Mayor Charity Appeal Trust	37	35	0	0
National Car Parks (NCP) Ltd	158	391	0	0
Wythenshawe Forum Trust Limited	17	0	25	2
<b>Total</b>	<b>453,737</b>	<b>476,035</b>	<b>110,879</b>	<b>44,954</b>

### Members and Chief Officers

Members of the Council have a direct control over the Council's financial and operating policies. Details of member's interest, both pecuniary and non-financial are recorded in the register of member's interest (available for public inspection). During 2022/23 there were no material transactions with Members or Chief Officers (Senior Management Team).

#### a. Central Government

Central Government has effective control over the general operations of the Council. It is responsible for providing the framework within which the Council operates and provides the majority of its funding in the forms of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g., council tax bills and housing benefits).

#### b. Other Public Bodies

The Council pays levies towards the services provided by Greater Manchester Combined Authority (GMCA) for the management and disposal of household waste and for public transport, economic development and regeneration activities. The GMCA Police and Fire

## Manchester City Council Annual Statement of Accounts 2022/23

and Rescue elements set their own charge to council taxpayers which is then included in the council tax bill. This is known as the precept.

The Council pays 1% of the estimated Business Rates due to the Greater Manchester Combined Authority (Fire and Rescue element).

#### c. Entities controlled or significantly influenced by the Council

The Council has a number of subsidiaries over which it has control and associate and joint venture companies over which it exerts significant influence. Manchester Airports Holdings Ltd is a joint venture and Destination Manchester Ltd is a subsidiary; the Council and these organisations have related party transactions that are material.

##### Manchester Airports Holdings Ltd

The Council is a related party to Manchester Airports Holdings Ltd. The Council owns 35.5% of the share capital of the company. The principal activities of the Group during the year were ownership, operation and development of airport facilities. Cllr Beverley Craig, the Leader of the Council, is a non-executive director to Manchester Airports Holdings Ltd.

##### Destination Manchester Ltd (DML)

Destination Manchester Ltd.'s ultimate parent and controlling party is Manchester City Council. Destination Manchester Ltd owns and manages the Manchester Central Convention Complex, which holds major conferences and exhibitions. The director who served the company during the year was the Deputy Chief Executive and City Treasurer, Carol Culley.

#### d. Manchester Clinical Commissioning Group (CCG) and Manchester Health and Care Commissioning (MHCC)

The Council and Manchester Clinical Commissioning Group entered into a Section 75 Better Care Fund Agreement in March 2022. The S75 Agreement sets out the terms on which the Partners have agreed to collaborate and to establish a framework, through which the Partners can secure the future position of health and social care services through Lead Commissioning Arrangements or Joint Commissioning Arrangements in relation to the BCF and IBCF. On 1 July 2022, the MCCG ceased to exist and was replaced by the GM ICB. On 1 July 2022, the S75 Agreement was transferred from MCCG to the GM ICB.

#### e. Subsidiaries or associates of the Council.

These organisations are not consolidated into the Council's group accounts because they are not material.

The following are related parties where there were no transactions in 2021/22 or 2022/23 which are considered material to either party:

Manchester Mortgage Corporation, Manchester Parking Limited, This City Manchester Limited, Manchester Active Limited, Manchester Knowledge Capital Limited

## Manchester City Council Annual Statement of Accounts 2022/23

## Note 46. Analysis of Cash and Cash Equivalents

	31 March 2022 £000s	31 March 2023 £000s
Cash and Cash Equivalents		
Cash in hand	0	0
Call accounts	13,690	18,287
Cash equivalents	109,008	59,054
Cash at bank	20,652	17,681
<b>Total</b>	<b>143,350</b>	<b>95,022</b>

## Note 47. Cash Flow Statement - Adjustments to net surplus / deficit on the provision of services for non-cash movements

	31 March 2022 £000s	31 March 2023 £000s
Depreciation of non-current assets	84,649	100,003
Impairment and revaluation losses of non-current assets	6,371	33,706
Amortisation of intangible non-current assets	64	61
Movement in contract assets, liabilities and costs	(2,189)	717
Increase (decrease) in provision for impairments / doubtful debts re loans and advances	711	(2,350)
Increase (decrease) in creditors	56,954	(47,737)
(Increase) decrease in debtors	(6,616)	(68,468)
(Increase) decrease in inventories	(63)	(32)
Movement in pension liability	184,159	131,263
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	30,720	73,968
Other non-cash items charged to the net surplus of deficit on the provision of services	(24,079)	(7,806)
<b>Total</b>	<b>330,681</b>	<b>213,325</b>

## Note 48. Cash Flow Statement - Adjustments for items included in the net surplus / deficit on the provision of services that are investing and financing activities

	31 March 2022 £000s	31 March 2023 £000s
Proceeds from the sale of short term and long-term investments	0	0
Proceeds from the disposal of property, plant and equipment, investment properties and intangible assets	(24,606)	(79,733)
Any other items for which the cash effects are investing or financing cash flows	(84,190)	(86,006)
<b>Total</b>	<b>(108,796)</b>	<b>(165,739)</b>

## Manchester City Council Annual Statement of Accounts 2022/23

## Note 49. Cash Flow Statement - Operating Activities

The net cash flows from operating activities include the following items:

	2021/22 £000s	2022/23 £000s
Interest received	5,903	19,006
Interest paid	(35,346)	(38,111)
Dividends received	501	448

## Note 50. Cash Flow Statement - Investing Activities

	2021/22 £000s	2022/23 £000s
Purchase of plant, property and equipment, investment property and intangible assets	(239,788)	(331,166)
Purchase of short-term and long-term investments	(164)	(6,630)
Other payments for investing activities	(8,362)	(19,492)
Proceeds from the sale of plant, property and equipment, investment property and intangible assets	24,952	78,688
Other receipts from investing activities	102,041	112,729
<b>Net cash flows from investing activities</b>	<b>(121,321)</b>	<b>(165,871)</b>

## Note 51. Cash Flow Statement - Financing Activities

	2021/22 £000s	2022/23 £000s
Repayments of short and long-term borrowing	(242,997)	(18,596)
Cash payments for the reduction of outstanding liabilities relating to finance leases and PFI contracts	(9,478)	(10,051)
Cash receipts of long and short-term borrowing	319,450	228,961
Repayment of ex GMC debt	(2,654)	
<b>Net cash flows from financing activities</b>	<b>64,321</b>	<b>200,314</b>

## Manchester City Council Annual Statement of Accounts 2022/23

## Note 52. Cash Flow Statement - Reconciliation of liabilities arising from Financing Activities

	1 April 2022 £000s	Financing cash flows £000s	Non-cash changes		31 March 2023 £000s
			Acquisition £000s	Other non-cash charges £000s	
Long-term borrowings	819,672	100,000	0	13,429	933,101
Short-term borrowings	20,610	110,365	0	(11,827)	119,148
Ex GMC debt	0	0	0	0	0
PFI liabilities	141,022	(9,189)	935	0	132,768
Service concessions	4,047	(862)	615	(1)	3,799
<b>Total liabilities from financing activities</b>	<b>985,351</b>	<b>200,314</b>	<b>1,550</b>	<b>1,601</b>	<b>1,188,816</b>

	1 April 2021 £000s	Financing cash flows £000s	Non-cash changes		31 March 2022 £000s
			Acquisition £000s	Other non-cash charges £000s	
Long-term borrowings	578,555	250,000	0	(8,883)	819,672
Short-term borrowings	184,675	(173,547)	0	9,482	20,610
Ex GMC debt	2,654	(2,654)	0	0	0
PFI liabilities	148,934	(8,723)	811	0	141,022
Service concessions	4,824	(755)	198	(220)	4,047
<b>Total liabilities from financing activities</b>	<b>919,642</b>	<b>64,321</b>	<b>1,009</b>	<b>379</b>	<b>985,351</b>

## Note 53. Events after the Balance Sheet Date

There are no reported events after the balance sheet date.

## Note 54. Authorisation for Issue of the Statement of Accounts

The 2022/23 Statement of Accounts was authorised for issue by Carol Culley, the Deputy Chief Executive and City Treasurer on 31 July 2023. All events after the Balance Sheet date until this date have been considered for disclosure as events after the Balance Sheet date.

## Manchester City Council Annual Statement of Accounts 2022/23

## Housing Revenue Account (HRA) Income and Expenditure Statement

The HRA reflects a statutory obligation to account separately for council housing provision. The HRA Income and Expenditure Statement shows the major elements of HRA expenditure and how they are met from rents, grants and other income. The account does not reflect all the transactions required by statute to be charged or credited to the HRA for the year. The Movement on the HRA Statement gives details of the additional transactions which are required by statute.

2021/22 £000s	Housing Revenue Account (HRA) Income and Expenditure Statement	2022/23 £000s	Note
	<b>Expenditure</b>		
32,660	Repairs and maintenance	37,714	
20,684	Supervision and management	24,089	
321	Rents, rates, taxes and other charges	190	
25,211	Depreciation and impairment of non-current assets	32,195	d,e
19	Debt management costs	15	
40	Revenue expenditure funded from capital under statute	72	f
<b>78,935</b>	<b>Total Expenditure</b>	<b>94,275</b>	
	<b>Income</b>		
(61,440)	Dwelling rents	(63,829)	
(386)	Non-dwelling rents	(368)	
(1,087)	Charges for services and facilities	(2,264)	
(44)	Contributions towards expenditure	(14)	
(23,374)	Private Finance Initiative Grant	(23,374)	
<b>(86,331)</b>	<b>Total Income</b>	<b>(89,849)</b>	
<b>(7,396)</b>	<b>Net (Income) of HRA Services as included in the Council's Comprehensive Income and Expenditure Statement</b>	<b>4,426</b>	
98	HRA services share of corporate and democratic core	98	
14	HRA share of other amounts included in the Council's net cost of services but not allocated to specific services (past service costs)	14	
37,967	HRA share of other amounts included in the Council's net cost of services but not allocated to specific services (IAS19 business combinations)	0	
<b>30,683</b>	<b>Net (Income) / Expenditure of HRA Services</b>	<b>4,538</b>	
	<b>HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement</b>		
(6,069)	(Gain) on disposal of HRA non-current assets	(7,365)	
11,016	Interest payable and similar charges	10,666	
109	Movement in the allowance for bad debts	313	
(25)	Interest and investment income	(1,190)	
69	Net interest on the net defined benefit liability	49	
(2,253)	Capital grants and contributions	(5,046)	
<b>33,530</b>	<b>(Surplus) / Deficit for the year on HRA services</b>	<b>1,964</b>	



Movement on the Housing Revenue Account statement

2021/22 £000s	Movement on the Housing Revenue Account Statement	2022/23 £000s
(111,165)	Balance on the HRA at the end of the previous year	(106,087)
33,530	(Surplus) / Deficit for Year on the HRA Income and Expenditure Statement	1,964
	Adjustments between accounting basis and funding basis under the legislative framework	
17	Capital expenditure funded by the HRA	0
6,069	Gain/(Loss) on disposal of HRA non-current assets	7,365
0	Transfer to short-term accumulating absences account	0
(38,291)	HRA share of employer contributions from pension scheme	(283)
(1,952)	Impairment of non-current assets	(8,511)
(40)	Amortisation of Revenue Expenditure Funded from Capital under Statute	(72)
3,492	Reversal of PFI Charges	4,784
2,253	Capital grants and contributions receivable	5,046
5,078	Net (Increase) / Decrease in Year on the HRA	10,293
(106,087)	Balance on the HRA at the end of the current year	(95,793)

## Manchester City Council Annual Statement of Accounts 2022/23

## Notes to the Housing Revenue Account

## (a) Housing Stock

The Council was responsible for managing an average of 15,342 dwellings during 2022/23.

The stock at each year end was made up as follows:

	31 March 2022	31 March 2023
Houses and bungalows	8,665	8,484
Flats	6,708	6,672
Others	77	77
	15,450	15,233

The change in stock is as follows:

	2021/22	2022/23
Stock at 1 April	15,620	15,450
Sales - Right to Buy	(174)	(233)
Right to Buy– buy-back scheme	4	(46)
New buildings	0	61
Acquisitions	0	1
Stock at 31 March	15,450	15,233

The balance sheet value of the HRA's non-current assets was as follows:

	31 March 2022 £000s	31 March 2023 £000s
<b>Operational</b>		
Council dwellings	744,477	738,353
Other land and buildings	4,844	6,123
Vehicles, plant and equipment	3,273	3,053
Infrastructure	1,792	1,792
<b>Total operational</b>	<b>754,386</b>	<b>749,321</b>
<b>Non-operational</b>		
Surplus properties	565	139
Assets under construction	7,022	15,068
<b>Total non-operational</b>	<b>7,587</b>	<b>15,207</b>
<b>Total non-current assets</b>	<b>761,973</b>	<b>764,528</b>

## (b) Vacant Possession of Dwellings

The vacant possession value of dwellings within the Council's HRA at 1 April 2022 was £1,834,228,500 and at 31 March 2023 was £1,840,278,500. The difference between the vacant possession value and balance sheet value of dwellings within the HRA shows the economic cost of providing council housing at less than open market rents.

## Manchester City Council Annual Statement of Accounts 2022/23

## (c) Capital Expenditure, Funding and Receipts

	2021/22 £000s	2022/23 £000s
<b>Expenditure</b>		
Property, plant and equipment	24,169	30,132
Revenue expenditure funded from capital under statute	40	72
<b>Total Expenditure</b>	<b>24,209</b>	<b>30,204</b>
<b>Funded by</b>		
Revenue contributions	17	0
Capital receipts	885	2,962
Major repairs reserve	21,054	23,310
Government grants	2,253	3,859
External contributions	0	73
<b>Total Funded by</b>	<b>24,209</b>	<b>30,204</b>
<b>Receipts</b>		
Council dwellings	14,370	20,016
<b>Total receipts</b>	<b>14,370</b>	<b>20,016</b>

## (d) Depreciation

	2021/22 £000s	2022/23 £000s
Council dwellings	22,964	23,333
Other land and buildings	108	114
Vehicles, plant and equipment	112	236
Infrastructure	75	0
<b>Total</b>	<b>23,259</b>	<b>23,683</b>

## (e) Impairment Charges

	2021/22 £000s	2022/23 £000s
Downward revaluation of assets	0	7,576
Damaged properties / demolitions / other	1,952	935
<b>Total</b>	<b>1,952</b>	<b>8,511</b>

## (f) Revenue Expenditure Funded from Capital Under Statute

Revenue expenditure funded from capital under statute of £71,800 (£40,000 in 2021/22) has been charged to the HRA.

## Manchester City Council Annual Statement of Accounts 2022/23

## (g) Contribution from the Pension Reserve

The cost of the HRA has increased after the replacement of employer's pension contributions by current service costs and a share of the corporate items (pensions interest costs, expected return on pensions assets, past service costs, settlements and curtailments). The HRA share of the contribution from the pensions reserve in 2022/23 is £296,000. The overall amount to be met from rent payers remains unchanged.

## (h) Rent Arrears

	2021/22 £000s	2022/23 £000s
Arrears at 31 March	8,444	8,895

The balance is the Opening position. Adjustments to arrears are made in the new financial year, at the point of bringing all other rent balance sheet codes back to zero for the new rent year.

	2021/22 £000s	2022/23 £000s
Provision at 1 April	6,663	6,970
Contributions in year	307	366
Amounts written (off)/back in the year	0	(22)
Provision as at 31 March	6,970	7,314

## (i) Management of the HRA stock

The majority of the Council's stock was managed via an Arms Length Management Organisation until July 2021, at which point management of the stock transferred back to the Council, along with all staff and assets/liabilities. The costs and savings associated with this have been included within the accounts.

Collection Fund

This statement reflects statutory requirements for billing authorities to maintain a separate collection fund to account for the income from council tax and business rates and its distribution to the Council, the Greater Manchester Combined Authority Police and Crime and Fire and Rescue elements.

2021/22 £000s				2022/23 £000s		
Business Rates	Council Tax	Total		Business Rates	Council Tax	Total
			<b>Income</b>			
0	230,009	230,009	Council Tax income	0	250,920	250,920
0	6,576	6,576	Local Council Tax Hardship Fund / Energy Rebate	0	1,912	1,912
295,835	0	295,835	Collectable from business ratepayers	329,922	0	329,922
151,938	2,209	154,147	Apportionment of Previous Year Deficit			
			- Manchester City Council	106,690	0	106,690
0	320	320	- GMCA Police and Crime Commissioner	0	0	0
1,535	125	1,660	- GMCA Mayoral and Fire and Rescue	1,024	0	1,024
449,308	239,239	688,547	<b>Total Income</b>	437,636	252,832	690,468
			<b>Expenditure</b>			
			Apportionment of Previous Year Surplus			
0	0	0	- Manchester City Council	0	12,257	12,257
0	0	0	- GMCA Police and Crime Commissioner	0	1,788	1,788
0	0	0	- GMCA Mayoral and Fire and Rescue	0	745	745
			Precepts and demands			
320,831	179,066	499,897	- Manchester City Council	301,081	196,706	497,787
0	26,119	26,119	- GMCA Police and Crime Commissioner	0	29,136	29,136
3,241	10,882	14,123	- GMCA Mayoral and Fire and Rescue	1,953	13,138	15,091

Manchester City Council Annual Statement of Accounts 2022/23

2021/22 £000s				2022/23 £000s		
Business Rates	Council Tax	Total		Business Rates	Council Tax	Total
			Business rates			
3,248	0	3,248	- Transitional protection payment	2,353	0	2,353
409	0	409	- Enterprise Zone Growth Disregard	498	0	498
			Charges to Collection Fund			
0	4,350	4,350	- Write offs of uncollectable amounts	0	798	798
3,083	7,084	10,167	- Increase in Allowance for Impairment	(2,695)	10,679	7,984
12,856	0	12,856	- Contribution to Provision for Appeals	23,244	0	23,244
1,117	0	1,117	- Costs of collection	1,114	0	1,114
<b>344,785</b>	<b>227,501</b>	<b>572,286</b>	<b>Total Expenditure</b>	<b>327,548</b>	<b>265,247</b>	<b>592,795</b>
104,523	11,738	116,260	Movement on fund balance	110,087	(12,415)	97,672
(179,816)	1,186	(178,630)	Fund balance brought forward	(75,293)	12,924	(62,369)
<b>(75,293)</b>	<b>12,924</b>	<b>(62,370)</b>	<b>Fund Balance Carried Forward</b>	<b>34,794</b>	<b>509</b>	<b>35,303</b>

## Manchester City Council Annual Statement of Accounts 2022/23

## Notes to the Collection Fund Statement

## (a) Business Rates

The Council collects business rates for its area on behalf of itself and the Greater Manchester Combined Authority (Fire and Rescue). These rates are based on rateable values for properties set by the Valuation Office Agency which are multiplied by a uniform business rate set by central government. The multiplier for the year was set at 49.9p (49.9p in 2021/22) for smaller businesses and for larger businesses 51.2p (51.2p in 2021/22). The total business rates rateable value at 31 March 2023 was £900,241,051 (£896,353,448 at 31 March 2022).

## (b) Calculation of the Council Tax Base

For 2022/23 there were 245,402 residential properties in Manchester which were placed in one of eight valuation bands, depending on their capital value, by the Listing Officer of the government's Valuation Office. There are 211,234 equivalent number of dwellings after taking account of discounts, exemptions and disabled relief. These equate to 164,964 equivalent Band D properties, which are used for the calculation of the tax base

The table below shows the total number of equivalent properties after discounts, exemptions and disabled relief and the number of chargeable Band D equivalents.

Valuation Band	Total Equivalent Number of Dwellings after Discounts, Exemptions and Disabled Relief	Chargeable Band D Equivalents
A	113,680	75,757
B	36,635	28,494
C	33,116	29,436
D	17,712	17,712
E	5,951	7,273
F	2,893	4,178
G	1,138	1,897
H	109	217
	211,234	164,964

The number of chargeable Band D equivalents for 2021/22 was 161,657.

## Manchester City Council Annual Statement of Accounts 2022/23

## (c) Share of Fund Balance

The shares of the closing fund balances are shown in the tables below.

Business Rates	(Deficit) 2021/22 £000s	(Deficit) 2022/23 £000s
Manchester City Council	(74,540)	34,447
GMCA Fire and Rescue	(753)	347
<b>Total (Deficit)</b>	<b>(75,293)</b>	<b>34,794</b>
Council Tax	Surplus 2021/22 £000s	Surplus 2022/23 £000s
Manchester City Council	10,697	419
GMCA Police and Crime Commissioner	1,564	62
GMCA Mayoral and Fire and Rescue	663	28
<b>Total Surplus</b>	<b>12,924</b>	<b>509</b>

The COVID 19 pandemic has had a material impact on the Collection Fund and several government schemes have been announced in response to the pandemic and collection of local taxation.

As per the announcement in the 2020/21 Provisional Local Government Finance Settlement any in-year deficit forecast in business rates or council tax must be spread over 3 years, from 2021/22 to 2023/24, in equal thirds instead of being fully reflected in 2021/22. This spreadable deficit was determined by the estimate calculated and declared in January 2021 and is still impacting the declared position in 2021/23. In addition, for business rates the introduction of Expanded Retail Discount, which offered 50% relief to retail, hospitality and leisure businesses capped nationally at £110k per business resulted in an additional relief award of £24.6m and COVID Additional Relief Fund (CARF) which was applied in 2022/23, for liabilities in respect of 2021/22, provided additional relief of £24.0m.

Government introduced the Council Tax Energy Rebate scheme in 2022/23 to support residents in light of increasing energy costs. This was broken into two schemes, the Core scheme which provided £150 to dwellings in Band A to D and a Discretionary scheme which provided further support to the most vulnerable residents. Although, in most cases, this grant was paid via BACS or a redeemable Post Office voucher, where the Council was unable to confirm bank details or provide a Post Office voucher there were credits made against council tax accounts. To 31 March 2023 the Council applied 12,744 council tax credits totalling £1.912m, which was deducted from their annual council tax bill. This scheme was fully funded and a corresponding credit was made to the Collection Fund.

## (d) Collection Fund collection rates and debtors

Council tax collection in 2022/23 was 89.17% down 0.64% from 89.81% in 2021/22; and down 0.98% from 90.15% in 2020/21. Business rates collection in 2022/23 was 97.29%, up 2.50% from 94.79% in 2021/22; and up 9.38% from 87.91% in 2020/21.



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An analysis of business rates and council tax debtors outstanding for over 30 days not impaired is shown below.

	31 March 2022 £000s	31 March 2023 £000s
Less than three months	933	1,227
Three to six months	1,064	1,400
Six months to one year	2,151	2,830
More than one year	18,309	24,086
<b>Total</b>	<b>22,457</b>	<b>29,543</b>

Manchester City Council Annual Statement of Accounts 2022/23

Group Accounts

Group Comprehensive Income and Expenditure Statement

This account summarises the resources that have been generated and consumed in providing services and managing the Group during the last year. It includes all day-to-day expenses and related income on an accruals basis.

Manchester City Council Annual Statement of Accounts 2022/23

2021/22 Gross Expenditure £000s	2021/22 Gross Income £000s	2021/22 Net Expenditure £000s		2022/23 Gross Expenditure £000s	2022/23 Gross Income £000s	2022/23 Net Expenditure £000s
			Continuing operations			
300,116	(73,356)	226,760	Adult Social Care	318,663	(70,299)	248,364
60,955	(41,861)	19,094	Homelessness	75,829	(56,204)	19,625
594,924	(407,674)	187,250	Children's Services	638,965	(438,379)	200,587
363,086	(231,733)	131,353	Corporate Core	376,610	(228,163)	148,447
195,720	(79,878)	115,842	Neighbourhoods and Highways	204,843	(54,188)	150,654
58,470	(35,962)	22,508	Growth and Development	55,665	(31,000)	24,665
7,354	(10,333)	(2,979)	Corporate Items	2,707	(6,586)	(3,879)
43,790	0	43,790	Council-Wide Costs	6,585	0	6,585
78,978	(86,331)	(7,353)	Housing Revenue Account	94,275	(89,849)	4,426
1,849	(16,486)	(14,637)	Destination Manchester Ltd	8,251	(24,717)	(16,466)
1,705,240	(983,615)	761,626	Cost of services	1,782,394	(999,385)	783,009
			Other operating expenditure			
11,626	(6,069)	5,557	(Gains) Losses on disposal of non-current assets	1,291	(7,365)	(6,074)
67,210	0	67,210	Levies	67,844	0	67,844
2,554	0	2,554	Payments to government housing capital receipts pool	0	0	0
81,390	(6,069)	75,321	Total other operating expenditure	69,135	(7,365)	61,770
156,018	(170,118)	(14,100)	Financing and investment income and expenditure (Note 5)	199,508	(230,898)	(31,390)
38,734	(765,418)	(726,684)	Taxation and non-specific grant income and expenditure	35,361	(734,858)	(699,497)
1,981,382	(1,925,219)	56,163	(Surplus) / Deficit on provision of services	2,086,398	(1,972,506)	113,892

Manchester City Council Annual Statement of Accounts 2022/23

2021/22 Gross Expenditure £000s	2021/22 Gross Income £000s	2021/22 Net Expenditure £000s		2022/23 Gross Expenditure £000s	2022/23 Gross Income £000s	2022/23 Net Expenditure £000s
281,160	(172,211)	108,950	Share of operating results of joint venture (Note 7)	430,181	(356,030)	74,152
0	0	0	Tax expenses of subsidiary	426	0	426
11,005	0	11,005	Tax expenses of joint venture (Note 7)	25,631	0	25,631
2,273,547	(2,097,429)	176,118	Group (Surplus) / Deficit on provision of services (Note 1)	2,542,636	(2,328,535)	214,100
		(274,388)	(Surplus) on revaluation of non-current assets			(145,773)
		11,826	Impairment losses on non-current assets charged to the revaluation reserve			20,350
		(591,288)	Remeasurements of the net defined benefit liability			(1,312,917)
		0	Asset Ceiling Adjustments			272,947
		50,099	Share of other comprehensive income and expenditure of joint ventures			(172,758)
			Items that will be subsequently classified in (Surplus) / Deficit on Provision of Services			
		(3,115)	(Surplus) / Deficit from investments in equity instruments designated at fair value through other comprehensive income			(154)
		(806,865)	Total other comprehensive income and expenditure			(1,338,305)
		(630,746)	Total comprehensive income and expenditure			(1,124,205)

### Group Movement In Reserves Statement

This statement shows the movement in the year on the Council's single entity usable and unusable reserves, as well as the Council's share of the group reserves.

	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	Total Usable Reserves	Total Unusable Reserves	Council Share of Group Reserves	Total Group Reserves
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance at 31 March 2021	(606,341)	(111,166)	(93,956)	(94,005)	(6,069)	(911,537)	(1,563,094)	(493,546)	(2,968,177)
Movement in reserves during 2021/22									
Total comprehensive income and expenditure	37,227	33,573	0	0	0	70,800	(856,964)	205,469	(786,164)
Total adjustments between accounting basis and funding basis under regulations	40,123	(28,495)	(20,418)	15,633	(2,205)	4,639	(4,639)	0	0
(Increase) / decrease in year	77,350	5,078	(20,418)	15,633	(2,205)	75,439	(861,603)	205,469	(786,164)
Balance at 31 March 2022	(528,991)	(106,088)	(114,374)	(78,372)	(8,274)	(836,098)	(2,424,697)	(288,078)	(3,548,874)
Movement in reserves during 2022/2023									
Total comprehensive income and expenditure	128,394	1,964	0	0	0	130,358	(1,165,547)	(89,018)	(1,124,205)
Total adjustments between accounting	9,128	8,329	(39,584)	8,579	(373)	(13,921)	13,921	0	

Manchester City Council Annual Statement of Accounts 2022/23

	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	Total Usable Reserves	Total Unusable Reserves	Council Share of Group Reserves	Total Group Reserves
basis and funding basis under regulations									
(Increase) / decrease in year	137,522	10,294	(39,584)	8,579	(373)	116,437	(1,151,626)	(89,018)	(1,124,205)
Balance at 31 March 2023	(391,469)	(95,794)	(153,958)	(69,792)	(8,647)	(719,661)	(3,576,327)	(377,096)	(4,673,079)

\*A breakdown of the Council's usable and unusable reserves can be found in the Council's accounts Notes 12, 40 and 41.

## Manchester City Council Annual Statement of Accounts 2022/23

The Council's share of the group reserves includes accounting adjustments to align accounting policies for property, plant and equipment and government grants.

The Council's share of group reserves is split between usable reserves and unusable reserves. The unusable reserves include the amounts to align the accounting policies plus the share of other comprehensive income and expenditure of the joint venture and subsidiary.

## Manchester City Council Annual Statement of Accounts 2022/23

## Group Balance Sheet

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

31 March 2022 £000s		Note	31 March 2023 £000s	
	<b>Non-current assets</b>			
2,614,220	Property, plant and equipment	9	2,836,176	
552,732	Infrastructure Assets		555,212	
637,312	Heritage assets		639,274	
493,722	Investment properties		537,407	
5,558	Intangible non-current assets		8,042	
402,283	Long-term investment in joint venture / subsidiaries and associates	10	480,191	
13,269	Other long-term investments	10	20,089	
471,326	Long-term debtors	11	492,129	
0	Pension asset		372,170	
<b>5,190,421</b>	<b>Total non-current assets</b>			<b>5,940,690</b>
	<b>Current assets</b>			
734	Inventories		779	
169,610	Short-term debtors	11	218,229	
153,867	Cash and cash equivalents	12	108,050	
5,569	Short-term assets held for sale		7,526	
<b>329,780</b>	<b>Total current assets</b>			<b>334,584</b>
<b>5,520,201</b>	<b>Total assets</b>			<b>6,275,274</b>
	<b>Current liabilities</b>			
(20,610)	Short-term borrowing		(119,147)	
(310,012)	Short-term creditors	13	(261,149)	
(23,250)	Short-term provisions		(11,143)	
(9,954)	Short-term deferred liabilities	14	(10,671)	
<b>(363,826)</b>	<b>Total current liabilities</b>			<b>(402,110)</b>
<b>5,156,375</b>	<b>Total assets less current liabilities</b>			<b>5,873,164</b>
	<b>Long-term liabilities</b>			
(893)	Long-term creditors		(765)	
(99,939)	Long-term provisions		(125,355)	
(819,672)	Long-term borrowing		(933,101)	
(136,894)	Long-term deferred liabilities	14	(127,921)	
(9,505)	Capital grants receipts in advance		(12,943)	
(540,599)	Pensions liability		0	
<b>(1,607,502)</b>	<b>Total long-term liabilities</b>			<b>(1,200,085)</b>
<b>3,548,874</b>	<b>Net assets</b>			<b>4,673,079</b>
	<b>Financed by:</b>			



## Manchester City Council Annual Statement of Accounts 2022/23

31 March 2022 £000s		Note	31 March 2023 £000s
(836,098)	Usable reserves		(719,661)
(2,424,697)	Unusable reserves		(3,576,324)
(288,077)	Group income and expenditure reserve		(377,095)
<b>(3,548,874)</b>	<b>Total reserves</b>	<b>15</b>	<b>(4,673,079)</b>

## Manchester City Council Annual Statement of Accounts 2022/23

## Group Cash flow statement

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

2021/22 £000s		Note	2022/23 £000s
(82,669)	Net (deficit) / surplus on the provision of services		(46,004)
330,246	Adjustments to net deficit / surplus on the provision of services for non-cash movements	17	233,723
(96,343)	Adjustments for items included in the net deficit / surplus on the provision of services that are investing and financing activities	18	(266,630)
151,234	<b>Net cash flows from operating activities</b>		(78,911)
(121,075)	Investing activities	20	(171,494)
65,071	Financing activities	21	204,586
95,229	<b>Net increase / (decrease) in cash and cash equivalents</b>		(45,819)
58,639	Cash and cash equivalents at the beginning of the reporting period		153,867
153,867	<b>Cash and cash equivalents at the end of the reporting period</b>	12	108,050

## Manchester City Council Annual Statement of Accounts 2022/23

## Notes to the Group Accounts

## Note 1. Reconciliation of the Single Entity Comprehensive Income and Expenditure Statement Surplus / Deficit to the Group Comprehensive Income and Expenditure Statement Surplus / Deficit

This shows how the group entities have contributed to the overall surplus / deficit shown in the group income and expenditure account.

2021/22 £000s		Note	2022/23 £000s
70,800	Deficit /(Surplus) on the Authority's single entity Income and Expenditure Account for the year		130,358
650	Distribution from group entities included in the Authority's single entity deficit on the Income and Expenditure Account		819
(15,289)	Add (surplus) / deficit attributable to subsidiary	7	(16,861)
119,955	Add deficit / (surplus) attributable to joint venture including dividends paid (after corporation tax)		99,783
176,118	Group income and expenditure account deficit / (surplus) for the year		214,100

## Manchester City Council Annual Statement of Accounts 2022/23

## Note 2. Group Accounting Policies

## Introduction

As a modern local authority Manchester City Council often chooses to conduct activities through a variety of undertakings, either under ultimate control of or in partnership with other organisations. The standard financial statements consider the Council only as a single entity, accounting for its interests in other organisations only to the extent of its investment, and not current performance and balances. Thus, a full picture of the Council's economic activities, financial position, service position, accountability for resources and exposure to risk is not presented in the Council's single entity financial statements.

As a result, group financial statements are produced to reflect the extent of Manchester City Council's involvement with its group undertakings in order to provide a clearer picture of the Council's activities as a group. The group accounts contain core financial statements similar to those included in the Council's single entity statements, consolidated with figures from organisations considered to be part of the group.

The Group Accounts are of equal status to the single entity accounts but to achieve a meaningful presentation to the reader of the accounts they are positioned after the single entity financial statements and notes.

The group statements include:

- Group Comprehensive Income and Expenditure Statement
- Group Balance Sheet
- Group Movement in Reserves Statement
- Group Cash Flow Statement.

The group financial statements are presented in accordance with the IFRS based Code.

Notes to the Group Accounts are included where they are materially different to the single entity accounts.

#### Manchester City Council Group

Inclusion in the Manchester City Council Group is dependent upon the extent of the Council's interest and control over the entity. An assessment of all of the Council's interests has been carried out to determine which of the following categories they fall under. Where an entity is considered to be immaterial, they are not included in the group accounts.

Subsidiaries – where the Council exercises control and gains benefits / exposure to risks arising from this control. Subsidiaries of the Council have been considered for materiality; Destination Manchester Limited (DML) is the only subsidiary consolidated into the Council's group accounts. The Council owns 100% of DML.

## Manchester City Council Annual Statement of Accounts 2022/23

Associates – where the Council exercises a significant influence and has a participating interest. Associates of the Council have been considered for materiality; there are no associates consolidated into the Council's group accounts.

Joint Ventures - where the Council and another party exercise joint control with decisions relating to the organisation requiring unanimous consent of the parties sharing control. Those entities considered to be material are included in the group. Joint Ventures are accounted for on an equity basis, by including their net operating results in the group income and expenditure account. Investments in these entities are adjusted on the balance sheet for the Council's share of their results. The group contains one material joint venture which is Manchester Airports Holdings Limited (MAHL). The Council owns 35.5% of MAHL. MAHL owns Manchester, Stansted and East Midlands airports.

Manchester Airports Holdings Limited audited accounts are available at their website

The Group Accounts have been prepared in accordance with the 2022/23 Code of Practice for Local Authority Accounting in the United Kingdom, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

#### Consolidation of Subsidiary

The Council's subsidiary has been consolidated using the acquisition accounting basis. This is a full, line by line consolidation of the financial transactions and balances of the Council and its subsidiary. To avoid overstating the figures within the group financial statements, all transactions and balances between members of the group (the Council and its subsidiary) have been eliminated.

#### Consolidation of Joint Venture

The Council's joint venture has been consolidated using the equity method. An investment is brought into the group balance sheet and adjusted by the Council's share in the joint venture's net asset movement. The Council's share of the joint venture's operating results for the year is included within the group income and expenditure account.

#### Non-Current Assets

Non-current assets have been consolidated using the valuation basis specified by the Code unless the entity has a distinct class of asset that the Council does not recognise. In this case the entity's valuation basis was used.

Land and buildings in the Council's single entity accounts are valued at current value (i.e., the amount that would be paid for an asset in its existing use). Where sufficient market evidence is not available, current value is estimated at depreciated replacement cost, using the modern equivalent asset method (i.e., the market value of the land on which the building sits plus the current gross replacement cost of the building less an allowance for physical deterioration of the building).

Infrastructure is included in the Council's accounts at depreciated historical cost.

## Manchester City Council Annual Statement of Accounts 2022/23

Where group organisations use different accounting policies to the Council, their accounts have been restated to align their accounting policies with those of the Council where the effect of not doing so would be material to the reader's interpretation of the accounts.

Manchester Airport Holdings Limited (MAHL) accounts are prepared using deemed cost for land and buildings. Deemed cost is the cost or valuation of assets as at 1 April 2005. Consequently property, plant and equipment are included in MAHL's accounts at cost or deemed cost less accumulated depreciation. A valuation of MAHL's land and building assets has been undertaken in order to align the accounting policy with that of the Council. This valuation has been used for the Council's group accounts. In undertaking this valuation specialised assets, such as airport terminals, have been valued at depreciated replacement cost using the modern equivalent asset method and income generating assets, such as car parks, have been valued at market value.

Infrastructure, such as runways and taxiways, are included in MAHL's accounts on the same basis as the Council's infrastructure assets (depreciated historical cost) and therefore no adjustment has been made to the valuation for group account purposes.

The land and building assets of Destination Manchester Limited (DML), which is a subsidiary within the Council group, are included in DML's accounts at cost less accumulated depreciation and impairment. A valuation of DML's land and building assets has been undertaken in order to align the accounting policy with that of the Council. This valuation has been used for the Council's group accounts. The Convention Centre and its car parks have been valued at market value.

#### [International Financial Reporting Standards \(IFRS\)](#)

The Council produces its financial statements in accordance with IFRS. Where UK GAAP is being used by group entities, their financial statements are adjusted to reflect IFRS where any changes have a material effect on the presentation of the group financial statements.

Manchester City Council Annual Statement of Accounts 2022/23

Note 3. Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates etc.) by local authorities in comparison to those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how the expenditure is allocated between Directorates. Income and expenditure accounted for under generally accepted accounting practice is presented more fully in the Comprehensive Income and Expenditure Statement.

2021/22						2022/23				
As reported to Members £000	Adjustments to arrive at net amount chargeable to the group general balances (Note 4) £000	Net expenditure chargeable to the group general balances £000	Adjustments between funding and accounting basis £000	Net expenditure in the Comprehensive Income and Expenditure Statement £000		As reported to Members £000	Adjustments to arrive at net amount chargeable to the group general balances (Note 4) £000	Net expenditure chargeable to the group general balances £000	Adjustments between funding and accounting basis £000	Net expenditure in the Comprehensive Income and Expenditure Statement £000
226,617	(14,862)	211,755	15,005	226,760	Adult Social Care	232,399	(1,105)	231,294	17,071	248,365
28,918	(12,124)	16,793	2,301	19,094	Homelessness	28,426	(8,845)	19,581	44	19,625
117,088	9,162	126,251	61,000	187,251	Children's Services	132,266	4,632	136,899	63,688	200,586
103,693	930	104,624	26,730	131,354	Corporate Core	112,214	(1,178)	111,035	37,411	148,446
101,401	(29,887)	71,513	44,328	115,841	Neighbourhoods and Highways	103,588	(13,558)	90,032	60,624	150,655
(8,395)	16,012	7,618	14,891	22,508	Growth and Development	(10,289)	13,081	2,792	21,873	24,664
7,326	(2,410)	4,916	(7,895)	(2,979)	Corporate Items	10,019	(7,987)	2,032	(5,911)	(3,879)
0	0	0	43,790	43,790	Council-Wide Costs	0	0	0	6,585	6,585
5,078	(2,945)	2,133	(9,487)	(7,354)	Housing Revenue Account	10,293	2,462	12,755	(8,329)	4,426

Manchester City Council Annual Statement of Accounts 2022/23

0	(14,637)	(14,637)	0	(14,637)	Destination Manchester Ltd	0	(16,466)	(16,466)	0	(16,466)
581,727	(50,762)	530,965	190,663	721,626	Net Cost of Services	618,918	(28,963)	589,954	193,054	783,009
(576,341)	(252,067)	(828,408)	282,900	(545,508)	Other (Income) and Expenditure	(601,109)	242,714	(358,395)	(210,512)	(568,907)
5,386	(302,829)	(297,443)	473,563	176,118	(Surplus)/Deficit on Provision of Services	17,809	213,751	231,559	(17,458)	214,100



Manchester City Council Annual Statement of Accounts 2022/23

2021/22		2022/23	
As reported to Members £000	Net expenditure chargeable to the group general balances £000	As reported to Members £000	Net expenditure chargeable to the group general balances £000
Opening Group General Reserves	1,277,110	Opening Group General Reserves	1,574,553
Surplus / (Deficit) on Group General Reserves in year	297,443	Surplus/(Deficit) on Group General Reserves in year	(231,559)
Closing Group General Reserves at 31 March	1,574,553	Closing Group General Reserves at 31 March	1,342,994

## Manchester City Council Annual Statement of Accounts 2022/23

## Note 4. Note to the Expenditure and Funding Analysis

Adjustments to arrive at net amount chargeable to the group general balances

2021/22	Adjustments relating to other income and expenditure (i)	Restated Adjustments relating to transfers to / from reserves (ii)	Restated Adjustments relating to internal recharges (iii)	Adjustments relating to COVID grants (iv)	Restated Total Adjustments
	£000	£000	£000	£000	£000
Adult Social Care	(1,479)	(2,574)	(1,314)	(9,495)	(14,862)
Homelessness	(431)	(1,914)	(8,361)	(1,418)	(12,124)
Children's Services	1,821	9,590	787	(3,037)	9,162
Corporate Core	(3,425)	5,398	14,181	(15,223)	930
Neighbourhoods and Highways	(24,452)	4,612	(4,008)	(6,039)	(29,887)
Growth and Development	13,245	4,494	(1,728)	0	16,012
Corporate Items	92	(2,945)	443	0	(2,410)
Housing Revenue Account	(2,945)	0	0	0	(2,945)
Destination Manchester Ltd	(14,637)	0	0	0	(14,637)
<b>Net Cost of Services</b>	<b>(32,210)</b>	<b>16,661</b>	<b>0</b>	<b>(35,212)</b>	<b>(50,761)</b>
Other Income and Expenditure from the Expenditure and Funding Analysis	(347,664)	60,385	0	35,212	(252,067)
Difference between General Fund and HRA Surplus and Comprehensive Income and Expenditure Statement Deficit on the Provision of Services	(379,874)	77,046	0	0	(302,828)

The 2021/22 figures have been restated as a result of restatements in the single entity.

## Manchester City Council Annual Statement of Accounts 2022/23

2022/23	Adjustments relating to other income and expenditure (i)	Restated Adjustments relating to transfers to / from reserves (ii)	Restated Adjustments relating to internal recharges (iii)	Adjustments relating to COVID grants (iv)	Restated Total Adjustments
	£000	£000	£000	£000	£000
Adult Social Care	(2,831)	3,507	(1,781)	0	(1,105)
Homelessness	0	(1,015)	(7,830)	0	(8,845)
Children's Services	1,976	3,171	(515)	0	4,632
Corporate Core	(15,498)	2,141	12,207	(28)	(1,178)
Neighbourhoods and Highways	(20,075)	8,135	(1,618)	0	(13,558)
Growth and Development	9,669	4,575	(1,163)	0	13,081
Corporate Items	98	(8,785)	700	0	(7,987)
Housing Revenue Account	2,462	0	0	0	2,462
Destination Manchester Ltd	(16,466)	0	0	0	(16,466)
<b>Net Cost of Services</b>	<b>(40,665)</b>	<b>11,729</b>	<b>0</b>	<b>(28)</b>	<b>(28,962)</b>
Other Income and Expenditure from the Expenditure and Funding Analysis	124,436	118,277	0	28	242,714
Difference between General Fund and HRA Surplus and Comprehensive Income and Expenditure Statement Deficit on the Provision of Services	83,771	130,006	0	0	213,751

i) Adjustments relating to other income expenditure include service specific interest payments and receipts which are reported as part of service costs in the outturn report.

Manchester City Council Annual Statement of Accounts 2022/23

(ii) Transfers to and from reserves which form part of the outturn report but are not shown within the CIES.

(iii) Internal recharges between services are included in the outturn report but are not shown within the CIES.

Note 5. Financing and Investment Income and Expenditure

The table below analyses the figures included in the Comprehensive Income and Expenditure Statement.

	2021/22 £000s	2022/23 £000s	Note
Interest payable on debt	25,231	29,787	(a)
Interest payable on PFI unitary payments	10,963	10,417	
Net interest on the net defined benefit liability	21,816	16,183	
Investment Interest income	(37,829)	(42,233)	(b)
Change in fair value of investment properties	(18,842)	(22,983)	
Dividends receivable	(501)	(448)	(c)
Impairment loss allowance on debtors	6,072	4,078	
Impairment of financial assets	711	(2,350)	
(Gain) on trading accounts (not applicable to a service)	17	0	
Rentals received on investment properties	(25,658)	(42,967)	
Expenses incurred on investment properties	3,920	19,126	
<b>Total financing and investment income and expenditure</b>	<b>(14,100)</b>	<b>(31,390)</b>	

## Manchester City Council Annual Statement of Accounts 2022/23

## a. Interest Payable

These figures represent the external interest payable by the group as follows:

	2021/22 £000s	2022/23 £000s
Manchester City Council	24,581	28,968
Destination Manchester Limited	650	819
<b>Total</b>	<b>25,231</b>	<b>29,787</b>

## b. Investment Interest Income

	2021/22 £000s	2022/23 £000s
Manchester City Council	(37,816)	(42,026)
Destination Manchester Limited	(13)	(207)
<b>Total</b>	<b>(37,829)</b>	<b>(42,233)</b>

The above figures include consolidation adjustments where transactions between the Council and the subsidiary are eliminated for the purpose of preparing the group accounts.

## c. Dividends Receivable

The dividends receivable figure in the single entity accounts has been adjusted to exclude dividends received from Group entities.

## Note 6. (Surplus) / Deficit Attributable to Subsidiaries

This figure represents the total group (surplus) / deficit attributable to Manchester City Council's subsidiary including the adjustments made for intra group transactions. The share of operating results of the subsidiary are included within the service gross income / expenditure that they relate to.

	2021/22 £000s	2022/23 £000s
Destination Manchester Limited	(14,637)	(16,466)
<b>Total (Surplus) / Deficit</b>	<b>(14,637)</b>	<b>(16,466)</b>

## Note 7. (Surplus) / Deficit Attributable to Joint Venture

This figure represents the total (surplus) / deficit attributable to Manchester Airports Holdings Limited:

	2021/22 £000s	2022/23 £000s
(Surplus) / Deficit before tax	108,950	74,152
Tax expenses	11,005	25,631
<b>(Surplus) / Deficit after tax</b>	<b>119,955</b>	<b>99,783</b>

## Manchester City Council Annual Statement of Accounts 2022/23

## Note 8. Expenditure and Income Analysis

	2021/22 £000	2022/23 £000
<b>Expenditure</b>		
Employee Benefit Expenses	635,228	614,901
Other Service Expenses	953,831	1,003,670
Business Rates Tariff	38,334	35,033
Capital Charges including Depreciation and impairment	145,947	205,692
Interest Payments	35,544	39,385
Pensions Interest Costs	91,110	118,583
Precepts and Levies	67,210	67,844
Payments to Housing Capital Receipts Pool	2,554	0
Loss on Disposal of Non-current Assets (general fund)	11,626	1,291
Share of operating results of joint venture	281,160	430,181
Corporation Tax	11,005	26,057
<b>Total Expenditure</b>	<b>2,273,547</b>	<b>2,542,636</b>
<b>Income</b>		
Fees, Charges and Other Service Income	(298,464)	(352,864)
Interest and Investment Income	(38,317)	(42,681)
Return on Pension Assets	(69,294)	(102,400)
Capital Charges related income	(47,114)	(53,407)
Income from Council Tax	(186,646)	(198,619)
Business Rates Income	(267,535)	(296,936)
Government Grants and Contributions	(1,011,780)	(918,232)
Share of operating results of joint venture	(172,211)	(356,030)
Gain on Disposal of Fixed Assets (HRA)	(6,069)	(7,365)
<b>Total Income</b>	<b>(2,097,429)</b>	<b>(2,328,535)</b>
<b>Deficit / (Surplus) on the Provision of Services</b>	<b>176,118</b>	<b>214,100</b>





Manchester City Council Annual Statement of Accounts 2022/23

Note 9. Property Plant and Equipment

Movements on tangible non-current assets in the group during 2021/22 were as follows:

	Property, Plant and Equipment						Total
	Council Dwellings £000s	Other Land and Buildings £000s	Vehicles, Plant, and Equipment £000s	Community Assets £000s	Assets Under Construction £000s	Surplus Assets £000s	
Gross book value brought forward	623,171	1,221,395	132,394	34,077	229,320	163,044	2,403,401
Accumulated depreciation and impairment brought forward	24	(96,282)	(74,978)	(853)	0	(2,860)	(174,949)
Net Book Value carried forward as at 31 March 2021	623,195	1,125,113	57,416	33,224	229,320	160,184	2,228,452
Movement in 2021/22							
Additions	19,822	37,088	19,151	4,458	139,356	1,557	221,432
Revaluations recognised in revaluation reserve	133,072	133,105	0	0	0	7,370	273,547
Revaluations recognised in deficit on the provision of services	0	(1,872)	0	0	0	(5,700)	(7,572)
Derecognition – disposals	0	(5,750)	0	0	0	(7,671)	(13,421)
Transferred from held for sale	(8,167)	(4,524)	0	0	0	(4,097)	(16,788)
Other transfers	12,437	21,683	3,330	2,498	(38,713)	2,634	3,869
Newly recognised PFI assets	811	0	(21)	0	0	0	790
Depreciation	(22,958)	(28,920)	(9,826)	0	0	(396)	(62,100)
Impairments covered by the revaluation reserve	(11,783)	(44)	(62)	0	0	0	(11,889)

Manchester City Council Annual Statement of Accounts 2022/23

	Property, Plant and Equipment						Total
	Council Dwellings £000s	Other Land and Buildings £000s	Vehicles, Plant, and Equipment £000s	Community Assets £000s	Assets Under Construction £000s	Surplus Assets £000s	
Impairments charged to the (surplus) / deficit on the provision of services	(1,952)	0	0	0	0	0	(1,952)
Net Book Value carried forward as at 31 March 2022	744,477	1,275,731	69,988	40,180	329,963	153,881	2,614,220
Gross book value carried forward as at 31 March 2022	744,818	1,342,526	143,265	41,033	329,963	156,858	2,758,463
Accumulated depreciation and impairment carried forward as at 31 March 2022	(341)	(66,795)	(73,277)	(853)	0	(2,977)	(144,243)
Net Book Value carried forward as at 31 March 2022	744,477	1,275,731	69,988	40,180	329,963	153,881	2,614,220

Movements on tangible non-current assets in the group during 2022/23 were as follows:

Manchester City Council Annual Statement of Accounts 2022/23

	Property, Plant and Equipment						Total
	Council Dwellings £000s	Other Land and Buildings £000s	Vehicles, Plant, and Equipment £000s	Community Assets £000s	Assets Under Construction £000s	Surplus Assets £000s	
Gross book value brought forward	744,818	1,342,526	143,265	41,033	329,963	156,858	2,758,463
Accumulated depreciation and impairment brought forward	(341)	(66,795)	(73,277)	(853)	0	(2,977)	(144,243)
<b>Net Book Value carried forward as at 31 March 2022</b>	<b>744,477</b>	<b>1,275,731</b>	<b>69,988</b>	<b>40,180</b>	<b>329,963</b>	<b>153,881</b>	<b>2,614,220</b>
<b>Movement in 2022/23</b>							
Additions	21,130	49,070	5,957	1,614	192,269	993	271,033
Revaluations recognised in revaluation reserve	25,884	101,870	0	0	0	20,378	148,132
Revaluations recognised in deficit on the provision of services	(7,576)	(20,918)	0	0	0	(3,598)	(32,092)
Derecognition – disposals	0	(5,789)	0	0	0	(945)	(6,734)
Transferred from held for sale	(12,565)	(31,404)	0	0	0	(19,267)	(63,236)
Other transfers	3,815	(12,281)	(213)	686	4,082	151	(3,760)

Manchester City Council Annual Statement of Accounts 2022/23

	Property, Plant and Equipment						Total
	Council Dwellings £000s	Other Land and Buildings £000s	Vehicles, Plant, and Equipment £000s	Community Assets £000s	Assets Under Construction £000s	Surplus Assets £000s	
Newly recognised PFI assets	935	0	614	0	0	0	1,549
Depreciation	(23,332)	(31,660)	(11,589)	0	0	(92)	(66,673)
Impairments covered by the revaluation reserve	(935)	(4,925)	(53)	0	0	0	(5,913)
Impairments charged to the (surplus) / deficit on the provision of services	(13,481)	(6,869)	0	0	0	0	(20,350)
Reversal of prior year impairment	0	0	0	0	0	0	0
<b>Net Book Value carried forward as at 31 March 2023</b>	<b>738,352</b>	<b>1,312,825</b>	<b>64,704</b>	<b>42,480</b>	<b>526,314</b>	<b>151,501</b>	<b>2,836,176</b>
Gross book value carried forward as at 31 March 2023	739,065	1,402,624	159,350	43,333	526,314	153,259	3,023,945
Accumulated depreciation and impairment carried	(713)	(89,799)	(94,646)	(853)	0	(1,758)	(187,769)

Manchester City Council Annual Statement of Accounts 2022/23

	Property, Plant and Equipment						Total
	Council Dwellings £000s	Other Land and Buildings £000s	Vehicles, Plant, and Equipment £000s	Community Assets £000s	Assets Under Construction £000s	Surplus Assets £000s	
forward as at 31 March 2023							
Net Book Value carried forward as at 31 March 2023	738,352	1,312,825	64,704	42,480	526,314	151,501	2,836,176

## Manchester City Council Annual Statement of Accounts 2022/23

## Note 10. Long-term Investments

	31 March 2022 £000s	31 March 2023 £000s
Investments in organisations included in the group statements		
Manchester Airports Holdings Ltd	388,126	465,699
Investments in subsidiaries not included in the group statements		
Manchester Mortgage Corporation Plc Share Capital	136	131
Investments in associates not included in the group statements		
Eastlands Development Company Limited	1,279	1,276
Mayfield Developments	7,087	7,198
Matrix Homes Ltd	5,655	5,888
	402,283	480,192
Total other long-term investments	13,269	20,089
Total Long-Term Investments	415,551	500,280

## Manchester City Council Annual Statement of Accounts 2022/23

## Note 11. Debtors

As the balance sheet date represents the position at the end of the financial year, there are monies owed to the Group at that date which are yet to be received in cash. The following analysis shows the amounts owed to the Group which had not been received at 31 March. Amounts owed to the Council by Destination Manchester Ltd have been removed as they are classed as intra-company transactions.

The Council also makes provision for outstanding monies which it is anticipated will not be recovered. These amounts are then deducted from the total value of debtors shown in the accounts.

	31 March 2022 £000s	31 March 2023 £000s
<b>Short-term debtors - Manchester City Council</b>		
Manchester City Council debtors and payments in advance	168,999	215,412
Adjustments for intra-company transactions	(2,215)	0
	<b>166,784</b>	<b>215,412</b>
<b>Short-term debtors - Destination Manchester Limited</b>		
Trade debtors	2,067	1,391
Corporation tax	178	201
Other debtors	581	1,225
<b>Total</b>	<b>169,610</b>	<b>218,229</b>

Further details can be found in the Council's accounts Note 32.

These are amounts that are owed to the Group which are being repaid over various periods longer than one year. Long-term debt which has become due in less than twelve months has been reclassified as short-term debt. Long-term debt owed to the Council by Destination Manchester Ltd has been removed from the group accounts as it is classed as an intra-company transaction.

	31 March 2022 £000s	31 March 2023 £000s
<b>Long-term debtors</b>		
Manchester Airports Holdings Limited	390,706	409,954
PFI prepayments	20,892	20,074
Private Sector Housing Loans	11,698	12,542
Equity Mortgages	1,611	1,063
Matrix Homes	10,145	11,135
Biffa Municipal	3,247	2,862
Other	9,752	3,550
Manchester Quays Riverside	4,288	0

## Manchester City Council Annual Statement of Accounts 2022/23

	31 March 2022 £000s	31 March 2023 £000s
Long-term debtors		
Manchester College	18,987	8,212
Northern Gateway (Far East Consortium)	6,670	7,931
Advertising Debtors	1,183	307
Manchester Heat Network Tradeco	0	14,500
<b>Total</b>	<b>471,326</b>	<b>492,129</b>

Further details can be found in the Council's accounts Note 34.

## Note 12. Analysis of Bank Overdraft and Cash and Cash Equivalents

	31 March 2022 £000s	31 March 2023 £000s
Bank Overdraft and Cash and Cash equivalents		
Cash at bank and in hand	31,170	31,315
Call accounts	13,689	59,054
Cash equivalents	109,008	17,681
<b>Total</b>	<b>153,867</b>	<b>108,050</b>

## Note 13. Short-Term Creditors

As the Group's Balance Sheet represents the financial position at the end of the financial year, these are monies owed by the Group at that date which have yet to be paid. There are also amounts which the Council has received before the end of the financial year which relates to services which have not yet been provided. This analysis shows the amounts owed which had not yet been paid and the amounts received in advance as at 31 March. Amounts owed by the Council to Destination Manchester Ltd have been removed as they are classed as intra-company transactions.

	31 March 2022 £000s	31 March 2023 £000s
<b>Manchester City Council</b>	<b>301,236</b>	<b>249,238</b>
Adjustments for intra-company transactions (trade creditors)	0	0
	<b>301,236</b>	<b>249,238</b>
<b>Destination Manchester Limited</b>		
Trade Creditors	425	313
Accruals and deferred income	7,941	10,513
Other taxes and social security costs	410	1,085
	<b>8,776</b>	<b>11,911</b>
<b>Total</b>	<b>310,012</b>	<b>261,149</b>

Further details can be found in the Council's accounts Note 33.



## Manchester City Council Annual Statement of Accounts 2022/23

## Note 14. Deferred Liabilities

	31 March 2022	Short Term 31 March 2022 £000s	Long Term 31 March 2022 £000	Repaid in year and disposals and derecognitions £000s	Additions in year £000s	31 March 2023 £000s	Short Term 31 March 2023 £000s	Long Term 31 March 2023 £000s
Private Finance Initiatives	141,022	0	131,834	(9,189)	935	132,768	9,763	123,005
Service Concession	4,047	9,189	3,282	(862)	614	3,799	908	2,891
Deferred taxation (Destination Manchester Ltd)	1,779	766	1,779	0	245	2,024	0	2,024
<b>Total</b>	<b>146,848</b>	<b>9,955</b>	<b>136,895</b>	<b>(10,051)</b>	<b>1,794</b>	<b>138,591</b>	<b>10,671</b>	<b>127,921</b>

## Note 15. Group Reserves

	31 March 2022 £000s	31 March 2023 £000s
<b>Usable Reserves</b>		
Manchester City Council *	836,098	719,661
<b>Unusable Reserves</b>		
Manchester City Council *	2,424,697	3,576,324
<b>Group Income and Expenditure Reserve</b>		
Manchester Airports Holdings Ltd – usable	140,160	181,591
Manchester Airports Holdings Ltd – unusable	128,063	174,481
Destination Manchester Ltd – usable	586	1,311
Destination Manchester Ltd – unusable	19,268	19,712
<b>Total Group Income and Expenditure Reserve</b>	<b>288,077</b>	<b>377,095</b>
<b>Total</b>	<b>3,548,874</b>	<b>4,673,079</b>

\* Further detail can be found in the Council's accounts Notes 38 and 39.

## Note 16. Related Party Transactions

As at 31 March 2023 the amount of loans outstanding owed by Manchester Airports Holdings Limited to Manchester City Council was £409.954m (£390.706m at 31 March 2022).

Destination Manchester Limited had outstanding loans from the Council of £14.157m at 31 March 2023 (£14.907m at 31 March 2022)

Manchester City Council Annual Statement of Accounts 2022/23

The Director of Destination Manchester Limited during 2022/23 was Carol Culley, Deputy Chief Executive and City Treasurer.

There is one non-executive Director on the board of Manchester Airports Holdings Limited who is a representative of the Council. This is Councillor Beverley Craig, Leader of the Council.

## Manchester City Council Annual Statement of Accounts 2022/23

Note 17. Cash Flow Statement - Adjustments to net deficit / surplus on the provision of services for non-cash movements

	2021/22 £000s	2022/23 £000s
Depreciation of non current assets	84,649	100,003
Impairment and revaluation losses of non current assets	6,371	33,706
Amortisation of intangible non-current assets	64	61
Movement in contract assets, liabilities, and costs (IFRS 15)	(2,189)	717
Increase/(decrease) in impairment for bad debts	711	(2,350)
Increase/(decrease) in creditors	56,954	(47,737)
(Increase)/decrease in debtors	(6,616)	(68,468)
(Increase)/decrease in inventories	(63)	(32)
Movement in pension liability	184,159	131,263
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	30,720	73,968
Other non-cash items charged to the net surplus or deficit on the provision of services	(24,514)	12,592
<b>Total</b>	<b>330,246</b>	<b>233,723</b>

Note 18. Cash Flow Statement - Adjustments for items included in the net deficit / surplus on the provision of services that are investing and financing activities

	2021/22 £000s	2022/23 £000s
Proceeds from the disposal of property, plant and equipment, investment properties and intangible assets	(24,606)	(79,733)
Any other items for which the cash effects are investing or financing cash flows	(71,737)	345,406
<b>Total</b>	<b>(96,343)</b>	<b>(265,673)</b>

## Manchester City Council Annual Statement of Accounts 2022/23

## Note 19. Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

	2021/22 £000s	2022/23 £000s
Interest received	5,903	19,006
Interest paid	(35,346)	(38,111)
Dividends received	501	448
Taxation	650	427
<b>Total</b>	<b>(28,292)</b>	<b>(18,230)</b>

## Note 20. Cash Flow Statement - Investing Activities

	2021/22 £000s	2022/23 £000s
Purchase of plant, property and equipment, investment property and intangible assets	(239,542)	(331,166)
Purchase of short term and long term investments	(164)	(12,253)
Other payments for investing activities	(8,362)	(19,492)
Proceeds of plant, property and equipment, investment property and intangible assets	24,952	78,688
Other receipts from investing activities	102,041	112,729
<b>Total</b>	<b>(121,075)</b>	<b>(171,494)</b>

## Note 21. Cash Flow Statement - Financing Activities

	2021/22 £000s	2022/23 £000s
Repayments of long and short term borrowing	(242,997)	228,961
Cash payments for the reduction of outstanding liabilities relating to finance leases and PFI contracts	(9,478)	(10,051)
Cash receipts of long and short-term borrowing	319,450	(18,596)
Repayment of ex GMC debt	(2,654)	0
Grant Funding Received	750	4,272
<b>Net cash flows from financing activities</b>	<b>65,071</b>	<b>204,586</b>

## Glossary of Financial Terms

### Actuarial Gains and Losses

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

### Agency Services

Services that are performed by or for another authority or public body, where the authority responsible for the service reimburses the authority carrying out the work for the cost of that work.

### Amortisation

A charge to the comprehensive income and expenditure statement spread over a number of years.

### Asset

Items of worth that are measurable in terms of value. Current assets are ones that may change in value on a day-to-day basis (e.g., debtors). Non-current assets are assets that yield benefit to the Council for a period of more than one year (e.g., land).

### Balances

The reserves of the Council, which include the accumulated surplus of income over expenditure.

### Capital Expenditure

Expenditure on the acquisition or enhancement of property, plant and equipment that have a long-term value to the Council. This includes grants or advances paid to third parties to assist them in acquiring or enhancing their own property, plant and equipment.

### Capital Receipts

Money received from the sale of property, plant and equipment or repayment of a capital advance.

### Collection Fund

The fund maintained by the Council into which are paid the amounts of Council Tax and Business Rates that it collects, and out of which are to be paid precepts issued by precepting authorities, its own demands and shares of business rates to the Greater Manchester Combined Authority (fire and rescue element).

### Community Assets

These are assets that the Council intends to hold in perpetuity, which have no determinable finite useful life and may have restrictions on their disposal (e.g., parks).

## Manchester City Council Annual Statement of Accounts 2022/23

### Contingent Assets

Sums due from individuals or organisations that may arise in the future, but which cannot be determined in advance.

### Contingent Liabilities

Sums due to individuals or organisations that may arise in the future, but which cannot be determined in advance.

### Core Cities

Core Cities are a unique and united local authority voice to promote the role of cities in driving economic growth, representing the councils of England, Wales and Scotland's largest city economies outside London - Birmingham, Bristol, Cardiff, Glasgow, Leeds, Liverpool, Manchester, Newcastle, Nottingham and Sheffield.

These cities drive local and underpin national economies. Working in partnership, they aim to enable each City to enhance their economic performance and make them better places to live, work, visit and do business.

### Creditors

Amounts owed by the Council for goods and services provided by the balance sheet date, where payment has not been made at that date.

### Current Service Cost

The increase in present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current financial year.

### Curtailments

For a defined benefit pension scheme, an event that reduces the expected years of future service of present employees or reduces the accrual of defined benefits for a number of employees for some or all of their future service.

### Debtors

Sums of money owed to the Council at the balance sheet date but not received at that date.

### Dedicated Schools Grant Adjustment Account

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

### Defined Benefit Scheme

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.

### Defined Contribution Scheme

A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or percentage of pay and will have no legal or constructive

## Manchester City Council Annual Statement of Accounts 2022/23

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.

#### Depreciated Replacement Cost

A method of valuation that provides a proxy for the market value of specialist properties.

#### Depreciation

The measure of the wearing out, consumption or other reduction in the useful economic life of property, plant and equipment.

#### Expenditure

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 - 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

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction.

#### Fees and Charges

Income arising from the provision of services, e.g., the use of leisure facilities.

#### Finance Lease

A finance lease is one that transfers substantially all the risks and rewards of ownership of items of property, plant and equipment to a lessee.

#### General Fund

The total services of the Council except for the Housing Revenue Account and the Collection Fund. Council Tax, Government Grants and Business Rates meet the net cost of this.

#### Impairment

A reduction in the value of a property, plant and equipment or financial asset below its carrying amount on the balance sheet.

#### Income

Amounts due to the Council for goods supplied or services rendered of either a capital or revenue nature. This does not necessarily involve cash being received - income is deemed to have been earned once the goods or services have been supplied even if the cash has not been received.

#### Infrastructure Assets

These are inalienable assets, expenditure on which is recoverable only by continued use of the asset created. Examples of such assets are highways and footpaths.

#### Interest Cost (Pensions)

For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities that arise from the passage of time.

## Manchester City Council Annual Statement of Accounts 2022/23

### International Financial Reporting Standards (IFRS)

These are statements prepared by the International Accounting Standards Board to ensure consistency in accountancy matters. Many of these standards now apply to local authorities and any departure from these must be disclosed in the published accounts.

### Inventory

Raw materials and consumable items the Council has purchased to use on a continuing basis and has not used by the end of the financial year.

### Investment Properties

These are property or land that is held solely to earn rental income or for capital appreciation or both.

### Liabilities

Amounts due to individuals or organisations that will have to be paid at some time in the future. Current liabilities are payable within one year of the balance sheet date.

### Long-term Contracts

A contract entered into for the design, manufacture or construction of a single substantial asset or service where the time taken to complete the contract is such that the contract activity falls into different accounting periods.

### Minimum Revenue Provision (MRP)

This is the amount that is charged to an authority's Movement in Reserves Statement each year and set aside as a provision for credit liabilities.

### National Non-Domestic Rate (NNDR)

All non-domestic properties have been valued and the Government determines a national rate poundage each year, which is payable to all local authorities. The Council collects the national non-domestic rate and passes 1% to the Greater Manchester Combined Authority (fire and rescue element).

### Notional accounting adjustments

Adjustments made to the figures within the accounts that reverse entries required in accordance with International Financial Reporting Standards that do not need to be funded as part of the Council's budget e.g., impairment.

### Observable Inputs

Those that are developed using market data, such as publicly available information about actual events or transactions, and that reflect the assumptions that buyers and sellers would use when pricing the asset or liability.

### Operating Lease

A lease other than a finance lease.

### Outturn

Actual net expenditure and income that is then compared to the budget.



## Manchester City Council Annual Statement of Accounts 2022/23

### Past Service Cost

For a defined benefit pension scheme, the increase in present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

### Precept

The amount levied by various joint authorities, which is collected by the Council on their behalf.

### Provisions

These are sums set aside to meet liabilities or losses that have been incurred but where the amount and/or timing of such costs are uncertain.

### Public Works Loan Board (PWLB)

A Government agency that lends money to local authorities. Local authorities are able to borrow some or all of their requirements to finance capital expenditure from this source.

### Residual Value

The net realisable value of property, plant or equipment at the end of its useful life.

### Reserves

These are sums set aside to meet possible future costs where there is no certainty about whether or not these costs will be incurred.

### Revenue Contributions

The method of financing capital expenditure directly from revenue.

### 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)

These are items of capital expenditure that do not result in, or remain matched by, the Council's property, plant and equipment.

### Settlement

An irrevocable action that relieves the employer of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligations and the assets used to affect the settlement.

### Unobservable Inputs

Inputs for which market data is not available and that are developed to estimate fair value using the best information available to the Council about the assumptions that buyers or sellers would use when pricing the asset or liability. The most significant of these inputs used in fair value measurement include management assumptions around rent growth and vacancy levels of properties.



# Annual Governance Statement 2022/23

## Manchester City Council Annual Statement of Accounts 2022/23

## 1. Introduction

- 1.1 This statement provides an overview of how the Council's governance arrangements operate, including how they are reviewed annually to ensure they remain effective. Governance comprises the systems and processes, culture and values by which the Council is directed and controlled, and through which it is accountable to, engages with and leads the community.
- 1.2 A summary of significant governance challenges which the Council faces is given, alongside an explanation of what actions have been taken to bring about required improvements, and what work is still to be done. This provides transparency and gives assurance that the Council is committed to continuously improve the way in which it functions. More detail on particular topics can be accessed by clicking on the hyperlinks, which are highlighted and underlined throughout the document.
- 1.3 The Council operates in a complex and constantly evolving financial, policy and legislative environment. The role, responsibilities and funding models of local government continue to be in a period of rapid transition. The city continues to progress the delivery of its ambitious Our Manchester strategy, with staff, residents and stakeholders across the city engaged in working towards the realisation of the vision. The Council's Corporate Plan sets out its priority actions for delivering the strategy for the city.
- 1.4 Key challenges for the Council and the city as it continues its longer-term recovery from the COVID-19 pandemic include tackling health inequalities and supporting residents who are impacted by the cost-of-living crisis. Effective leadership and governance of the response to these challenges is critical. Making Manchester Fairer is the city's new action plan to tackle the preventable gap between people with the worst health and people with the best health over the next five years (2022-27), and with a view to the long-term.
- 1.5 The introduction of the Integrated Care System (ICS) arrangements at Greater Manchester level continues to drive the next phase of health and social care integration. The operating model for Manchester's health and social care integration is key to enabling further progress towards achievement of the priorities for the city. These ambitions are for the city to significantly improve health outcomes, tackle health inequalities and develop a financially and clinically sustainable system.
- 1.6 The changes taking place present both opportunities and challenges. Therefore, the Council must continue to engage in a broad programme of innovation and reform work so that it can maintain services for residents which are efficient, effective and deliver value for money using available resources. This document explains the governance mechanisms in place to ensure appropriate oversight of this work.

## 2. Scope of Responsibility

- 2.1 Manchester City Council (the Council) is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It is also responsible for

## Manchester City Council Annual Statement of Accounts 2022/23

ensuring that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Council also has a duty under the [Local Government Act 1999](#) to make arrangements to secure continuous improvement in the way in which its functions are exercised.

- 2.2 In discharging these responsibilities, the Council must put in place proper arrangements for the governance of its affairs and effective exercise of its functions, which includes arrangements for the management of risk. The Council first adopted a Code of Corporate Governance in 2008, which was last updated in November 2022. The Code of Corporate Governance sets out the Council's governance standards. These standards ensure the Council is doing the right things, in the right way in a timely, inclusive, open, honest, and accountable manner. Some of these standards are required by law, while others are a matter for the Council to choose.
- 2.3 The approach to the production of the Annual Governance Statement (AGS) is reviewed annually to ensure that it remains consistent with the principles of the most recent Chartered Institute of Public Finance and Accountancy and the Society of Local Authority Chief Executives and Senior Managers (CIPFA/SOLACE) joint framework for delivering good governance in local government. CIPFA issued an update to the Framework in 2016, which has informed the preparation of the Annual Governance Statement (AGS) from 2016/17 onwards.
- 2.4 This AGS explains how the Council has complied with the Code of Corporate Governance. The AGS also meets the requirements of the [Accounts and Audit \(England\) Regulations 2015](#) regulation 6(1) which requires all relevant bodies to prepare an Annual Governance Statement (AGS).

### 3. [The Purpose of the Governance Framework](#)

3.1 The governance framework comprises the systems and processes, culture and values by which the Council is directed and controlled, and through which it is accountable to, engages with and leads the community. It enables the Council to monitor the achievement of the city's strategic objectives as set out in the [Our Manchester Strategy - Forward to 2025](#), and to consider whether those objectives have led to the delivery of appropriate, cost effective services. The Council's Corporate Plan sets out the Council's contribution to the Our Manchester vision. The objectives in Our Manchester and Our Corporate Plan are underpinned by the five Our Manchester behaviours;

- We are proud and passionate about Manchester
- We take time to listen and understand
- We own it and are not afraid to try new things
- We work together and trust each other
- We show that we value our differences and treat people fairly

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- 3.2 The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve the Council's aims and objectives and can therefore not provide absolute assurance of effectiveness. The system of internal control identifies and prioritises risks; evaluates the likelihood of those risks being realised and the impact should they be realised; and aims to manage them efficiently, effectively and economically.

#### 4. The Governance Framework

Corporate governance describes how organisations direct and control what they do. The Council operates to a [Code of Corporate Governance](#), updated versions of which are reviewed by Audit Committee. The Code is updated when appropriate, to ensure it reflects the Council's current governance arrangements.

The information below includes key examples of how the Council has adhered to its governance commitments set out in the Code and includes hyperlinks to sources of further information, which include more detail about how the Council has implemented its commitments.

The Council has a broad range of strategies and policies in place, and therefore this is not intended to be an exhaustive list. There is a particular focus in this statement on 'first tier' strategies which deliver on the five key themes of the Our Manchester Strategy (Thriving & Sustainable, Highly Skilled, Progressive & Equitable, Liveable & Zero Carbon, Connected City). More detail about particular areas of interest can be found on the Council's website [manchester.gov.uk](http://manchester.gov.uk).

There are seven core principles of good governance in the public sector, which are set out below (principles 'A' through to 'G'). Each core governance principle has a set of sub-principles beneath it with a description of how we meet those principles. Where applicable, hyperlinks are also provided where you can access more information about key examples of governance in action.

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

##### A1 - Behaving with Integrity

- The Council's 'Our Manchester' approach included four behaviours that demonstrate the attitude and ways of working to achieve the Our Manchester Strategy, with a new fifth behaviour introduced in 2022:
  1. We are proud and passionate about Manchester
  2. We take time to listen and understand
  3. We own it and are not afraid to try new things

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4. We work together and trust each other
5. We show that we value our differences and treat people fairly

These behaviours represent how we should do things, how we should treat others, what we should say, and how we should say it.

- We're prioritising workforce equality and diversity by creating a more inclusive Council, through delivering the Workforce Equalities Strategy 2022 [Equalities Strategy Implementation Update](#)

## A2 - Demonstrating Strong Commitment to Ethical Values

- The Standards Committee champion high standards of ethical governance from elected members and the Council as a whole. A summary of its work is included in its Annual Report to Council. [Standards Committee Annual Report](#)

## A3 - Respecting the Rule of Law

- The Council's City Solicitor undertakes the role of Monitoring Officer. The Monitoring Officer ensures that Council decisions are taken in a lawful and fair way, correct procedures are followed, and that all applicable laws and regulations are complied with. The City Solicitor is also responsible for reporting any actual or potential breaches of the law or maladministration to the Full Council and/or to the Executive, and for ensuring that procedures for recording and reporting key decisions are operating effectively. [Our Constitution](#) - article 12.3(b)
- The Chief Finance Officer (Deputy Chief Executive and City Treasurer) has statutory reporting duties in respect of unlawful and financially imprudent decision making. [Our Constitution](#) - article 12.4(a)
- The Council ensures that it complies with CIPFA's Statement on the Role of the Chief Finance Officer in Local Government (2016)

## Principle B - Ensuring openness and comprehensive stakeholder engagement

## B1 - Ensuring Openness

- The Council's website is set out in a clear and easily accessible way, using infographics and plain language. The information which residents use most, such as about Council Tax, and Waste and Recycling can be accessed quickly and easily from the main page. Design of the site has considered and incorporated understanding of the needs of people with accessibility requirements. [Manchester City Council website](#)

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*All Council and Committee meetings are held in public (other than in limited circumstances where consideration of confidential or exempt information means*

- that the public are excluded), with agenda and reports available on the Council's website. Live-streamed webcasts of Council, Executive and Scrutiny committee meetings are available online, as well as in an archive which can be accessed on-demand. [Council Meeting Agendas and Reports](#) [Webcasts of Council Meetings](#)

#### B2 - Engaging Comprehensively with Institutional Stakeholders

- The Our Manchester Forum supports development of effective relationships across leaders of the city's key private, public, voluntary and community sector organisations and our residents. The Forum benefits the city by driving forward the priorities set out in the Our Manchester Strategy to put Manchester in the top-flight of world class cities by 2025. [Our Manchester Forum Information - The Manchester Partnership](#)
- The Council maintains a list of major partnerships in a Register of Significant Partnerships. This contains an assessment of the level of assurance for the governance arrangements of each partnership, shining a light on areas where improvements may be required - so that these can then be addressed. [Register of Significant Partnerships](#)

#### B3 - Engaging with Individual Citizens and Service Users Effectively

- Our Manchester Strategy 2016 - 2025 reset was underpinned by a comprehensive engagement exercise in 2020. Approximately 3,800 people were directly engaged with and their views captured, informing [Our Manchester Strategy – Forward to 2025](#)
- To promote transparency and wider engagement with Council decisions, residents can sign up for email e-bulletins and use social media to interact with the Council. [E-bulletins and Social Media](#)
- The Council ensures that community engagement is an integral part of how we work with residents and communities. Engagement activity has been key in the development of recent plans and strategies including [Public Engagement for Manchester Active Travel Strategy](#), [Zero Carbon Focused Communications and Engagement update](#) and the [Children and Young People Participation and Engagement Plan](#).

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- Community consultation and involvement is delivered in accordance with the [Campaigning and Engagement Framework \(CEF\)](#).

Principle C - Defining outcomes in terms of sustainable economic, social, and environmental benefits

#### C1 - Defining Outcomes

- An extensive consultation in 2015 led to a 10-year strategy for the city – the Our Manchester Strategy 2016-2025 – which included a new approach to working across the whole organisation and with residents, partners and other key stakeholders. [Our Manchester Strategy – Forward to 2025](#) .Our vision remains for Manchester to be in the top-flight of world class cities by 2025, when the city will be:
  - Thriving and Sustainable – vibrant with a cutting-edge economy involving and fairly rewarding all our people.
  - Highly Skilled – work-ready, well-educated young people and all residents supported to take up opportunities.
  - Progressive and Equitable – so all can thrive, with better joined-up support, care and health services.
  - Liveable and Zero-Carbon – safe, enjoyable neighbourhoods with affordable housing, zero-carbon by 2038 using green growth and design, energy, and more climate-resilience.
  - Connected – more walking, cycling and green transport, and accessible digital technology used by and working for everyone.
- Our Corporate Plan sets out the Council’s contribution to the Our Manchester vision. These priorities align with the Our Manchester Strategy and further strengthen the Council and city-wide focus on the importance of Equality, Diversity, and Inclusion. The priorities are;
  - Zero carbon Manchester
  - Growth that benefits everyone
  - Young People
  - Healthy, Cared for people
  - Housing
  - Neighbourhoods
  - Connections



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- Equality
- Well-managed Council
- We will help to deliver these priorities through new ways of working and by demonstrating the Our Manchester Behaviours.

## C2 - Sustainable Economic, Social and Environmental Benefits

- The Council declared a Climate Emergency in July 2019 and developed a Climate Change Action Plan which was approved by Executive in March 2020. Quarterly reports are provided on the progress that has been made in delivering the Plan. [Climate Change Action Plan 2020-25 \(item 37\)](#) [Climate Change Action Plan - Progress Report](#)
- Making Manchester Fairer is the city's new action plan to tackle health inequalities – the preventable gaps between people with the worst health and people with the best health – over the next five years (2022-27), and with a view to the long-term. The plan is based on what Manchester's residents and staff from a range of organisations and agencies have told the Council in recent years, as well as the evidence of what works from research and experts on health inequalities. [Making Manchester Fairer Plan](#)
- Our Anti-Poverty Strategy draws upon evidence from residents, organisations, and national research to produce evidenced based recommendations to tackle poverty, its causes, and consequences. [Making Manchester Fairer: Anti-Poverty Strategy 2023-2027](#)
- A new Economic Strategy for the city is being developed during 2023 which will set out Manchester's approach to growth including focussing on developing a strong, competitive, inclusive, and resilient economy which will maximise benefits of the city's residents and businesses. This reflects the fact that the economic context for Manchester and the UK has changed considerably since the Our Manchester Industrial Strategy was developed in 2019, and Powering Recovery: Manchester's Recovery and Investment Plan was published in late 2020. [Economic Strategy Update](#)
- The new Housing Strategy explains how the Council will ensure provision of homes that residents want and need, while also considering the role of housing in the context of the Our Manchester Strategy, its contribution to the economic recovery of the city, and zero-carbon objectives. [Manchester Housing Strategy \(2022-2032\)](#)
- Our Work and Skills Strategy sets out how we will use learning and employment to meet the Our Manchester Strategy vision of being a more highly skilled city, and how we will help to create a more inclusive and low-carbon economy in Manchester, where more of our residents are connected to the city's success. A public

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consultation on the new strategy ran until 9 May 2022. [Work and Skills Strategy 2022-27](#)

- The Council's approach to Social Value reflects the impact that COVID-19 has had on the city, and the role that social value can play in supporting the economic recovery. [Refresh of the Social Value Policy \(item 17\)](#)

Principle D - Determining the interventions necessary to optimise the achievement of the intended outcomes

## D1 - Determining Interventions

- Decision makers receive accurate, relevant and timely performance and intelligence to support them with objective and rigorous analysis of options, covering intended outcomes, financial impact and associated risks informing efficient service delivery. This can take the form of regular performance reporting, or bespoke reports. [Executive Reports](#)
- The Future Shape of the Council programme has a workstream focussed on Digital, Data and Insights which includes projects on data management to address data quality challenges. This will ensure all data initiatives follow a well-defined approach to enable uniformity and consistency across systems and solutions and improving insights for decision makers. A key part of this is [The Resident and Business Digital Experience Programme \(RBDxP\)](#)

## D2 - Planning Interventions

- The Council plans its activity at a strategic level through its budget and business planning cycle and does so in consultation with internal and external stakeholders to ensure services delivered across different parts of the organisations and partners complement each other and avoid duplication. The [Council's Budget 2023/24](#)
- The Council Budget and Business Plan are underpinned by individual service plans which set out the core priorities and activities for each service. The service plans also include a service improvement plan and active contributions to the corporate priorities of Zero-Carbon, Equalities, and a Place-Based approach. Service Plans have been further strengthened for the 2023/24 financial year with the inclusion of sections on Finance, Workforce Planning and Performance.

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## D3 - Optimising Achievement of Intended Outcomes

- The Council integrates and balances service priorities, affordability, and other resource constraints, supporting it to take into account the full cost of operations over the medium and longer term, including both revenue and capital spend budgets. This includes a medium-term financial plan. The report sets out the Framework for the Our Manchester Strategy and Corporate Plan priorities which provide the strategic context for the 2023/24 Budget. [Medium Term Financial Strategy](#)

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

## E1 - Developing the Organisation's Capacity

- The Council's Organisation Development Plan (2021-23) (OD Plan) is the way in which we embed Our Manchester. It builds on existing work to transform the culture of the organisation to deliver against the Our Manchester Strategy. The six priority areas in the OD Plan are; Purpose, Change, Decision and Risk, Diversity and Inclusion, Performance and Development, and Partnerships.
- The Future Shape of the Council programme is reshaping how Manchester delivers services both internally and externally, by using new technologies, ways of working and new delivery models. It is an organisational wide initiative bringing together several programmes designed to strengthen our ability to deliver the Our Manchester Strategy. [Future Shape of the Council](#)

## E2 - Developing the Capability of the Organisation's Leadership and Other Individuals

- Immediately following local elections, new Council Members receive an induction into the work of the Council and their role as local members. The format and content are reviewed annually with members. The induction training is also open for existing members to attend. [Member Development and Training – Item 7](#)
- As part of the former Our People strategy, improved induction and appraisal processes ("About You") were introduced. These ensure all staff understand the part they will play in delivering the vision for the city in Our Manchester.

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- The Council delivers a comprehensive programme of leadership and management development, which all managers have access to. Progress and support is monitored through the About You process.
- The Council is committed to promoting the physical and mental health and wellbeing of the workforce through both specific interventions and opportunities and as a central part of the role of all managers, through delivery of [The Health and Wellbeing Strategy](#). There is a dedicated intranet page with a wide range of support and guidance for staff and their managers covering a wide range of health and wellbeing topics and a 24/7 Employee Assistance Programme (phone line) providing a range of support.

Principle F - Managing risks and performance through robust internal control and strong public financial management

## F1 – Managing Risk

- The Council operates a risk management framework that aids decision making in pursuit of the organisation’s strategic objectives, protects the Council’s reputation and other assets and is compliant with statutory and regulatory obligations. The Corporate Risk Register is part of this framework and is an articulation of the key risks impacting the Council. It is used to inform decision making, provide assurance over actions being taken to manage key risks and to inform directorate level risk management planning and mitigation activities. Named risk managers are identified in the Register for its key strategic risks. [Annual Corporate Risk Management Report and Corporate Risk Register](#)
- Staff are appropriately trained to ensure that they manage risk effectively using appropriate methodologies and aligned approaches, for example for Manchester Local Care Organisation. Safeguarding risks are managed in line with professional standards.

## F2 – Managing Performance

- The Council puts in place Key Performance Indicators (KPIs) to monitor service delivery whether services are internal or through external providers. An Integrated Monitoring and Corporate Plan report is provided to Strategic Management Team (SMT) every other month. This brings together analysis of performance, finance, workforce intelligence and risk - to support effective resource allocation, and to shine a light on any challenges so that they can be addressed.

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## F3 – Effective Overview and Scrutiny

- The Council has six scrutiny Committees, which hold decision makers to account and play a key role in ensuring that public services are delivered in the way residents want. The agenda, reports and minutes are publicly available on the Council's website [Scrutiny Committees information](#)

## F4 – Robust Internal Control

- The Council has robust internal control processes in place, which support the achievement of its objectives while managing risks. The Council's approach is set out in detail in both the latest Annual Corporate Risk Management report, and its Internal Audit Plan. [Internal Audit Plan 2022/23 - Item 6](#)
- The Council has an Audit Committee, in line with CIPFA's 'Position Statement: Audit Committees in Local Authorities and Police (2018)', which provides an independent and high-level resource to support good governance and strong public financial management. The Committee has two Independent Co-opted Members and provides a mechanism for effective assurance regarding risk management and the internal control environment. [Annual Corporate Risk Management Strategy and Risk Register 2022/23](#)
- The Council maintains clear policies and arrangements in respect of counter fraud and anti-corruption. These are the Anti-Fraud and Anti-Corruption Policy; Whistleblowing Policy; Anti Money Laundering Policy and the Anti Bribery Policy. [Committee details - Audit Committee](#)

## F5 – Managing Data

- The processing of personal data is essential to many of the services and functions carried out by local authorities. The Council complies with data protection legislation, which includes UK GDPR (United Kingdom General Data Protection Regulation) and the Data Protection Act 2018 (DPA 2018). This will ensure that such processing is carried out fairly, lawfully, and transparently. [Data Protection](#)
- The Council reviews and supplement its policies, and also keep its processing activities under review, to ensure they remain consistent with the law, and any compliance advice and codes of practice issued from time to time by the Information Commissioner's Office (ICO).

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- The Council ensures that officers handling personal data are trained to an appropriate level in the use and control of personal data. It is made clear that all staff and Members are personally accountable for using the Council's information responsibly and appropriately. All staff must undertake protecting information e-learning training, and this forms part of the induction process for new staff. Data protection forms part of the training offer for existing Members to access. It is also part of the induction programme for new Members and is included in the Council's new starters induction pack.
- Information Governance is overseen by the Corporate Information Assurance and Risk Group (CIARG) chaired by the City Solicitor who is the Senior Information Risk Officer for the Council (SIRO).
- The Council makes information available to the public via the information access regimes provided for by the Freedom of Information Act 2000 and the Environmental Information Regulations 2004. Data protection legislation, including the Data Protection Act 2018, provides individuals with various rights. The Council ensures that all valid requests from individuals to exercise those rights are dealt with as quickly as possible, and by no later than the timescales allowed in the legislation. [Freedom of Information](#) [Environmental Information Regulations](#)

## F6 – Strong Public Financial Management

- The Council's approach to Financial Management ensures that public money is safeguarded at all times, ensuring value for money. Its approach supports both long-term achievement of objectives, and shorter term financial and operational performance.
- The Chief Finance Officer (Deputy Chief Executive and City Treasurer) ensures that appropriate advice is given on all financial matters, proper financial records and accounts are kept, and oversees an effective system of internal financial control. The Deputy Chief Executive and City Treasurer ensures well developed financial management is integrated at all levels of planning and control including management of financial risks, systems and processes. The Constitution (Part 5) details the financial regulations which underpin the financial arrangements. [Our Constitution \(Part 5\)](#)
- The Financial Management Code (FM Code) sets out the standards of financial management expected for local authorities and is designed to support good practice and to assist local authorities in demonstrating their financial sustainability. The FM Code was launched in 2019, with the first full year of compliance being 2021/22.

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Information about the financial resilience assessment which the Council has carried out is set out in Section 5 of this AGS document – ‘Annual review of effectiveness of the governance framework’. [Medium Term Financial Strategy](#)

- Section 25 of the Local Government Act 2003 requires that when a local authority is making its budget calculations, the Chief Finance Officer (‘CFO’) of the authority must report to the Council on the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves. [Medium Term Financial Strategy](#)
- The performance and outcomes delivered through the companies, Joint Ventures and charities which the Council is a party to is monitored through the Commercial Board (chaired by the Deputy Chief Executive and City Treasurer) and Shareholder Panel (chaired by the Deputy City Treasurer). In addition, the Council’s loan and equity investments are also tracked through these routes to ensure that expected returns and repayments are in line with contractual agreements and forecasts. Furthermore, the [Register of Significant Partnerships](#) provides additional assurance through the detailed review of a number of entities which is reported to Audit Committee on a bi-annual basis.
- CIPFA’s Prudential Code of Practice and Treasury Management Code of Practice sets out the risk framework through which the Council manages its balance sheet and makes capital investment decisions. Alongside the Department for Levelling Up, Housing and Communities (DLUHC) guidance on minimum revenue provision, and the guidance on borrowing from the Public Works Loan Board (PWLB) which seeks to limit borrowing solely for yield, the Council has a strong regulatory framework that it adheres to. The Capital Strategy and capital approval process detail the approach to decision making on capital investments, and the Treasury Management Strategy details the approach for debt management and cash investing, both of which contribute to strong, ongoing financial management of the Council’s balance sheet. [Capital Strategy and Budget 2023/24 to 2025/26](#) [Treasury Management Strategy Statement 2023/24](#)

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

G1 – Implementing Good Practice in Transparency

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- The Council follows the Local Government Transparency Code 2015, which includes requirements and recommendations for local authorities to publish certain types of data. [Local Government Transparency Code](#)
- The Council's website is set out in a clear and easily accessible way, using infographics and plain language. Information on expenditure, performance and decision making is sited together in one place and can be accessed quickly and easily from the homepage. [Manchester City Council website](#)

## G2 – Implementing Good Practices in Reporting

- The Council produces a detailed annual State of the City publication, which charts the city's progress towards its vision and priorities in the Our Manchester Strategy. [State of the City Report 2022](#)
- An integrated monitoring and Corporate Plan report is provided to Strategic Management Team (SMT) every other month. This brings together analysis of performance, finance, Corporate Plan delivery highlights and risk - to support effective resource allocation, and to shine a light on any challenges so that they can be addressed.
- A Communities of Identity report will be produced working with communities, Voluntary Community and Social Enterprise (VCSE) organisations, and partners to identify the different experiences of diverse communities in Manchester (due to be taken to Communities and Equalities Scrutiny Committee in July 2023).

## G3 - Assurance and Effective Accountability

- The Council welcomes peer challenge, internal and external review and audit, and inspections from regulatory bodies and gives thorough consideration to arising recommendations. The outcome letter of the Inspection of Local Authority Children's Services for Manchester was published on the Ofsted website in May 2022. This grades the overall effectiveness of children's services as 'Good'. The report notes that services for children in Manchester have significantly improved since the last inspection in 2017, and that many areas of service provide consistent practice for most children and their families. This includes when children first need support, come into care, and leave care. [Inspection of Manchester local authority children's services](#)
- The Council monitors the implementation of internal and external audit recommendations. Assurance reports are presented to Audit Committee and Mazars (the Council's external auditors), summarising the Council's performance in



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implementing recommendations effectively and within agreed timescales. [Audit Committee meetings](#)

- Public Sector Internal Audit Standards (PSIAS) set out the standards for internal audit and have been adopted by the Council. This process includes the development of an Emergent Audit Plan designed to invite comment from management and the Audit Committee.
- The Council requested a Corporate Peer Review from the Local Government Association (LGA) which took place from 30 November to 3 December 2021. The overall feedback from the peer reviewers was very positive for both the Council and the city. [Manchester City Council Peer Review and Action Plan](#) [LGA Corporate Peer Review](#)

## 5. Annual review of effectiveness of the governance framework

5.1 The Council has a legal responsibility to conduct an annual review of the effectiveness of its governance framework, including the systems of internal control. After conducting this review, the Council has assurance that its governance arrangements and systems of control are robust and reflect the principles of the Code of Corporate Governance.

5.2 The effectiveness of governance arrangements is monitored and evaluated throughout the year, with activity undertaken including:

- **Strategic Management Team (SMT)** - Responsibility for governance and internal control lies with the Chief Executive and the Strategic Management Team (SMT), which meets on a weekly basis to steer the organisation's activity.
- **Scrutiny and challenge by Council and its Committees** - The Council has four bodies responsible for monitoring and reviewing the Council's governance:
  - 1) **The Executive** - Proposes the budget and policy framework to Council and makes decisions on resources and priorities relating to the budget and policy framework
  - 2) **Audit Committee** - Approves the Council's Annual Accounts, oversees External Audit activity and oversees the effectiveness of the Council's Governance, risk management and internal control arrangements
  - 3) **Resources and Governance Scrutiny Committee** - Considers the implications of financial decisions and changes to corporate, partnership and city region governance arrangements
  - 4) **Standards Committee** - Promotes high standards of ethical conduct, advising on the revision of the Codes of Corporate Governance and Conduct for Members

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- **Consideration of evidence sources to identify the Council's key governance challenges looking ahead to 2023/24 (see Action Plan at Section 7)** - These sources include:
  - Heads of Service online annual governance questionnaires, which provide a self-assessment of compliance with the Code of Corporate Governance. The questionnaire was sent to 52 different service areas, and the response rate was 97%.
  - Significant governance challenges in Partnerships as identified by the Council's Register of Significant Partnerships assessment process.
  - A meeting of key Senior Officers with responsibility for Governance, to identify and discuss emerging governance issues
  - Consideration of risks identified in the Corporate Risk Register
  - Emergent challenges identified by the work of Internal Audit
  - Where appropriate, carrying forward elements of action points from 2022/23 if substantial further challenges remain, and ongoing monitoring is required.
- **Head of Audit and Risk Management Annual Opinion 2022/23** - In terms of the year to March 2023, the Head of Audit and Risk Management can provide **reasonable** assurance that the Council's governance, risk, and control framework was generally sound and operated reasonably consistently in the year. The full opinion detail is set out in the Annual Audit Opinion 2022/23 report which was taken to June 2023 Audit Committee.
- **External Auditor's Review of the Effectiveness of Governance Arrangements** - The Council's external auditor is Mazars. They submit progress reports and their Annual Audit Letter to Audit Committee.
- **CIPFA Financial Management Code 2019 (FM Code)** - The authority has carried out a credible and transparent financial resilience assessment. This includes consideration of the CIPFA Financial Resilience Index which shows the Council to be relatively well placed on earmarked reserves and in a reasonably comfortable mid position on the other indicators. The only ratio classed as high risk relates to the low council tax base which is well understood and has mitigations in place. The index is not intended to represent the entire story on the financial sustainability of a Local Authority but provides some indicators of potential risk. In addition, the Chief Finance Officer has examined the major assumptions used within the budget calculations and associated risks. The Medium-Term Financial Plan and Capital Strategy have been updated to reflect the 2023/24 budget position including the current and anticipated financial impacts of continuing high levels of inflation.
- **Annual Report of the Standards Committee** - The Council is committed to promoting the highest standards of conduct by members and has adopted a Code of Conduct for all members as part of its constitution. The Annual Report of the Standards Committee is one of the Council's sources of governance assurance.

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- **Governance of Significant Partnerships** – Assurance relating to governance arrangements of the Council’s significant partnerships is recorded on the Register of Significant Partnerships. Each partnership is self-assessed annually to provide assurance that effective arrangements are in place, and to highlight any governance challenges which need to be addressed.
- **Commercial Governance** – the Council has oversight and assurance for governance in relation to its companies, loans and equity investments via the Commercial Board and Shareholder Panel. Regular performance reporting is reviewed via these forums to ensure that the expected governance standards are met both in terms of the Seven Principles of Public Life and embedding the delivery of zero carbon and social value through organisational approaches.

## 6. Strategic oversight of actions to address the Council’s governance challenges in 2021/22

This section provides a concise high-level summary of strategic actions taken to address the Council’s governance challenges for the 2022/23 financial year, and the arrangements for oversight of delivery. The seven challenges were set out in the Action Plan at the end of last year’s AGS (2021/22). Where relevant, separate detailed progress updates are provided to Project and Programme Boards, and where applicable reports and information are taken to Committees.

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Governance of actions taken and planned

- Activity continues to be delivered as part of the Organisation Development Plan with includes how we manage change, decision making and our approach to risk. This is underpinned by a renewed focus on ensuring we have good quality support in place, with fit-for-purpose processes and policies for staff and managers across the Council. The OD Plan supports the embedding of the Our Manchester behaviours and involves a continuous programme of activity.
- A [HROD Update report](#) to Resources and Governance Scrutiny Committee in July 2022 provided an overview on HROD activity within the Council, including updates on Our Ways of Working, Service Design and the Performance Management framework and approach.
- HRODT (Human Resources, Organisational Development and Transformation) have implemented an employee led user-centred design approach called Service Design which builds on the insights and experience of staff. The approach reflects the voice of the workforce and sets out activity across six key priorities:
  - Building a sense of purpose and belonging
  - Decision making and risk
  - Improving our approach to performance and development
  - A new approach to change
  - Diverse and inclusive (in conjunction with the Workforce Equality Strategy)
  - Partnerships and relationships

Next steps include a review of the OD Plan with refreshed priorities for 2023-25.

Is this governance challenge carrying forward to 2023/24?

Yes

Officer Leads: Director of HRODT, Deputy Chief Executive & City Treasurer, City Solicitor

How this is monitored: Resources and Governance Scrutiny Committee

**Action 2** - Future Shape of the Council – Ensure effective governance of the coordination of, and interdependencies between the work programmes which will deliver the next steps to reshape how Manchester City Council operates, including using new technologies, ways of working and new delivery models.

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Governance of actions taken and planned

- The Future Shape of the Council programme continues to reshape how Manchester delivers services both internally and externally. It is an organisational wide initiative bringing together several programmes designed to strengthen our ability to deliver the Our Manchester Strategy.
- To integrate and align service changes and internal transformations within the functions of HROD, the remit of the HROD Director was extended to include Transformation in November 2022. The Future Shape programme team moved to be within the remit of the Director of HRODT.
- The Deputy Chief Executive and City Treasurer is the Executive sponsor for the programme. The Director of HRODT is the SRO and the programme updates are accountable to SMT. The strategic board for Future Shape schedule to meet quarterly with the four main workstream leads meeting every six weeks.
- The Resident and Business Digital Experience Programme (RBDxP) sits under the Future Shape: Digital by Default, Customer Access and Front Door workstreams. Three core user groups have been devised, made up of service users, residents and businesses, to help design digital services, support implementation and ensure that solutions meet user requirements and accessibility needs.

Is this governance challenge carrying forward to 2023/24?

Yes

Officer Leads: Director of HRODT, Deputy Chief Executive & City Treasurer

How this is monitored: The Executive, Scrutiny Committees

**Action 3** - Governance of the coordination of delivery of our commitments on equality, diversity, and inclusion in relation to Manchester's citizens, and to our workforce. This includes delivery of both the Workforce Equality Strategy and the Race Equality programme. Also in scope is co-ordination of work to mitigate the negative impacts of health inequalities

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exacerbated by the COVID-19 pandemic, highlighted by the Marmot report (Building Back Fairer, 2020).

### Governance of actions taken and planned

#### Equality, Diversity, and Inclusion:

- The Corporate Equality Diversity and Inclusion Leadership Group (CEDILG) which is chaired by the City Solicitor (the SMT lead for equalities) provides corporate leadership, assurance and direction on equalities diversity and inclusion. They work with staff network chairs in respect of issues raised and provide regular reporting regarding workforce and development.
- Equality, Diversity, and Inclusion work continues to have high visibility across the Council. Reflecting the corporate priority of their work, the Equality, Diversity, and Inclusion (EDI) team has moved to be within the remit of the new Joint Director of Equality, Inclusion and Engagement for the Council and the NHS. The work programme of the EDI team is being aligned with wider work addressing health inequalities highlighted by the Marmot report, and engagement work. The postholder reports into the Director of Population Health.
- The Communities and Equalities Scrutiny committee have considered reports over the past year on: [Safety of Women and Girls](#), the [Armed Forces Covenant Annual report](#), and the [Public Sector Equality Duty \(PSED\) Annual Report 2022](#).
- The [Workforce Equality Strategy Implementation Update](#) was taken to Resources and Governance Scrutiny committee in November 2022. Staff Equality Networks continue to operate, and a new network has been established for Neurodiversity. A training programme called “Let’s Talk About Race” is now embedded as part of the mandatory training package for all staff.
- The Council has procured a new recruitment system, implemented in January 2023, capturing for the first time the protected characteristics data of applicants, which will facilitate the analysis of shortlisted and appointable candidates, and help identify where recruitment procedures may need further development and improvement.

## Manchester City Council Annual Statement of Accounts 2022/23

Coordination of work to mitigate health inequalities:

- An [Update on Making Manchester Fairer Task Group](#) was reported to Health Scrutiny Committee in October 2022. The Task Group and Network have oversight of the collective development and delivery of the Making Manchester Fairer Action Plan, and include representatives of the Council, Manchester Local Care Organisation (MLCO), Housing Providers, Police, VCSE, and Health.
- An [Anti-Poverty strategy update](#) was taken to Economy Scrutiny Committee in November 2022 which included the outcome of an Equality Impact Assessment on the strategy, confirming that all communities of identity were more likely to live in or experience poverty. Poverty is a known factor linked to inequality in health outcomes and increased use of health services.

Further work planned for 2023/24 includes a report on Communities of Identity to be taken to Communities and Equalities Scrutiny in July 2023.

Is this governance challenge carrying forward to 2023/24?

Yes

Officer Leads: Director of HRODT, Director of Inclusive Economy, Director of Public Health, Head of Reform and Inclusion, Chief Executive, City Solicitor, Strategic Director – Development

How this is monitored: Resources and Governance Scrutiny Committee, Communities and Equalities Scrutiny Committee

**Action 4** - Governance of the response to national and international demands, including emergency responses. This includes responding effectively to Government-led programmes of support, for example the energy rebate, and support schemes for Afghan and Ukrainian migrants.

Governance of actions taken and planned

## Manchester City Council Annual Statement of Accounts 2022/23

- Response to national and international demands entail financial expenditure for the Council and as a result receive scrutiny and governance through the established budget monitoring processes. Responses which incur significant expenditure (that of over £500k) are required by the Council's Constitution to be published on the [Register of Key Decisions](#), to keep Members informed of decisions being made and where appropriate, included in the work programme of the Committee.
- The [Our Manchester Progress Update](#) to Council Executive, provided an overview on the support to Ukrainian evacuees.
- Council Executive meeting in February 2023 reviewed the [Revenue Budget Monitoring Report](#) which included the Energy Rebate Scheme arrangements, the responsibility for which were delegated to the Deputy Chief Executive and City Treasurer, in consultation with the Executive Member for Finance and Human Resources. The design of any discretionary elements of the scheme were subject to agreement by the Council's Anti-Poverty Group – chaired by the Deputy Leader and reported back to the Executive.

Is this governance challenge carrying forward to 2023/24?

No

Officer Leads: Chief Executive, Deputy Chief Executive and City Treasurer, Strategic Director - Neighbourhoods

How this is monitored: Scrutiny Committees

**Action 5** - Ensure effective governance of the next phase of health and social care integration. This includes the next steps in the development of Manchester Local Care Organisation (MLCO) as the delivery vehicle to reduce health inequalities and improve the health and well-being of the people of Manchester, and work to develop the Manchester Operating Model supporting the introduction of the Integrated Care System (ICS) at Greater Manchester (GM) Level from July 2022.

Governance of actions taken and planned



## Manchester City Council Annual Statement of Accounts 2022/23

Executive, in October 2022, considered the report on [The Establishment of the GM Integrated Care Partnership Board](#), (GM ICP) and approved the proposal of establishing it as a joint committee, with the proposed terms of reference. The Council's representative on the GM ICP will be the Leader of the Council with the Executive Member for Healthy Manchester and Adult Social Care acting as deputy.

The Integrated Care Board (ICB) for Greater Manchester (NHS GM) was established with effect from 1 July 2022 replacing ten CCGs in Greater Manchester. The existing Section 75 partnership agreement between the Council and the CCG was transferred to NHS GM on that date.

Council Executive February 2023 considered a report of the Chief Executive on [Health and Care Integration: Establishment of Manchester Partnership Board \(MPB\) as the Locality Board of Manchester](#) bringing together responsibility for the pooled budget with the exercise of NHS GM functions delegated to place level.

Health and Wellbeing Boards will continue to play a key role within integrated care systems. MPB's decisions will be informed by the Joint Strategic Needs Assessment and Health and Care Strategy that were produced by the Health and Wellbeing Board, and decisions will be reported to the Health and Wellbeing Board in Manchester.

Is this governance challenge carrying forward to 2023/24?

Yes, and amalgamated with Action 6

Officer Leads: Director of Adult Social Services, Deputy Chief Executive & City Treasurer, Assistant Chief Executive, Deputy Director of Adult Social Services

How this is monitored: Health Scrutiny Committee

**Action 6** - Effective governance with MLCO in preparation for the significant reforms facing Adult Social Care (ASC). This includes the work to move to a Fair Cost of Care, the implementation of the Care Cap, and the planned changes to the Care Quality Commission (CQC) inspection regime.

## Manchester City Council Annual Statement of Accounts 2022/23

Governance of actions taken and planned

## Fair Cost of Care and Care Cap:

A report on [Charging Reforms and the Fair Cost of Care](#) was taken to Health Scrutiny in November 2022, confirming that a Fair Cost of Care programme has been undertaken in accordance with government requirements and the returns submitted accordingly including:

- Cost of care report for Residential and nursing care for people aged 65+, and Home care for people aged 18+
- Provisional Market Sustainability Plan
- Spend report – containing a breakdown of how funding has been allocated to support 65+ care homes and 18+ domiciliary care markets, and specifies how much funding has been used for implementation activities and funding fees increase

## CQC Reforms:

The Health and Care Act 2022 gave the CQC new regulatory powers to undertake independent assessment of local authorities' delivery of regulated care functions and an [Adult Social Care Assurance Report – Care Quality Commission](#) was provided to Health Scrutiny Committee in January 2023.

Is this governance challenge carrying forward to 2023/24?

Yes, and amalgamated with Action 5

Officer Leads: Director of Adult Social Services, Deputy Chief Executive & City Treasurer, Deputy Director of Adult Social Services

How this is monitored: Health Scrutiny Committee

**Action 7** - Responding to the recommendations from the LGA Peer Review, including developing the next 3–5-year Medium Term Financial Plan and Capital Strategy. This will involve early planning to address challenges including financial risks (for example inflation and ASC reforms), uncertainty about our future resources with the one-year Finance

## Manchester City Council Annual Statement of Accounts 2022/23

Settlement, potential delays to the proposed funding reforms, and restraints on the capital programme including increased borrowing costs.

Governance of actions taken and planned

The initial [Peer Review Report and Action Plan](#) was taken to Resources and Governance Scrutiny in March 2022 with the delivery of actions being overseen through SMT and by Executive Members.

A follow-up visit for the Peer Review team to check in on progress was held in September 2022.

[A report on the Medium-Term Financial Strategy](#) was taken to Council Executive in February 2023.

Is this governance challenge carrying forward to 2023/24?

No

Officer Leads: Deputy Chief Executive & City Treasurer, Assistant Chief Executive

How this is monitored: Resources and Governance Scrutiny Committee, The Executive

## 7. Action Plan: Governance Challenges for 2023/24 Onwards

The review of governance arrangements has identified five main areas where the Council will need to focus its efforts during 2023/24, to address changing circumstances and challenges identified. These are set out in the section below. Completion or substantial progress against these objectives is due by the end of the financial year, in March 2024.

**Action 1** – Continuing to embed and deliver the Organisation Development (OD) Plan 2021-23 to further improve Council wide governance arrangements.

- Responsible officers (SMT): Deputy Chief Executive & City Treasurer, City Solicitor
- Responsible officers (Directors or Heads of Service): Director of HRODT

## Manchester City Council Annual Statement of Accounts 2022/23

- How this is monitored: Resources and Governance Scrutiny Committee

**Action 2** – Effective updating, communication, and accessibility of key policies, including assurance over policy being put into practice. Effectively support the continued development of manager capabilities, to ensure policies are consistently implemented and adhered to.

- Responsible officers (SMT): Deputy Chief Executive & City Treasurer
- Responsible officers (Directors or Heads of Service): Director of HRODT
- How this is monitored: Resources and Governance Scrutiny Committee

**Action 3** – Future Shape of the Council – Ensure effective governance of the coordination of, and interdependencies between the work programmes which will deliver the next steps to reshape how the Council operates, including using new technologies, ways of working and new delivery models.

- Responsible officers (SMT): Deputy Chief Executive & City Treasurer
- Responsible officers (Directors or Heads of Service): Director of HRODT, Director of ICT
- How this is monitored: The Executive, Scrutiny Committees

**Action 4** – Ensure effective governance of the next phase of health and social care integration and reform. This includes:

- The next steps in the development of Manchester Local Care Organisation (MLCO) as the delivery vehicle to reduce health inequalities and improve the health and well-being of the people of Manchester;
- Deliver work to develop the Manchester Operating Model embedding effective delivery of the Integrated Care System (ICS)
- Partnership arrangements to deliver the Making Manchester Fairer Strategy.
- Ensuring alignment with GM of systems and working culture.

Effective governance with MLCO in preparation for the significant reforms facing Adult Social Care (ASC). This includes the work to move to a Fair Cost of Care, the implementation of the Care Cap, and the planned changes to the Care Quality Commission (CQC) inspection regime.

- Responsible officers (SMT): Director of Adult Social Services, Deputy Chief Executive & City Treasurer, Assistant Chief Executive

## Manchester City Council Annual Statement of Accounts 2022/23

- Responsible officers (Directors or Heads of Service): Deputy Director of Adult Social Services
- How this is monitored: Health Scrutiny Committee

**Action 5** - Governance of the coordination of delivery of our commitments on equality, diversity, and inclusion in relation to work with communities, our partners, and our workforce. This includes delivery of both the Workforce Equality Strategy and the Race Equality programme. Also in scope is co-ordination of work to mitigate the negative impacts of health inequalities exacerbated by the COVID-19 pandemic, highlighted by the Marmot report (Building Back Fairer, 2020).

- Responsible officers (SMT): Chief Executive, City Solicitor
- Responsible officers (Directors or Heads of Service): Director of HRODT, Joint Director of Equality, Inclusion and Engagement
- How this is monitored: Resources and Governance Scrutiny Committee, Communities and Equalities Scrutiny Committee

**Action 6** - Effective governance of the Housing Services Improvement Plan to ensure the Council delivers improvements to housing for tenants and meets the requirements of the Social Housing Regulator including safe housing. This requires corporate support from different services and directorates to support the insourced Housing Operations service within the Neighbourhoods Directorate.

- Responsible officers (SMT): Strategic Director - Neighbourhoods
- Responsible officers (Directors or Heads of Service): Director of Housing Operations
- How this is monitored: Resources and Governance Scrutiny Committee

**Action 7** – Embedding of new capital governance arrangements to maximise the benefit that can be gained from more limited capital resources. This includes building into the process a stronger approach to planning for place, and a greater focus on neighbourhoods and communities.

- Responsible officers (SMT): Deputy Chief Executive and City Treasurer, Deputy City Treasurer
- How this is monitored: Executive, Resources and Governance Scrutiny Committee

## Manchester City Council Annual Statement of Accounts 2022/23

## Conclusion

The governance arrangements as described above have been applied throughout the year, and up to the date of the approval of the Annual Accounts, providing an effective framework for identifying governance issues and taking mitigating action. Over the coming year the Council will continue the operation of its governance framework and take steps to carry out the actions for improvement identified in the review of effectiveness to further strengthen its governance arrangements.

Signed Councillor Bev Craig (Leader of the Council):

A handwritten signature in black ink, appearing to read "Bev Craig". The signature is written in a cursive style with a large initial "B" and "C".

Signed Joanne Roney (Chief Executive):

A handwritten signature in black ink, appearing to read "Joanne Roney". The signature is written in a cursive style with a large initial "J" and "R".

## Audit Status

The City Council's accounts are subject to audit in accordance with the Local Audit and Accountability Act 2014 and the National Audit Office's Code of Audit Practice.

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**Manchester City Council  
Report for Information**

**Report to:** Executive – 28 June 2023  
Audit Committee – 25 July 2023

**Subject:** Capital Outturn 2022/23 and Capital Programme Update

**Report of:** The Deputy Chief Executive and City Treasurer

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### **Summary**

This report informs members of:

- (a) The outturn of capital expenditure for 2022/23.
- (b) The financing of capital expenditure for 2022/23.
- (c) The major variances between the 2022/23 outturn and the previous Capital Programme monitoring report submitted in February 2023.
- (d) The revised capital programme budget for 2023/24 and subsequent years as a result of the review of the programme following outturn.

### **Recommendations**

The Executive is requested to:

- (1) To recommend that the Council approve the virements over £0.5m between capital schemes to maximise use of funding resources available to the City Council set out in Appendix C.
- (2) To approve, and recommend that Council approve, the budget changes to the Council's capital programme detailed in section 11 and set out in Appendix D, including the proposed additional delegation for invest to save schemes.
- (3) Note the outturn of capital expenditure 2022/23 was £403.6m.
- (4) Note the changes to the outturn attributable to movement in the programme that occurred after the previous monitoring report to Executive in February 2023.
- (5) Note the decisions of the Deputy Chief Executive and City Treasurer regarding the funding of capital expenditure in 2022/23 including the use of £94.6m Grants and Contributions, £56.2m Capital receipts, £28.3m Revenue funding and £224.6m Borrowing.
- (6) Note the continued inflationary pressures being experienced across the construction industry and the requirement to increase the inflation contingency by £22.4m from the remaining £7.6m to £30m, funded from borrowing.

**Wards Affected:** All

**Environmental Impact Assessment** - the impact of the decisions proposed in this report on achieving the zero-carbon target for the city

Under the governance process for capital expenditure decision making, zero and low carbon measures are a key component. All capital projects are reviewed throughout the approval process with regard to the contribution they can make to Manchester being a Zero-Carbon City. Projects will not receive approval to incur costs unless the contribution to this target is appropriate.

<b>Manchester Strategy outcomes</b>	<b>Summary of the contribution to the strategy</b>
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	The capital programme contributes to various areas of the economy including investment in public and private sector housing, education and children's social care, transport infrastructure, major regeneration activities, environmental, cultural and leisure services.
A highly skilled city: world class and home grown talent sustaining the city's economic success	The capital programme includes substantial investment in education and also provides opportunities for the construction industry to bid for schemes that could provide employment opportunities at least for the duration of contracts.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	The capital programme includes investment in adult and children's social care, education, housing and the environment, cultural and leisure services, all of which contribute towards the strategy.
A liveable and low carbon city: a destination of choice to live, visit, work	Investment in all areas of the capital programme contributes towards this community strategy, notably the investment in sustainable and affordable housing, building schools for the future, transport, environmental and major regeneration programmes.
A connected city: world class infrastructure and connectivity to drive growth	The capital programme includes investment in highways infrastructure, and broadband expansion.

**Full details are in the body of the report, along with any implications for:**

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

## Financial Consequences – Revenue

All Revenue consequences are included in the Revenue Budget Outturn report.

## Financial Consequences – Capital

The Capital Outturn 2022/23 for Manchester City Council is £403.6m compared to the revised budget of £564.2m, excluding the contingent budgets, submitted to Executive in February 2023.

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### Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy, please contact one of the contact officers above.

- Report to the Executive 15<sup>th</sup> February 2023 – Capital Strategy and Budget 2023/24 to 2025/26.
- Report to the Executive 22<sup>nd</sup> March 2023 – Capital Programme Update Report
- Report to the Executive 31<sup>st</sup> May 2023 – Capital Programme Update Report

## 1. Introduction

1.1. The purpose of the report is to:

- Inform the Executive of the capital outturn position for 2022/23 against the approved budget including total expenditure and funding;
- Confirm that funding sources have been managed to best utilise resources available to fund the capital programme; and
- Present a revised capital programme for the 2023/24 financial year after taking into account the final outturn position as reported.

1.2. A summary of each part of the programme is included within the report, providing details on the major projects. This is presented alongside a summary of the outturn position, and as a result any changes to the budget that are required.

1.3. Attached to the report are the following appendices:

- Appendix A – the update on the major projects and explains the variances to budget for 2022/23.
- Appendix B - details of other material variations in the programme in 2022/23
- Appendix C - virements requested to reflect the revised budget forecast.
- Appendix D - the adjustments to the capital budget provision being requested in this report.
- Appendix E - the outturn position for the Council's prudential indicators.
- Appendix F - the full revised capital budget for each project, taking into account the virements requested, the new budgets introduced, and any re-profiling between years.

## 2. Capital Programme Outturn 2022/23

2.1. The outturn for the Manchester City Council Capital Programme in 2022/23 was £403.6m. This represents one of the largest deliveries of capital spend in the Council's history and is much higher than in previous years. It represents the continued significant investment in Manchester with over 220 live projects progressing during the year.

2.2. During 2022/23 the Council has delivered several new schemes including; Gorton Health Hub, a new Health and Care Hub in the heart of Gorton, including a GP practice, rooms for Manchester Adult Education services (MAES), Gorton Library, mental health services and a Job Centre Plus; Co-op Academy Belle Vue Secondary school delivering 1,200 new school places; Wythenshawe Cycling Hub, including a learn to ride area, 3.1km of family trails and 1.5km of skills trails; Mayfield Park and Blakely Cremator replacements.

2.3. Other major projects have continued during 2022/23 including the Our Town Hall Project, Factory International, the Highways Investment Programme, major refurbishments of Abraham Moss Leisure Centre, Manchester Aquatics Centre and the National Cycling Centre, the Private and Public Sector Housing programmes, ensuring sufficient school places through the Schools Basic Need

Programme and the continuation of the Council's ICT investment programme. More information can be found on these individual projects in Appendices A and B.

- 2.4. The outturn by directorate is shown in the table below. The main variances relate to Our Town Hall, The Factory, Housing Infrastructure Fund, Carbon Reduction Programme and Public Sector Decarbonisation and This City Housing and are set out in more detail in the following sections.

Manchester City Council Programme	2022/23							
	Current Budget	Forecast			Outturn Q4	Variance to current budget	Variance Q3 to Q4	
		Q1	Q2	Q3				
	£'m							
Highways	54.2	40.5	39.9	37.5	35.7	(18.5)	(1.8)	
Neighbourhoods	84.1	82.9	86.1	73.3	58.3	(25.9)	(15.0)	
The Factory and St John's Public Realm	79.4	46.4	79.4	60.9	56.3	(23.1)	(4.6)	
Growth and Development	120.2	97.6	95.3	84.9	96.3	(23.9)	11.4	
Our Town Hall Refurbishment	82.3	76.5	74.9	68.7	59.9	(22.4)	(8.8)	
Housing – General Fund	27.4	24.1	16.3	17.4	20.4	(7.0)	3.0	
Housing – Housing Revenue Account	45.9	34.8	40.8	32.4	30.2	(15.7)	(2.2)	
Children's Services	47.5	42.6	44.9	43.6	31.6	(15.9)	(12.0)	
ICT	7.9	4.9	4.8	4.3	2.9	(5.0)	(1.4)	
Corporate Services	15.3	15.1	15.2	15.0	12.0	(3.3)	(3.0)	
<b>Total (exc. contingent budgets)</b>	<b>564.2</b>	<b>465.4</b>	<b>497.6</b>	<b>438.0</b>	<b>403.6</b>	<b>(160.7)</b>	<b>(34.4)</b>	
Contingent Budgets	15.1	41.4	15.4	5.8	0.0	(15.1)	(5.8)	
<b>Total</b>	<b>579.3</b>	<b>506.8</b>	<b>513.0</b>	<b>443.8</b>	<b>403.6</b>	<b>(175.8)</b>	<b>(40.2)</b>	

- 2.5. The capital programme covers multiple years and the 2022/23 outturn impacts on the future capital programme forecasts for 2023/24 to 2026/27 as some spend is rephased across those financial years. The future years forecast is set out in

section 9 below, which has been adjusted for the reprofiling of capital spend shown in the table above and any underspends with any associated funding released for other investment priorities.

- 2.6. As in previous updates, the report focuses on the top 10 projects which are summarised in Appendix A. These projects represent 49.5% of the total programme. Appendix B provides details of any other material changes and variances in other parts of the programme since the last report to Executive.
- 2.7. As in previous years, the programme contains some budgets yet to be allocated to specific projects but reserved for a particular purpose, examples include the Education Basic Need funding and the budget for inflationary pressures. These will be allocated as the schemes are progressed and the business case for approval completed, or in the case of inflation the business case showing the impact of inflationary pressures on a scheme completed. These requests are then subject to approval through the Council's capital approval process.

### **3. Social Value**

- 3.1. It is important that the capital investments made maximise the benefit to Manchester businesses and residents. Every capital project is required to consider the social value which could be realised through procurement or the creation of the asset. This is one of the key requirements of every capital business case brought forward. By capturing the expected social value benefits, this allows projects to monitor their social value output on an ongoing basis. In some cases, such as where social value is monitored with groups like the North West Construction Hub, this is done on an aggregate basis rather than project by project.
- 3.2. The PlanBEE Manchester Level 4 apprenticeship scheme continues to collaborate with employers on the Our Town Hall Project. An additional four employer placements will begin in September to accompany the current cohort on the project, with placements supported by both design team consultants and the Lendlease supply chain. Work placement opportunities continue to be delivered to Manchester residents via a number of different mechanisms – namely with the continuation of a bespoke placement scheme for SEND students at North Ridge, Blackley. Further, placements are being provided throughout the summer by employers across the project team. Employers continue to collaborate on the project podcast, which provides residents with the opportunity to hear from heritage tradespeople about their skills and career pathways; this is as well as tradespeople now regularly using the Artisan Studio workspace in Albert Square, providing the passing public with an opportunity to see inside the project.
- 3.3. Highways are currently using the Social Value Portal to track, monitor and report social value delivery across the service. During the financial year 2022 - 2023, there has been significant social value provided by various contractors across the service. Common areas of social value have been around community support e.g. offer of materials, labour and donations in kind as well as volunteering hours and help for the homeless. The recent highlights include:

Major Projects:

- 35 hours of staff volunteering, at the Barlow Moor Community Association in Chorlton. The staff volunteering hours helped to facilitate the organisation's annual community festival 'Merseyfest'
- 10 hours of staff at volunteering at St Margaret's primary school Withington Road, Whalley Range, Manchester, M16 8FQ. Staff delivered a 4-hour road safety workshop to 90 year 6 students.
- In-kind donation of £2,000 to The Mustard Tree

Network Management:

- Donation of raffle prizes worth £1,274 to St John's RC Primary School, Chorlton.
- 10 hours of staff volunteering time dedicated to supporting local Manchester residents back into employment. The company attended an apprenticeship open day hosted by Transport for Greater Manchester.
- In-kind donation of £2,500 to a local homelessness charity, 'Don't Walk Past'.
- Purchase and delivery of two 12ft x 6ft football goals to Collyhurst Youth Football Club who needed football nets for their girl's football team

3.4 Housing operations continue to support several trainees in the workplace through their contractors.

**4. Contributing to a Zero-Carbon City**

4.1. capital expenditure business cases are required to include carbon measures for both during the project progression stage and the ongoing lifecycle post completion. The intention is that the carbon footprint of a scheme is considered as part of the decision-making process. This work is ongoing and will reflect the decisions taken by the Council on how it will meet the future carbon reduction targets in order to become carbon neutral by 2038.

4.2. In February 2021 Executive agreed to the adoption of the Manchester Low Carbon Build Standard for future capital projects, and this has been implemented. Work is now ongoing to develop specific measurable carbon metrics across the capital programme, for both during and post-acquisition/construction phases of a project, that will enable comprehensive reporting on the intended and achieved carbon reductions created through the programme. It is intended that this will form part of these monitoring reports.

4.3. Carbon reduction has been a focal point for the 2022/23 capital programme, with projects such as Public Sector Decarbonisation scheme, the purchase of electric refuse vehicles and tree planting all continuing.

**5. Capital Financing 2022/23**

5.1. The funding of the 2022/23 Capital Programme is summarised below:

	£m	%
<b>Capital Expenditure</b>	<b>403.6</b>	
Financed by:		
Government Grants	79.1	19.6%
Other External Contributions	15.5	3.8%
Capital Receipts	56.1	13.9%
Revenue Funding	5.0	1.2%
HRA Major Repairs Reserve	23.3	5.8%
Borrowing	224.6	55.7%

- 5.2. The Executive is asked to note the following decisions made by the Deputy Chief Executive and City Treasurer regarding the funding of the capital expenditure incurred in 2022/23.
- 5.3. Any unused grant, subject to conditions, has been carried forward into 2023/24 and will be matched against future spend. The programme was managed to ensure that any grant with a risk of claw back due to time constraints or other factors was fully utilised in 2022/23. Similarly, any external contributions that have not been used will be carried forward into 2023/24.
- 5.4. The balance of available capital receipts carried forward from 2021/22 was £114.4m. A further £95.7m receipts were received in 2022/23 including pooled receipts from the sale of Council housing. Drawdown from capital receipts was £56.1m leaving a balance for use in future years of £154.0m, of which £94.3m relate to Housing. Any new receipts generated in 2023/24 will be available for use in future programmes and added to the amount available. The Housing receipts are expected to support the achievement of the Council's housing strategy, and plans for their use will come forward in due course.
- 5.5. Revenue contributions to capital expenditure were used to finance expenditure of £5.0m, including works on the Factory Public Realm (being a contribution from business rates income from the area), House of Sport, various Highways projects and the HR and Finance System replacement project.
- 5.6. The Major Repairs Reserve funds expenditure on the HRA capital programme. The use of this reserve includes self-financing revenue from the HRA revenue budget.
- 5.7. Long term borrowing of £224.6m has been used to fund the programme. This borrowing figure represents the amount to be funded by borrowing in the long term and is not necessarily borrowed in year. The Council's approach to actual borrowing drawn down in year is governed by its Treasury Management strategy which has taken into account the volatility of interest rates and the base rate rises. A total of £120m of long-term external debt was borrowed in 2022/23.
- 5.8. The Council has to set aside part of its revenue budget for the repayment of its



long term debt, this is known as the minimum revenue provision (MRP). The MRP for 2022/23, excluding PFIs and leases, was £32.7m, and has been funded from the Council's capital financing budget.

## **6. Inflation Impact on the Capital Programme**

- 6.1. Inflation in the UK in the 12 months to April 2023, as measured through CPI, is currently 8.7%, down from 10.1% in March and from a recent peak of 11.1% in October 2022. The average rate in 2022/23 was 10.0%. Whilst this shows a downward trend which is expected to continue, the figure remains elevated.
- 6.2. The April 2023 statistics of building materials and components from the Department for Business and Trade (formerly BEIS) noted that the price index for all construction works was 8.7% higher than the same time the previous year. This followed an increase of 10.6% in February 2023 compared to February 2022. This included significant price increases for some construction materials, such as thermal or acoustic insulating materials (35.4%), screws etc (33.2%) and gravel, sand, clays and kaolin (Including aggregate levy) (29.9%). However, some prices have started to come down from their elevated levels with some significant price decreases for example imported sawn or planed wood (-17.9%), concrete reinforcing bars (-13.6%) and particle board (-11.7%). Overall inflationary pressures remain a significant risk to the capital programme. The contingent budget now stands at £7.6m which is unlikely to cover the inflationary pressures felt.
- 6.3. It is therefore proposed to increase the inflation budget to £30m, requiring a budget increase of £22.4m, funded from borrowing. This would be equivalent to c. 3.7% of the approved capital budget for 2023/24 onward, and reflects the persistent nature of the inflation noted above.
- 6.4. The impact of inflation on the capital programme will continue to be managed, monitored and reported to members.

## **7. General Programme Risks**

- 7.1. The Capital Budget is prepared on the best estimate of the start date and spend profile for each scheme which is likely to change as the scheme develops. The project cash flow will be variable throughout the life of a project, and therefore the forecast expenditure in each financial year will also vary. This report therefore considers the total life and cost of schemes and the risks associated with their development. All projects carry risk such as delivery risk, third party risk and market risk, including build cost and inflation.
- 7.2. Where funding sources for the programme are time-limited, such as the Public Sector Decarbonisation Scheme, officers will continue to monitor progress against these schemes to seek to maximise the level of grant funding used.

## **8. Capital Programme Re-phasing and Variations**

- 8.1. Based on the monitoring information above, it is proposed that the capital

programme budget is re-phased to reflect the planned delivery of projects in 2023/24 to 2026/27. The cumulative impact of these adjustments are shown in the table below. The future programme will be reviewed throughout 2023/24 to reflect changes to the proposed profile of spend.

*Proposed Capital Programme variations 2022/23 to 2026/27*

	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	Total Programme £m
Revised Capital Budget (Strategy Feb 2023 and subsequent additions)	579.4	403.2	134.7	19.0	0.0	1,136.0
Forecast Re-profile	-204.6	29.5	159.0	15.1	1.0	0.0
Cost Variations	-2.8	0.0	0.0	0.0	0.0	-2.8
<b>Proposed Capital Budget</b>	<b>371.9</b>	<b>432.7</b>	<b>293.7</b>	<b>34.1</b>	<b>1.0</b>	<b>1,133.2</b>
Accounting Adjustments	27.9	0.0	0.0	0.0	0.0	27.9
Budget increases as per Section 11	5.0	11.3	26.1	24.1	0.0	66.4
Under/Overspends	-1.2	0.7	1.4	0.0	0.0	1.0
<b>Total</b>	<b>403.6</b>	<b>444.7</b>	<b>321.2</b>	<b>58.2</b>	<b>1.0</b>	<b>1,228.7</b>

- 8.2. Within the 2022/23 outturn position there is £27.9m of expenditure relating to accounting adjustments, specifically the novation of the Civic Quarter Heat Network loan and equity to the newly established trading company, of which the Council is the sole shareholder, and a land swap required as part of the Victoria North development. These accounting adjustments have equal income entries so that the net financial impact on the Council is nil. As such, the adjustments did not need to be included in the budget and were completed in line with the appropriate approvals.
- 8.3. The table above includes forecast under and overspends in the existing programme, which are being actively managed. If forecast overspends cannot be mitigated within the project budget, they will be subject to future budget approvals.
- 8.4. The table also includes new proposals, which are detailed in section 11 below. These include the new allocation of Disabled Facilities Grant and the new allocation of Education Basic Need as in paragraph 11.3.

### Virements in 2022/23

- 8.5. A number of schemes require virements in 2022/23 and future years, as shown in Appendix C. Examples include under and overspends in the Schools Maintenance Programme which will be vired back to the unallocated budget to be utilised in future years, and virements between projects within the Highways and Housing Revenue Account portfolios.
- 8.6. The Council is recommended to approve virements over £0.5m within the capital programme as outlined in Appendix C.
- 8.7. The Executive is recommended to approve virements under £0.5m within the capital programme as outlined in Appendix C.
- 8.8. As shown in the table above, there are a small number of budget reductions that can be removed from the Capital Programme which total £2.8m. In the main this relates to the Rugby Football League project – Beswick Hub and more information can be found in Appendix B, paragraph 1.15. When budget reductions relate to grant funded projects efforts will be made to apply the grant to other relevant schemes. In this instance, the scheme was to be funded by borrowing and will release borrowing capacity for another scheme.

## 9. Capital Programme Forecast for 2023/24 and future years

- 9.1. If the virements set out above are approved, the revised capital programme forecast for 2023/24 and future years is shown in the table below:

<b>Manchester City Council Programme</b>	<b>2023/24 £m</b>	<b>2024/25 £m</b>	<b>2025/26 £m</b>	<b>2026/27 £m</b>	<b>Total £m</b>
Highways	41.0	19.0	8.7	0.0	68.7
Neighbourhoods	46.4	7.1	2.8	0.0	56.3
The Factory and St John's Public Realm	23.1	0.0	0.0	0.0	23.1
Growth and Development	105.9	70.7	6.2	0.0	182.8
Town Hall Refurbishment	79.7	62.1	0.0	0.0	141.8
Housing – General Fund	43.9	35.7	9.8	0.0	89.4
Housing – Housing Revenue Account	59.9	60.0	6.7	1.0	127.6
Children's Services	34.2	7.7	0.0	0.0	41.9
ICT	5.1	0.0	0.0	0.0	5.1
Corporate Services	4.7	0.5	0.5	0.0	5.7
<b>Total (exc. Contingent budgets)</b>	<b>444.0</b>	<b>262.8</b>	<b>34.7</b>	<b>1.0</b>	<b>742.5</b>

Contingent Budgets	0.8	58.4	23.5	0.0	82.7
<b>Total</b>	<b>444.7</b>	<b>321.2</b>	<b>58.2</b>	<b>1.0</b>	<b>825.2</b>

- 9.2. The figures in the table include the recommendations in Section 11 below.
- 9.3. The 2023/24 forecast reflects the continuation of a number of significant schemes and some new starts such as the Ancoats Mobility Hub and Varley Street Secondary School. Contingent budgets have been shown separately and include the inflation fund and other unallocated programme budgets such as Education Basic Need. Specific projects funded through the contingent budgets are brought forward through the Council's capital approval process.

## 10. Capital Resources

- 10.1. The table below summarises the current funding assumptions for the Capital Programme based on the current forecast. This will continue to be reviewed to ensure that the optimum value for money is achieved.

	<b>Draft Funding 2023/24 £m</b>	<b>Draft Funding 2024/25 £m</b>	<b>Draft Funding 2025/26 £m</b>	<b>Draft Funding 2026/27 £m</b>	<b>Draft Funding All Years £m</b>
Grants	116.6	77.0	30.9	0.0	224.5
Contributions	29.2	11.5	8.7	0.0	49.4
Capital Receipts	66.1	23.4	10.3	0.0	99.8
Revenue Contributions to Capital	42.9	54.3	3.6	1.0	98.5
Capital Fund	4.5	1.3	0.5	0.0	6.3
Borrowing	185.4	153.7	4.2	0.0	346.7
<b>Total</b>	<b>444.7</b>	<b>321.2</b>	<b>58.2</b>	<b>1.0</b>	<b>825.2</b>

- 10.2. Modelling the Council's future cash flow based on the above funding assumptions above, the forecast revenue use of reserves and anticipated changes to working capital, provides an assessment of the ongoing affordability of the forecast capital programme. The modelling shows that the programme remains affordable and proportionate within the revenue budget available including reserves, and the required borrowing is sustainable at forecast interest rates. The modelling is based on a significant number of variables, including the timing of future borrowing and forecast interest rates so the position is subject to change.
- 10.3. All capital financing decisions are made to maximise the resources available to the Council and fund in the most efficient way.

## 11. Capital Programme Budget changes

- 11.1 The capital programme continues to be updated on a rolling basis throughout the financial year with new schemes brought forward through the Capital

Approvals Process. The following projects have been brought forward since the previous update to Executive. A summary of the schemes, funding and spend profile can be found at appendix D and are set out below:

#### 11.2 *For Council approval:*

- ICT - Council Chamber AV Equipment. The proposal is to replace the existing specialist Audio Visual (AV) equipment in the Council Chamber. The AV infrastructure was last refreshed in 2014 as part of the Town Hall Refurbishment and subsequent relocation of services to other sites. The AV solution is critical to Council's ability to fulfil legal and democratic obligations. The equipment has been identified as high risk as the heart of kit (Televic Controller) was declared end of life 8 years ago. Since then, this equipment is only supported on a 'best endeavors' basis the external supplier via an extended support contract. The failure of the equipment could lead to reputational damage as well as significant disruption to the Council. A capital budget increase of £0.520m is requested, funded by Borrowing.
- Contingency – Inflation. As noted above, it is proposed to increase the inflation contingency by £22.4m, funded by borrowing, reflecting the persistent inflationary pressures that the capital programme is continuing to experience.

#### 11.3 *For Executive approval:*

- Growth and Development – Shared Prosperity Fund (SPF) – Communities and Place. The SPF is a government funding stream intended to replace EU structural/regeneration funds. SPF funding is allocated under three investment priorities: Community and Place, Supporting Local Business; and People and Skills. The Council has been allocated funding within the 'Communities and Place' (C&P) theme. Specific projects (subject to approval) are all designed to improve and enhance district and local centres across the city, making them better places to live, work and visit and to create the conditions for further public and private investment. A budget increase of £4.3m is requested, funded from External Contributions.
- Highways Services – Victoria North Eastern Gateway Walking and Cycling Scheme. The project will deliver a continuous walking and cycling route, linking neighbourhoods in the north and east to the fringe of the city centre. Work has already commenced with construction at Pollard Street to Redhill Street ongoing. This request will complete the construction of a new bridge over the Ashton Canal and two Cyclops junctions at junction of Rochdale Road/ Thompson Street and Oldham Road/Thompson Street with a segregated cycle lane along Thompson Street. The scheme is subject to GMCA approval. A budget increase of £5.7m is requested, funded from an External Contribution via the Mayors Challenge Fund.
- Private Sector Housing - Disabled Facilities Grant (DFG). The Council has been awarded additional DFG by DLUHC for home adaptations for people with disabilities. There are no timescales for spending the grant, other than

DLUHC requests it be spent at the earliest opportunity. A budget increase of £8.483m is requested, funded from Government Grant.

- Corporate Estates – Family Time Refurbishment. The project will deliver significant service improvement for the Family Time Service which oversees family contact. The proposal is to improve two Council owned assets and demolish another in poor condition (releasing a site for future development). The buildings are in a poor state of repair, resulting in a poor experience for users of the service, local residents and staff. The works will improve the environment, making it more professional for the parents, social work staff and children who use the buildings. The scheme costs £2.7m and will be funded through a capital budget increase of £1.2m funded from Capital Receipts, and a virement of £1.5m from the approved Asset Management Programme budget.
- Children’s Services – Education Basic Needs. The Council receives grant funding each year from the Department for Education for maintenance to the school estate. The council has received £23.5m for 2025/26, to be used to address condition needs identified in the Council’s maintained schools which includes community, voluntary controlled and foundation schools. There was also £0.331m additional funding for 2022/23 due to the original increase being based on an estimate. A budget increase of £23.865m is requested, funded from Government Grant.
- Private Sector Housing – Local Authority Housing Fund. In March 2023, Council approved a £6.675m budget in the capital programme to utilise £3.267m Government Grant, match funded by the Council up to £3.408m funded by Borrowing. The scheme aims to acquire and refurbish 30 family homes (2 to 4+ beds) for families who have arrived in the UK via Ukrainian and Afghan resettlement and relocation schemes. At the time the budget was established the expectation was this would be a temporary accommodation model, but it has been agreed that it can be permanent accommodation and will form part of the Council’s housing stock and must sit within the HRA. A capital funding switch of £3.408m is therefore being requested, reducing borrowing and funding from HRA Reserves.

11.4 The Executive is recommended to approve the changes to the capital programme as outlined in Appendix D.

#### *Delegated Capital Budget Approvals*

- 11.5 Within the Capital Strategy agreed by the Council in March 2023 as part of the budget, financing principles for new capital investment proposals were agreed including that if a project will generate a robust net income stream or revenue saving that is sufficient to meet the associated capital financing costs and it can be funded from borrowing on an invest to save basis, then it should be supported.
- 11.6 It was also agreed that the Deputy Chief Executive and City Treasurer could approve and add spend to save projects to the capital budget up to a maximum

of £5m per annum, in consultation with the Executive Member for Finance and Human Resources. This is a long-standing delegation which has not been increased in line with rising capital costs, designed to support agile decision making where the risk to the Council is relatively low.

- 11.7 There is a risk that, given the agreed funding principles, the capacity to add invest to save schemes to the programme in a timely manner will be utilised quickly and therefore further full Council approvals would be needed. In the current financial environment of rising interest rates this could impact on the Council's ability to act quickly where there are opportunities or requirements to undertake investment where the associated capital financing costs can be funded from additional income that the proposed asset will provide.
- 11.8 It is therefore proposed to delegate authority to the Executive to add qualifying invest to save projects to the capital budget of a further £10m per annum. This would provide a total delegated power of £15m per annum, with any approvals taken under it being reported to Council as part of the regular capital monitoring reports.

## **12. Investment in the translation and industrialisation of biomarkers in Manchester**

- 12.1. In 2018 the Council approved an equity investment in a new business, APIS Assay Technologies Limited, to enhance and diversify health and life science research, and ultimately to improve health and well-being outcomes for residents.
- 12.2. As a shareholder the Council receives APIS's business plan for approval. Given the commercially sensitive nature of the business plan, it is the subject of a separate Part B report on the agenda for this meeting.

## **13. Prudential Indicators**

- 13.1. The prudential indicators as at the end of March 2023 are shown at Appendix E.

## **14. Contributing to the Our Manchester Strategy**

### **(a) A thriving and sustainable city**

The capital programme contributes to various areas of the economy, including investment in public and private sector housing, education and children's social care, transport infrastructure, major regeneration activities, environmental, cultural and leisure services.

### **(b) A highly skilled city**

The capital programme includes substantial investment in education and also provides opportunities for the construction industry to bid for schemes that could provide employment opportunities at least for the duration of contracts.

**(c) A progressive and equitable city**

The capital programme includes investment in adult and children's social care, education, housing and the environment, cultural and leisure services, all of which contribute towards the strategy.

**(d) A liveable and low carbon city**

Investment in all areas of the capital programme contributes towards this community strategy, notably the investment in sustainable and affordable housing, building schools for the future, transport, environmental and major regeneration programmes.

**(e) A connected city**

The capital programme includes investment in highways infrastructure, and broadband expansion.

**15. Key Policies and Considerations****(a) Equal Opportunities**

By investing in building adaptations, access for people with mobility difficulties is made easier.

**(b) Risk Management**

The capital programme is based on forecast costs and funding, and as such there are risks to achieving the programme from external factors such as shortage of labour or materials, alongside market risks such as price fluctuations and interest rate charges. The Strategic Capital Board, and associated Portfolio Boards for each part of the programme, are tasked with regular monitoring of costs, delivery, quality and affordability, to help manage and mitigate these risks.

**(c) Legal Considerations**

None.



## Appendix A - Major Projects

1.1 The top ten budget by value remaining are shown in the table below:

Project	Current Budget 2022/23	Forecast at Q3	Outturn 2022/23	In Year Variance	Total Budget (All Years)	Total Variance (All Years)
<i>£m</i>						
Our Town Hall Refurbishment	82.3	68.7	59.9	(22.4)	306.4	0.0
The Factory & St John's Public Realm	79.4	60.9	56.3	(23.1)	229.8	0.0
Housing Infrastructure Fund (Victoria North)	20.0	9.9	7.7	(12.3)	51.0	0.2
Carbon Reduction Programme & Public Sector Decarbonisation (PSDS)	20.0	17.7	8.8	(11.2)	45.5	0.0
This City Housing Delivery	12.7	2.7	2.1	(10.6)	48.1	0.0
Back of Ancoats Mobility Hub and Public Realm	7.9	3.9	3.2	(4.7)	35.7	0.0
Co-op Academy Belle Vue	19.6	18.6	16.8	(2.8)	31.5	(1.1)
Collyhurst*	4.1	2.7	2.0	(2.1)	47.9	0.0
Manchester Aquatics Centre	17.5	19.7	22.1	4.6	33.5	0.0
Hammerstone Road Depot	11.4	7.8	8.4	(3.0)	31.6	0.0

\*Public and Private Sector Housing

### *Our Town Hall Refurbishment*

1.2 The Our Town Hall project requires reprofiling of £22.4m into future years in line with the current programme. The programme is subject to constant change as design is completed and work packages procured. The rephasing is required for the Mechanical, Electrical and Plumbing (MEP) mobilisation and for a number of the joinery packages, due to a change in procurement strategy to split the packages into smaller lots as the tenders originally received for the whole of the joinery works were significantly over budget. The revised strategy has seen a significant reduction in costs.

1.3 92% of the works packages have now been tendered with £8.0m of work packages out to tender and £9.0m remaining to be tendered. Cost surety for the work packages is now at 95% and expected to reach 100% by December 2023.

- 1.4 The project continues to see good progress on site. The Great Hall ceilings restoration has now been completed along with the refurbishment of the leaded windows. This has allowed the scaffolding in the Great Hall to be removed to allow timber flooring to be lifted so that the under-floor heating system can be installed. The golden ball at the top of the clock tower has also been reinstated after extensive refurbishment off site. Work continues with the re-roofing, and the stone and windows packages.

*Factory International*

- 1.5 The project budget requires reprofiling of £14.8m into 2023/24 in line with the agreed instructed programme. Whilst the project has faced a number of challenges the building has been completed ready for use by Manchester International Festival in June 2023. Following this there will be a commissioning period required to connect and test the systems for operating the venue. The completion dates continue to be closely monitored with full practical completion and the signing of the lease in the early Autumn ready for the full opening.
- 1.6 The project has continues to use various acceleration measures including back shift working and high numbers of staff and operatives completing weekend working shifts to ensure that the deadlines can be met.
- 1.7 Updates on Our Town Hall and Factory International are scheduled for Scrutiny and Executive in July when full budget and programme updates will be provided.

*Housing Infrastructure Fund (Victoria North)*

- 1.8 The total budget for the Housing Infrastructure fund is £51.0m, and the project is due to complete in 2024. The project has broadly separated into two packages of work: Infrastructure Works and River Works.
- 1.9 The main infrastructure works package has suffered delays on site, due to the discovery of unexpected contaminants in the soil. The design team are working with the Environment Agency and Local Planning Authority to agree a satisfactory solution that will allow works to commence as soon as possible. The contractor has managed to commence vegetation clearance works and site preparation, in order to allow the main works to start when ready.
- 1.10 On the flood defence works, due to complications around working with existing Network Rail assets, it has become impossible to deliver any flood defence works within budget or the funding programme deadline. The flood defence works have therefore been removed from the HIF funded package, and is to be delivered by the Council's delivery partner FEC as part of an on-plot solution
- 1.11 Due to the removal of the flood defence work from the HIF funded package, the Council is working FEC to bring in additional scope to the main works

contract that will assist with the viability of other plots in the Red Bank masterplan.

*Carbon Reduction Programme including PSDS*

- 1.12 The total budget for Carbon Reduction Programme and Public Sector Decarbonisation Fund (PSDS) is £45.5m and is forecast to budget.
- 1.13 The Zero Carbon Estate Programme secured grant funding from the Public Sector Decarbonisation Scheme Phase 3(a) to deliver a range of energy efficiency and generation measures in Council owned buildings across the City. Buildings included Harpurhey District Social Services Office, Active Lifestyles centre, Didsbury Library, Hall Lane Resource Centre, The Place at Platt Lane and One Central Park (Arbeta). The deadline for grant claims was 31<sup>st</sup> March 2023, with any further works delivered after that date to be Council funded. The scheme has been delivered through to technical design stages and installation works are programmed to enter contract during May 2023 for delivery.
- 1.14 The programme submitted a further bid for PSDS funding in phase 3(b) to deliver further carbon reduction works. The original bid included Woodhouse Park Leisure Centre; however, the costs of the project were too high and so the project team have submitted a request to switch to a scheme at Claremont Resource Centre and are awaiting confirmation from Salix/GMCA. This investment is forecast to save circa 42 tonnes of CO<sub>2</sub> each year.
- 1.15 Additional schemes to invest in the MCC estate to meet net zero for 2038, by decarbonising heat and creating energy security via energy generation and storage, are being developed. These projects will be funded through the existing Carbon Reduction Programme budget and include installing a photovoltaic electricity generation system and external LED lighting at the Hammerstone Road Depot and the continuation of 80 building energy audits, to develop a pipeline of carbon reduction investment proposals to take the Council up to 2025 and beyond.
- 1.16 It is understood that there will be a significant funding requirement to reach our net zero commitment. Therefore, a new strategy is being developed that will include additional surveys and data integration, to help provide insight for a pipeline of work to reach net zero for the complete estate by 2038.

*This City Housing Delivery*

- 1.17 The total current budget for This City Housing Delivery is £48.1m. There are two sites in the first phase of This City development. Both are at different stages of design and development.
- 1.18 The business plan for This City is being reviewed to reflect market changes and is expected to be finalised during the summer. The plan outlines the vision for the company, along with clear financial performance models, alongside a range of key performance indicators and details on risk. A

detailed piece of work is underway on the investment model that would enable potential phase two developments to be brought forward with a partner.

- 1.19 Planning permission has been granted for This City Ancoats (Rodney Street), with the preferred contractor for the scheme currently working under a pre-construction services agreement (PCSA), and the full contract expected to be signed imminently.
- 1.20 This City is bringing its first sites forward in a significantly challenging time for delivery. The volatility of the construction sector, inflationary pressures, cashflow and changes in the private rented sector are all impacting on the business plan, exacerbated by the significant increases in interest rates over the last 18-24 months. The inflationary pressure on the This City Ancoats scheme will continue to be carefully monitored.

#### *Back of Ancoats – Mobility Hub and Public Realm*

- 1.21 The total budget for the Mobility Hub and Public Realm is £38m. The project is expected to complete in 2025/26. There is a variance of £4.8m due to the budget being set before the programme of works had been finalised.
- 1.22 The Ancoats Mobility Hub (AMH) and the associated public realm forms a critical part of the ongoing regeneration of Ancoats and the aspirations to be a cleaner, greener city. Housing developments in the area will not have dedicated parking and are therefore expected to use the Mobility Hub. The public realm is essential to create the desired environment for the planned 1,500 homes.
- 1.23 Executive recently approved the updated fire strategy for the Ancoats Mobility Hub. In line with the programme, the main contract for the build of the Hub was entered into during May 2023 within the overall budget allocation. A more accurate forecast of expenditure will be developed in 2023/24 and so the budget may need to be further reprofiled. In parallel, work is ongoing to establish the commercial operating model of the Mobility Hub and produce a business plan for Homes England, as required by the grant funding agreement. Procurement of an operator is expected to take place over summer, building on soft-market testing undertaken last financial year.
- 1.24 Further information on the plans for the Ancoats Mobility Hub and Public realm can be found in the report elsewhere on the agenda.

#### *Co-op Academy Belle Vue*

- 1.25 As reported to Executive in February 2023, the construction of the new Co-op Academy Belle Vue is now complete. Staff and pupils from St. Agnes Primary School are using the site temporarily whilst construction works under the Council's Schools Maintenance Programme are undertaken over the summer term on that site, with Co-op Academy Belle Vue opening officially in September 2023.

- 1.26 The scheme is forecast to underspend by £1.1m against the budget of £31.5m as not all of the risk and contingency allowances have been required. Once a final account is issued, this figure will be finalised and any unspent budget will be ringfenced to future education projects.
- 1.27 As highlighted in the School Places Plan 2020-25, work continues to ensure adequate school places across the City, with the development of proposals for Varley Street school continuing. A planning application has been submitted, and pricing is ongoing. As the scheme develops, a further update will be provided to Executive.

#### *Collyhurst*

- 1.28 The budget for the first phase of the Collyhurst Programme is £37.9m, with spend to date of £3.3m. Construction of the new homes is expected to be complete in April 2026. A process of value engineering and work to quantify the final provisional sums is underway to understand any impact on the scheme budget.
- 1.29 During the period, construction work began on site and progress meetings have continued, with the contractor/developer for the project reporting that the scheme remains on programme. The first drawdown of funding from Homes England's Shared Ownership and Affordable Homes Programme (SOAHP) is anticipated in July 23. The Compulsory Purchase Order has been made and submitted for confirmation with a response now awaited from Government. Discussions continue with those affected by the phase 1 scheme and market value compensation negotiations are underway with those affected by the CPO.

#### *Manchester Aquatics Centre*

- 1.30 The total budget for the Manchester Aquatics Centre refurbishment is £33.5m and the project is scheduled to be completed in Summer 2024. Phase 1 of the works are nearing completion, with a programme for handover and training being prepared ahead of the temporary cessation of works to allow the World Paralympic Championships to take place. The contractor is also finalising agreements with Electricity Northwest which will enable both the photovoltaic roof panels and the batteries to become operational. Phase 2 operational works covering full refurbishment of the basement area to include the pool, office and changing facilities are scheduled to commence in September 2023.

#### *Hammerstone Road Depot*

- 1.31 The total budget for the Hammerstone Road Depot project is £31.6m. The first key milestone of Biffa temporarily relocating to the Plating Shed has been achieved and are now operating in that space ahead of making their final permanent move into the Loco Shed in January 2024.
- 1.32 Works continue to the Loco Shed, with roof installation ongoing – roof sheets have been completed to Shed B and C, and gutters to Preston Street phases

2-3 completed. The roof sheets have been removed, and all new steel purlins have been installed. New mezzanine steelwork for future offices has commenced.

- 1.33 The scheme remains a priority as the main depot facility owned by the Council. It is well located for servicing the whole city, forms part of the waste collection contract and hosts other city services such as the library store, fleet and taxi servicing facilities and HGV electronic charging infrastructure.
- 1.34 As reported in February 2023, the project requires reprofiling of £3.0m in to 2023/24. There was a slight delay in entering into the main contract to allow for further investigative works to be completed which will reduce the risks which are inherent with refurbishment of an existing site with a history of industrial works.

## Appendix B - Other material changes to the programme

1.1 Other material changes to the Capital Programme are detailed below:

Project	Current Budget 2022/23	Forecast				Variance	Total Budget (All Years)	Total Variance (All Years)
		Q1	Q2	Q3	Q4			
Campfield Redevelopment	10.6	10.6	10.6	2.3	0.1	(10.5)	17.5	0.0
Housing Affordability Fund	9.1	0.0	4.6	0.5	0.0	(9.1)	9.1	0.0
Hough End-Strategic Football Hub	10.5	0.4	10.5	10.5	1.5	(9.0)	13.3	0.0
Galleries Collection Housing and Remediation Works	6.8	0.4	6.8	0.7	0.5	(6.3)	8.3	0.0
Disabled Facilities Grant	8.0	8.1	8.1	9.0	13.0	5.0	69.7	8.4
City Centre School	6.0	6.0	6.0	6.0	1.8	(4.2)	6.8	(2.0)
ICT Network Refresh Programme	5.6	3.2	2.6	2.6	1.5	(4.1)	9.5	9.5
Manchester Cycleway	4.2	0.3	0.2	0.2	0.2	(4.0)	4.9	4.9
Indoor Leisure – Abraham Moss	16.6	15.7	16.7	15.6	12.6	(4.0)	26.1	0.0
Rugby Football League – Beswick Hub	2.6	2.6	2.6	0.0	0.0	(2.6)	3.0	(2.6)

### *Campfield Redevelopment*

1.2 The Campfield Redevelopment is the creation of a new media and tech industries cluster in the St John's Strategic Regeneration Framework (SRF) area. It will deliver workspaces and studio spaces to attract and support start-up, recovery, and scale-up businesses around tech, innovation and media through the re-adaptation of three buildings, including two heritage buildings, which have reached the end of their economic life.

- 1.3 In 2022, the Council was successful in a bid to the Levelling Up Fund for the Culture in the City project which includes the Campfield Redevelopment. The grant funding will cover the conversion of the two heritage Campfield Market buildings, with the third, Castlefield House, to be delivered by Allied London using their own investment. The Council has capital programme approval to acquire Castlefield House, which is being significantly redeveloped and extended as grow on space for new media and tech businesses. The building will be acquired on completion of the building works. All three properties will then be leased back to Allied London, on completion of the refurbishment works. The exchange of legal agreements completed in December 2022 and the budget has been reprofiled to match the agreed delivery timescales with the majority of spend now taking place in 2023/24. A total of £10.5m will be reprofiled into the next financial year.

#### *Housing Affordability Fund*

- 1.4 Following the Council's approval of the Housing Affordability Policy Framework in December 2016, the Housing Affordability Fund (HAF) was established to bring together a range of funding streams such as S.106 commuted sums and right to buy receipts, targeted at the provision of new affordable homes. It is designed to support schemes by providing GAP funding, supplementing existing grants, and funding to support scheme delivery and can be used as a form of 'top-up' for schemes that are still marginal due to low rental and sales values. As reported to Executive in February, it is expected that grant applications to the Housing Affordability Fund will be made in 2023/24 and as a result a total of £9.1m will be reprofiled into next financial year.

#### *Hough End Football Hub – Development Costs*

- 1.5 Planning permission was granted in March 2022 to include a two-storey extension to Hough End Leisure Centre and the creation of two 3G artificial football turf pitches with improvements to grass playing fields, and new car parking. Ground works are underway at the Hough End site, but during excavation works, running sand has been found and has resulted in a revised foundation design being required. The impact of this on the project in respect of the costs and programme is under review to assess whether the costs can be met from the current approved funding of £12.7m. The detailed technical design is progressing, particularly in regard to the connection point for the electricity supply. There are several options being explored, once an agreement is reached it is anticipated that works will begin at pace during 2023/34 to utilise £8.9m of slippage from 2022/23.

#### *Galleries Collection Housing*

- 1.6 In July 2022, Executive approved essential safety and remediation works at Manchester Art Gallery and Queens Park Conservation Studios, to continue to maintain both buildings as operational assets. The works required will be the most significant carried out since the last major refurbishment in 2000 and include addressing basement damp/water ingress, replacing electrical and mechanical parts (including lifts), critical stone repairs and design and roof



works.

- 1.7 The Queens Park Conservation Studios and Manchester Art Gallery (MAG) schemes are to be treated as two separate schemes; however, due to an off-site storage facility lease which expires in March 2024, the two schemes have some interdependencies. Throughout the duration of the scheme as the projects develop, internal collection moves will take place between Queens and MAG. The Council has been working with the appointed contractors to create a master programme which will highlight the key move dates. As a result of this, both the Queens Park and MAG programmes have been pushed back to June 2023 start dates and so the £6.3m budget will be reprofiled into 2023/24.

#### *Disabled Facilities Grant*

- 1.8 Adaptations funded from Disabled Facilities Grant (DFG) have outspent the original forecast for 2022/23. This is attributable to a number of factors. The post covid back-log of assessments of need have been cleared and waiting times are generally returning to normal levels. The cost of adaptations has increased in-line with significant building material and wage inflation. There is an increase in demand, due to an ageing population; the strategy to keep people in their own homes, and more applications from individuals with more complex needs. In addition, there has been an increase in the number of adaptations agreed that had previously been refused in favour of rehousing to a more suitable property. This increase is as a result of a recent judgement in the High Court which ruled that the test for use of DFG did not permit a local authority to consider the suitability of a dwelling for a disabled person's needs.

#### *City Centre School*

- 1.9 The creation of a new school at the Crown Street development will include 210 places for primary age children and a 26-place nursery in the Deansgate ward. Accommodation will be built over 3 stories with a roof top play deck and include outdoor spaces at ground floor level. Construction of the school commenced in 2022 and is expected to take approximately 15 months to complete. The project will be part funded from Basic Need capital grant provided to the Council by the Department for Education, and from a significant Section 106 developer contribution.
- 1.10 Whilst work is on programme and progressing well, £4.0m of the budget needs to be reprofiled into 2023/24 due to a revised construction cash flow from the contractor.

#### *IT Network Refresh Programme*

- 1.11 The Network Refresh Programme consists of the Local Area Network (LAN), the Wireless Local Area Network (WLAN) and the Wide Area Network (WAN) projects. These are running concurrently as part of the Network Refresh Programme (NRP) and will change the way the Council's ICT network is delivered, providing fit for purpose modern networking technology to meet the requirements of the Council.

- 1.12 For the LAN and Wi-Fi development project, a total of £2.0m will be reprofiled into 2023/24. This is due to delays acquiring materials due to an international shortage, the impact of increased network demand and routing issues identified as part of the proof-of-concept work. Lead times on hardware remains the biggest risk to the project's schedule. There is a further underspend of £1.0m on the WAN Refresh due to a released contingency budget and a reduction in the number of work packages required at sites across the estate. Approval has been given for the underspend to be realigned to the WAN optimisation and rationalisation project. This project will sit within the Network Refresh Programme and will look to use the new capabilities delivered through the recent WAN upgrade project to reduce the number of connections into the Council's estate and where possible take advantage of technological advancements to reduce the cost of connections whilst maintaining bandwidth. It is expected that the funding will be used during 2023/24.

*Manchester Cycleway*

- 1.13 Executive Members were advised in November that due to significant increases in cost across the Mayors Challenge Fund programme, the Manchester Cycleway scheme could not be delivered within the current programme allocation with a funding gap of approximately £4.0m. As a consequence, the delivery of the main scheme has been paused with only the design and development work now being progressed. When further funding is identified further approvals will be sought.

*Indoor Leisure – Abraham Moss*

- 1.14 The total budget for the Abraham Moss project is £26.1m and the project is set to be completed in late Summer 2023. Spend in 2022/23 was £4m below the planned £16.6m spend which will be re-profiled into 2023/24. This is due to an 8-week delay associated with the Metrolink shutdown for the electrical distribution panel. The delay was longer than originally planned due to the impact of the Manchester Marathon and a Manchester City Football Club home game. A later date was established with less risks for Metrolink and the shutdown completed successfully.

*Rugby Football League – Beswick Hub*

- 1.15 The Rugby Football League (RFL) – Beswick Hub project is to build a new rugby league coaching and educational facility on the existing rugby ground on land to the rear of the East Manchester Academy. The scheme will deliver a facility for RFL, which will also be an asset which can be used by the local community including students attending the adjacent East Manchester Academy and Connell Sixth Form College. The project is currently on hold as the costs for the original design exceed the approved budget. As a result, £2.6m budget will be removed from the Capital Programme whilst options for an affordable scheme are explored.

## Appendix C – Proposed Capital Virements

	2022/23	2023/24	2024/25	2025/26
Project Name	In yr virement proposed	In yr virement proposed	In yr virement proposed	In yr virement proposed
	£'000	£'000	£'000	£'000
Large Patching Repairs		-1,462		
Patching Defect Repairs		-285	1,747	
Carriageway Resurfacing		356		
Footway Schemes		-504	148	
Bridge Maintenance	602			
Other Improvement Works		-275		
Woodlands Road Emergency Works	-602	1,895	-1,895	
Traffic Free Deansgate Permanent Works		275		
<b>Total Highways Programme</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
The Factory International (Build)		-782		
St Johns (Public Realm)		782		
<b>Total Cultural Programme Programme</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Asset Management Programme			-1,500	
Family Time Refurbishment			1,500	
Space - Phase 3	-42			
Space Studios - Disposal Costs	42			
Housing Infrastructure Fund		191		
Acquisition of land at Red Bank		-191		
<b>Total Growth &amp; Development Programme</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Local Authority Housing Fund		-6,674		
<b>Total Private Sector Housing Programme</b>	<b>0</b>	<b>-6,674</b>	<b>0</b>	<b>0</b>
External cyclical works Ancoats Smithfields Estate		150		
Electricity North West- Distribution Network Phase 4	75			
Moston Corrolites External Work		-76		
Charlestown Clifford Lamb Court Reroofing	4			
Retaining Walls		780		
Delivery Costs	-980	-127		
Harpurhey - Monsall Multis Internal Works		131		
Newton Heath - Multies Internal Works		60		
Bradford/Clifford Lamb/Kingsbridge/Sandyhill Court Internal Works	-28	-4		
Charlestown - Rushcroft/Pevensey Court Internal Works		9		
One off work - Rewires, Boilers, Doors	-7			
Charlestown - Rushcroft/Pevensey Courts Lift Refurb	119	216		
Fire Risk Assessments			600	
Rushcroft and Pevensey Courts Ground Source Heat	-14			

Pumps				
Newton Heath Troydale and Croyden Drive Low Rise Estates	-22	-155		
One off type work such as rewires boilers doors	-12			
Harpurhey Monsall Estate (Excluding High Rise and 40 properties around Cannons Grove)		-266		
Harpurhey Shiredale Estate (Including Replacement Floors)	343		99	
Cheetham Halliwell Lane Estate Internal Works		-407		
Higher Blackley South Estate Internal Works	-95	-2		
New Lightbowne Estate Halliford & Thorverton	-166	-237		
Newton Heath Estates Internal Works	228		6	
Monston New Moston Estates Internal Works			247	248
Higher Blackley North Estate Int Works			66	
Newton Heath Duncan Edwards Court		9		
Harpurhey Kingsbridge Court Gas Boiler			209	
Charleston Victoria Ave HR Blocks Lift			133	675
Collyhurst High Rise Lift Programme				647
Moston Braford & Charleston Whitebeck		-9		
Ancoats Smithfield Estate Internal Works		66		
One Off type work - rewires/boilers/doors	4			
One Off type work - rewires/boilers/doors	318			
Delivery Costs	-1,734	-1,848		
Delivery Costs		-15		
Improvements to Homeless Accommodation Phase 2	1	-37		
Woodward Court reroofing			1	
Adaptations	272			
Various Locations - Adaptations	-34			
Various Adaptations	610			
Northwards Housing Programme	1,118	1,762	-1,361	-1,570
Local Authority Housing Fund		6,674		
<b>Total Public Sector Housing (HRA) Programme</b>	<b>0</b>	<b>6,674</b>	<b>0</b>	<b>0</b>
Brookside Road Moston	135			
North Hulme Playground	-68			
Roundwood Road	-2			
Co-op Academy Belle Vue	-1,100			
Basic Need	1,035			
Abbott Primary School Fencing	-1			
Broad Oak Primary School Kitchen	-29			
Lily Lane Primary Windows	-96			
Ringway Primary Roof Phase 2	-1			
Medlock Primary - Boundary Wall Rebuild	-80			
Mauldeth Road Rewire	-6			
St Wilfreds CE Phase 1 Roof Repairs	-12			
Manley Park Roof	-89			
Manley Park Joinery	-63			
The Birches Special School Roof	-353	353		
Broad Oak Primary	-51			
New Moston Primary School	6			
St. Agnes CEP Structural Repairs	114	586		
Chapel Street	-182			
Peel Hall Primary Emergency Heating Works	-41			

St John's Primary School Heating System	6			
Button Lane Primary School Radiators and Heating	-46			
Manley Park Primary School Phase 2 Joinery repairs	-41			
New Moston Primary School Phase 2 Electrical Rewire	10			
New Moston Primary School Safeguarding Issues	60			
Pike Fold Primary School Remedial Works	2			
St Wilfreds CofE Phase 2 roof repairs	-87			
New Moston Kitchen		182		
Rack House Heating System		29		
Peel Hall fire doors and lighting		136		
Birches Schools Heating system		-324		
Schools Capital Maintenance	980	-962		
<b>Total Children's Services Programme</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
End User Experience	-20			
Microsoft 365	-14			
Technology Enabled Care Digital Platform	-10			
Platform Compliance	8			
Security Software Upgrade	-125			
Future Council Infrastructure Implementation – Hybrid Cloud Programme	-226			
ICT Investment Plan	387			
<b>Total ICT Programme</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Capital Programme</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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## Appendix D – Proposed Capital Budget Adjustments

Requests for Adjustments to the Capital Budget Provision							
28th June 2023 EXECUTIVE							
Dept	Scheme	Funding	2023/24	2024/25	2025/26	Future	Total
			£'000	£'000	£'000	£'000	£'000
<b>Council Approval Requests</b>							
ICT	Council Chamber AV Equipment	Borrowing	520				520
Corporate	Inflation	Borrowing		22,400			22,400
<b>Total Council Approval Requests</b>			<b>520</b>	<b>22,400</b>	<b>0</b>	<b>0</b>	<b>22,920</b>
<b>Executive Approval Requests</b>							
Growth and Development	Shared Prosperity Fund - Communities and Place	External Contribution	2,500	1,800			4,300
Highways Services	North Eastern Gateway	External Contribution	4,143	1,532			5,675
Private Sector Housing	Disabled Facilities Grant	Government Grant	8,483				8,483
Corporate Estates	Family Time Refurbishment	Capital Receipts	600	1,500	600		2,700
Corporate Estates	Asset Management Programme	Capital Receipts		- 900	- 600		- 1,500
Children's Services	Education Basic Need	Government Grant	331		23,534		23,865
Private Sector Housing	Local Authority Housing Fund	Government Grant	-3,267				- 3,267
Private Sector Housing	Local Authority Housing Fund	Borrowing	-3,407				- 3,407
Public Sector Housing	Local Authority Housing Fund	Government Grant	3,267				3,267
Public Sector Housing	Local Authority Housing Fund	HRA Reserve	3,407				3,407
<b>Total Executive Approval Requests</b>			<b>16,057</b>	<b>3,932</b>	<b>23,534</b>	<b>0</b>	<b>43,523</b>
<b>Total Budget Adjustment Approvals</b>			<b>16,577</b>	<b>26,332</b>	<b>23,534</b>	<b>0</b>	<b>66,443</b>

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## Appendix E – Prudential Indicators Mar 23

No	Prudential Indicator		Target		As at end Mar 23	Target Breached Y/N
			£m	£m	£m	
1	Estimated Financing Costs to Net Revenue Stream		5.8%	5.8%		N
2	Forecast Capital Expenditure	Non – HRA	498.2	373.4		N
		HRA	39.4	30.2		N
		<b>Total</b>	533.1	<b>403.6</b>		N
3	Forecast Capital Financing Requirements <sup>1</sup>	Non – HRA	1,794.5	1,657.4		N
		HRA	321.0	321.0		N
		<b>Total</b>	2,115.5	<b>1,978.4</b>		<b>N</b>
4	Authorised Limits for External Debt	Borrowing	1,816.1	1,037.0		N
		Other Long-Term Liabilities	190.0	135.1		N
		<b>Total</b>	2,006.6	1,172.1		N
5	Operational Boundaries for External Debt	Borrowing	1,580.2	1,037.0		N
		Other Long-Term Liabilities	190.0	135.1		N
		<b>Total</b>	1,770.2	1,172.1		N
6	Upper Limits for Principal Sums Invested for over 364 days.		0	0		N
			<i>Upper Limit</i>	<i>Lower Limit</i>		
7	Maturity Structure of Borrowing	under 12 months	80	0	19	N
		12 months and within 24 months	80	0	8	N
		24 months and within 5 years	70	0	17	N
		5 years and within 10 years	70	0	10	N
		10 years and above	90	20	46	N

<sup>1</sup> Draft, subject to approval of Council's financial accounts

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## Appendix F – Full Capital Budget

	2022/23	2023/24	2024/25	2025/26	2026/27
Project Name	Proposed Budget	Proposed Budget	Proposed Budget	Proposed Budget	Proposed Budget
	£000	£000	£000	£000	£000
Drainage	2,005	1,359	733	0	0
Large Patching Repairs	525	55	58	0	0
Patching Defect Repairs	8,285	4,908	1,747	0	0
Carriageway Resurfacing	5,495	6,177	0	0	0
Footway Schemes	2,171	4,385	148	0	0
Carriageway Preventative	1,220	3,933	0	0	0
Bridge Maintenance	914	1,646	973	0	0
Other Improvement Works	142	2,000	4,806	0	0
Highways Maintenance Challenge Fund	244	579	129	0	0
Great Ancoats Improvement Scheme	98	23	10	0	0
Mancunian Way and Princess Parkway	61	31	0	0	0
Christie Extension Residents Parking Zone	331	135	58	0	0
North Mcr General Hospital Residents Parking Zone	26	0	0	0	0
St George's Residents Parking Zone	64	0	0	0	0
Rusholme Residents Parking Zone	24	140	48	0	0
School Crossings	1,743	6	75	0	0
Chorlton Cycling Scheme	3,173	2,953	877	545	0
Northern Quarter Cycling Scheme	1,567	1,870	1,904	2,145	0
Manchester Cycleway	146	30	259	3,715	0
Beswick Filtered Neighbourhood Development Costs	76	13	34	270	0
Green Bridge at Airport City	1	23	0	0	0
A6 Stockport Road Pinch Point Scheme	23	0	0	0	0
Levenshulme Active Neighbourhood	1,149	1,764	719	531	0
Northern/Eastern GW Walking and Cycling scheme	1,079	4,530	1,532	0	0
Accident Reduction and Local Community Safety schemes	1,698	91	100	0	0
Princess Road Safety Review	20	0	0	0	0
Public Realm	452	132	400	0	0
Street Lighting Private Finance Initiative	12	140	603	0	0
Sunbank Lane	5	0	0	0	0
Manchester College Crossing Improvements	9	141	0	0	0
Manchester Trash Screens	36	0	0	0	0
Oldham Road Feasibility study	0	0	150	0	0
Enterprise Car Club Bays	1	15	0	0	0
TfGM Bus Enhancements	11	2	0	0	0
Bee Network Crossings	756	166	0	0	0
Parsonage Safer Streets	30	3	0	0	0
Active Travel Development Costs	444	1,175	1,983	1,500	0

Greater Manchester Improvement Prog Dev Cost	200	0	0	0	0
Back George Street	0	23	0	0	0
Clean Air Zone Street Lighting	15	44	0	0	0
Princess Parkway/Palatine Road Feasibility	35	0	0	0	0
Traffic Free Deansgate Permanent Works	1,040	191	154	0	0
Restoration of Ordinary Water Course	527	97	98	0	0
40mph Speed Limit Reduction Programme	26	266	0	0	0
Security and Bollard Roads	0	250	0	0	0
Broadway Crossing Pedestrian Safety Scheme	9	29	0	0	0
Rochdale Canal Improvement Works	22	173	35	0	0
Safer Streets - Manchester Cycleway	59	484	0	0	0
Ancoats Reduced Pressure Zone	3	211	11	0	0
Alan Turing Way Active Travel Fund	28	111	0	0	0
High Street - Fountain Street Active Travel Fund	13	33	41	0	0
Bus Pinch Point Tranche 1	0	265	0	0	0
<b>Total Highways Programme</b>	<b>36,013</b>	<b>40,602</b>	<b>17,685</b>	<b>8,706</b>	<b>0</b>
Waste Reduction Measures	1	98	0	0	0
Waste Contract	614	207	0	0	0
Purchase of Electric Refuse Collection Vehicles	187	0	0	0	0
Cremator and Mercury Abatement Plant Replacement Strategy	394	161	0	0	0
Off Street Car Parks	172	705	0	0	0
Chester Road Roundabout Advertising	0	700	869	0	0
Electric Vehicle Charging Points	71	0	0	0	0
Upgrade CCTV System	67	551	0	0	0
Refurbishment of Arndale House	0	236	0	0	0
Parks Development Programme	724	2,721	2,718	2,733	0
Wythenshawe Cycling Hub	845	138	0	0	0
Angel Meadow	4	14	0	0	0
Gately Brook Pre-Development Fees	44	0	0	0	0
Whitworth Park	76	0	0	0	0
Highfield Park	0	150	0	0	0
Heaton Park Orangery	0	26	0	0	0
Cringle Park - Grounded Coffee	20	90	0	0	0
Neighbourhood Renewal Fund	0	5,000	0	0	0
Heaton Park Overflow Carpark	0	79	0	0	0
Wythenshawe Track Changing Rooms	485	0	0	0	0
Indoor Leisure - Abraham Moss	12,593	4,411	46	0	0
Boggart Hole Clough - Visitors Centre	0	50	485	0	0
Mount Road	0	32	0	0	0
Mellands Playing Fields - Levenshulme	33	12	0	0	0
Gorton and Abbey Hey Project	13	39	0	0	0
Hough End Master Plan - Football Hub Development Costs	1,466	11,213	0	0	0
Manchester Aquatics Centre - Car Park	12	0	0	0	0

Improvements					
Non-Turf Wickets - Parks and Playing Fields	21	30	0	0	0
Manchester Aquatics Centre	22,120	5,478	2,766	70	0
National Cycling Centre	16,345	2,327	0	0	0
Rugby Football League Project - Beswick Hub	9	0	0	0	0
Wind Tunnel at Manchester Institute of Health and Performance	390	0	0	0	0
Platt Fields	0	130	0	0	0
Withington Baths	428	922	0	0	0
Manchester Regional Area Changing Rooms	0	83	0	0	0
Replacement of MRA Outdoor Track Floodlights	0	171	0	0	0
Citywide Tennis Improvements	0	444	0	0	0
Tennis and Football Pitch Replacement	0	196	0	0	0
Leisure Development Opportunity	86	214	0	0	0
Broadway Leisure	290	0	0	0	0
Southwick Park Levelling Up Fund	0	130	0	0	0
Wythenshawe Park Football Pitches	0	525	0	0	0
Relocation of Manchester Visitor Info Centre	-6	0	0	0	0
Central Library Refresh	232	486	0	0	0
Open Libraries	2	190	0	0	0
Chorlton Library Refurbishment	4	596	0	0	0
Library Refurbishment (City Wide)	133	256	0	0	0
Galleries Collection Housing and Remediation Works	471	7,574	188	0	0
<b>Total Neighbourhoods Programme</b>	<b>58,346</b>	<b>46,385</b>	<b>7,072</b>	<b>2,803</b>	<b>0</b>
The Factory International (Build)	54,144	14,035	0	0	0
St Johns (Public Realm)	2,146	1,317	0	0	0
The Factory International (Fit Out)	0	7,800	0	0	0
<b>Total Cultural Programme Programme</b>	<b>56,290</b>	<b>23,152</b>	<b>0</b>	<b>0</b>	<b>0</b>
Asset Management Programme	5,303	15,500	4,504	0	0
Early Years tendered daycare sites	1,040	1,960	0	0	0
Family Time Refurbishment	0	600	1,500	600	0
Hammerstone Road Depot	8,409	11,418	7,873	0	0
Carbon Reduction Programme	1,453	4,835	5,000	0	0
Public Sector Decarbonisation Scheme	7,350	11,069	0	0	0
Greening of the City	541	0	0	0	0
Changing Places Toilets	16	334	0	0	0
Estates Transformation	0	0	800	0	0
Estates Changes	0	64	0	0	0
Space - Phase 3	18	0	0	0	0
Space Studios - Disposal Costs	44	42	0	0	0
Digital Asset Base - One Central Park	0	468	0	0	0
Site Acquisition - The Yard Road, Vaughan Street	679	0	0	0	0

Strategic Acquisitions Programme	1,803	3,161	0	0	0
Mayfield Park	879	90	0	0	0
Wythenshawe Town centre Due Diligence	12,734	216	0	0	0
Housing Infrastructure Fund	7,689	13,293	22,623	2,012	0
Victoria North	3,800	2,750	8,145	0	0
Eastern Gateway - Central Retail Park	1	518	0	0	0
Eastern Gateway - New Islington Marina	52	0	0	0	0
New Islington Marina Bridge Works	1	0	0	0	0
House of Sport	5,594	1,671	0	0	0
Mcr Equipment and Adaptations Partnership Relocation	2,286	27	0	0	0
St. Peters Square - Peterloo Memorial	191	0	0	0	0
Medieval Quarter Public Realm	81	0	0	0	0
Lincoln Square	40	0	0	0	0
Piccadilly Gardens - Phase 1	211	1,348	0	0	0
Manchester Digital Security Innovation hub (Cyberhub)	1,998	0	0	0	0
Campfield Redevelopment	110	6,889	10,493	0	0
HOME Arches	309	2,893	0	0	0
Angel Meadow Land Acquisition	0	150	0	0	0
Public Realm Strategy - Back of Ancoats	3,167	22,982	7,950	3,628	0
First Street Cultural Facility	12	0	0	0	0
New Smithfield Market	68	297	0	0	0
Heron House and Registrars	94	703	0	0	0
Civic Quarter Heat Network	2,861	0	0	0	0
Beswick Hub - Beswick Shops	159	82	0	0	0
Levenshulme railway station - Access for All	0	50	0	0	0
Shared Prosperity Fund - Communities and Place	0	2,500	1,800	0	0
<b>Total Growth and Development Programme</b>	<b>68,993</b>	<b>105,910</b>	<b>70,688</b>	<b>6,240</b>	<b>0</b>
Our Town Hall Refurbishment	59,878	79,727	62,119	0	0
<b>Total Town Hall Refurbishment Programme</b>	<b>59,878</b>	<b>79,727</b>	<b>62,119</b>	<b>0</b>	<b>0</b>
Brunswick Private Finance Initiative Land Assembly	203	180	353	0	0
Collyhurst Regeneration	4	993	2,700	0	0
Collyhurst Land Assembly Phase 1	0	29	0	0	0
Collyhurst Land Acquisitions Phase 2	0	210	799	0	0
Eccleshall Street - 3 Sites	253	247	0	0	0
Private/Right To Buy - Acq/Comp/Relocation	0	0	1,470	980	0
Miles Platting Private Finance Initiative Land Assembly	159	248	0	0	0
Disabled Facilities Grant	13,066	11,133	0	0	0
Bell Crescent	0	0	482	0	0
Empty Homes Cluster	187	744	0	0	0

Redrow Development	3	11	0	0	0
West Gorton Phase 2A Demolition and Commercial Acquisitions	2	346	904	0	0
Housing Market Renewal Fund	7	22	89	0	0
Extra Care	0	0	1,245	1,200	0
Moston Lane Acquisitions	0	0	0	7,500	0
Equity Loans	0	0	397	0	0
West Gorton Community Park	23	0	0	0	0
Ben St. Regeneration	41	311	626	0	0
Marginal Viability Fund - New Victoria	1,905	0	0	0	0
This City Housing Delivery Vehicle	2,094	24,000	21,575	0	0
Social Housing Decarbonisation Fund	794	0	0	0	0
Rough Sleepers Accommodation Programme	1,980	0	0	0	0
Housing Affordability Fund	0	150	8,961	0	0
Sprinkler Systems – Tower Block Private Finance Initiatives Private	0	15	70	62	0
Home Upgrade Grant	0	5,400	5,000	0	0
<b>Total Private Sector Housing Programme</b>	<b>20,721</b>	<b>44,039</b>	<b>44,671</b>	<b>9,742</b>	<b>0</b>
Charlestown - Victoria Ave	3,807	518	0	0	0
External cyclical works Ancoats Smithfields estate	0	240	0	0	0
Environmental improvements Moston corrolites	0	22	0	0	0
Electricity North West distribution network	100	0	0	0	0
Various Estate based environmental works	31	137	0	0	0
Moston Corrolites external work	95	0	28	0	0
Charlestown Clifford Lamb Court Reroofing	472	10	0	0	0
Higher Blackley Central House Door Entry System	0	16	0	0	0
Ancoats Anita St/ George Leigh St Estate	0	545	1,269	0	0
Monsall High Rise Blocks Various Works	0	2,650	6,181	0	0
Riverdale Sandyhill Court Various Works	0	908	766	0	0
Newton Heath Croyden Drive Various Works	0	350	669	0	0
New Build Bungalows - Rectification Work	0	0	150	0	0
Social Housing Decarbonisation Fund Mobilisation	20	380	0	0	0
Voids - Social Housing Decarbonisation Fund	0	100	97	0	0
Voids - Social Housing Decarbonisation Fund	0	1,907	4,451	0	0
Riverdale Maisonettes	5	800	1,854	0	0
Newton Heath High Rise Blocks Improvements	0	4,301	10,037	0	0
Woodward Court external concrete repairs and Enveloping	0	537	2,468	0	0
West Gorton Balconies	0	350	0	0	0
Retaining Walls	94	958	25	0	0
Delivery Costs	0	1,700	1,249	0	0

Harpurhey - Monsall Multis Internal Works	0	232	0	0	0
Newton Heath - Multies Internal Works	38	201	0	0	0
Various - Bradford/CliffoRoad Lamb/Kingsbridge/Sandyhill Court Internal Works	0	14	14	0	0
Charlestown - Rushcroft/Pevensey Court Internal Works	22	30	0	0	0
Collyhurst - Mossbrook/Roach/Vauxhall/Humphries Court Internal Works	0	27	0	0	0
Decent Homes mop ups phase 10 and voids	0	70	0	0	0
Heat Pumps	1,932	849	0	0	0
Charlestown - Rushcroft/Pevensey Courts Lift Refurb	469	403	0	0	0
One off type work (rewires/boilers/doors)	14	0	0	0	0
Fire Risk Assessments	1,229	5,225	600	0	0
Rushcroft and Pevensey Courts Ground Source Heat Pumps	16	54	0	0	0
Newton Heath Troydale and Croyden Drive Low Rise Estates	1	43	100	0	0
Responsive Investment Works	50	400	0	0	0
Retirement Blocks Various Works	136	0	0	0	0
One off type work such as rewires boilers doors	5	0	0	0	0
Harpurhey Monsall Estate (Excluding High Rise and 40 properties around Cannons Grove)	1,727	200	165	0	0
Harpurhey Shiredale Estate (Including Replacement Floors)	1,040	15	99	0	0
Cheetham Halliwell Lane Estate Internal Works	1,416	90	126	0	0
Higher Blackley South Estate Internal Works	1,655	2	314	0	0
New Lightbowne Estate Halliford and Thorverton	840	47	48	0	0
Newton Heath Estates Internal Works	278	960	145	0	0
Monston New Moston Estates Internal Works	0	983	1,242	248	0
Higher Blackley North Estate Int Works	0	2,041	3,359	0	0
Individual Gas Boiler Replacement Programme	0	662	528	0	0
Newton Heath Duncan Edwards Court	0	42	0	0	0
Harpurhey Kingsbridge Court Gas Boiler	0	927	850	0	0
Charleston Victoria Ave Blocks Lift	0	540	1,901	675	0
Collyhurst High Rise Lift Programme	0	405	1,415	675	0
Moston Braford and Charleston Whitebeck	106	0	0	0	0
Bradford Court enclosed platform lift	0	0	20	0	0
Whitemoss and Cheetham Hill Office Toilets	0	0	100	0	0
Ancoats Smithfield Estate Internal Works	45	213	0	0	0
One Off type work - rewires/boilers/doors	308	0	0	0	0
Avro Hollows District Heating	100	14	0	0	0
One Off type work - rewires/boilers/doors	818	0	0	0	0
Responsive Investment Works	0	500	0	0	0



Installation of Carbon Monoxide Monitors	0	490	0	0	0
Delivery Costs	0	0	614	0	0
Various Locations - bringing bedsits back into use	0	466	0	0	0
Improvements to Homeless accommodation city wide	0	14	0	0	0
Plymouth Grove Women's Direct Access Centre	0	28	0	0	0
Improvements to Homeless Accommodation Phase 2	1	78	0	0	0
Woodward Court reroofing	0	6	33	0	0
Woodward Court lift replacement	0	0	434	0	0
Delivery Costs	0	82	0	0	0
Adaptations	315	0	0	0	0
Various Adaptations	2,226	0	0	0	0
Delivery Costs	0	125	0		0
Public Sector Housing ICT Work	486	3,604	0	0	0
Public Sector Housing Programme - Unallocated	0	9	0	0	0
Collyhurst Maisonette Compensation and Dem	83	542	199	200	0
Buy Back Properties - Right to Buy	973	55	0	0	0
North Manchester New Builds	17	23	0	0	0
North Manchester New Builds 3	7,447	3,234	177	0	0
Collyhurst New Council Housing - Design Stage	78	0	0	0	0
Construction of Social Homes and Assoc PR	1,708	12,043	16,171	3,228	1,000
Relocation/Acq/Comp/Dem Costs - Public	0	50	225	225	0
Sprinkler Systems – Tower Block Private Finance Initiatives Public	0	786	1,754	1,474	0
Local Authority Housing Fund	0	6,674	0	0	0
<b>Total Public Sector Housing (HRA) Programme</b>	<b>30,203</b>	<b>59,927</b>	<b>59,877</b>	<b>6,725</b>	<b>1,000</b>
Brookside Road Moston	152	0	0	0	0
North Hulme Playground	-22	0	0	0	0
Roundwood Road	11	0	0	0	0
Coop North Expansion	303	133	0	0	0
Co-op Academy Belle Vue	16,809	2,424	0	0	0
Our Lady's RC Permanent Expansion	2,121	46	0	0	0
Melland High School Expansion	2,233	1,544	0	0	0
The Barlow RC High School - Resource Provision	293	756	0	0	0
City Centre School	1,757	5,083	0	0	0
Manchester Academy School Bulge Class	2,474	126	0	0	0
Gorton Primary School	0	200	0	0	0
Dixons Brooklands Academy	24	0	0	0	0
Special Education Needs Expansions	476	50	0	0	0
Manchester Secondary Pupil Referral Unit	34	16	0	0	0

Pioneer House	0	1,000	2,000	0	0
William Hulme's Grammar School	0	1,000	1,600	0	0
Basic Need	0	0	19,018	23,534	0
Universal Infant Free School Meals	0	2	0	0	0
Abbott Primary School Fencing	-1	0	0	0	0
Broad Oak Primary School Kitchen	289	0	0	0	0
Ringway Primary roof	-1	0	0	0	0
Mauldeth Road Rewire	-6	0	0	0	0
Manley Park Joinery	-5	0	0	0	0
The Birches Special School Roof	0	353	0	0	0
Broad Oak Primary	52	0	0	0	0
New Moston Primary School	6	0	0	0	0
St. Agnes CEP Structural Repairs	770	2,818	0	0	0
Peel Hall Primary Emergency Heating Works	-24	0	0	0	0
St John's Primary School Heating System	115	0	0	0	0
Broad Oak Primary School Hall/Dining Room Roof	29	185	0	0	0
Button Lane Primary School Radiators and Heating	565	0	0	0	0
Charlestown Community Primary School Remedial Works	65	43	0	0	0
Manley Park Primary School Joinery repairs	178	0	0	0	0
New Moston Primary School Electrical Rewire	702	0	0	0	0
New Moston Primary School Safeguarding Issues	212	0	0	0	0
Pike Fold Primary School Remedial Works	94	0	0	0	0
St Wilfred's CofE Roof Repairs	469	0	0	0	0
Baguley PS Elec Rewire	667	83	0	0	0
Medlock Primary School New Fence	25	2	0	0	0
Chapel Street Primary School Entrance Atrium	0	514	0	0	0
New Moston Kitchen	520	1,440	0	0	0
Birchfields Fire Doors	0	223	0	0	0
Moston Fields Floor Repairs	0	22	0	0	0
Rack House Heating System	0	93	0	0	0
Peel Hall Fire Doors and Lighting	0	336	0	0	0
Peel Hall Roof repairs	0	500	0	0	0
Birches Schools Heating System	0	480	0	0	0
Schools Capital Maintenance	0	0	164	0	0
Early Education for Two Year Olds	0	5	0	0	0
Grange School	3	0	0	0	0
Piper Hill Expansion Special Education Need Grant	69	18	0	0	0
Grange School Expansion Special Education Need Grant	0	20	0	0	0
Varley Street Special Education Need Secondary School	143	14,000	3,957	0	0
Special Educational Needs Grant	0	638	0	0	0
Acquisition of land at Hyde Road	0	27	0	0	0
Lyndene Children's Home Refurbishment	0	58	0	0	0

Varley Street Site Investigations	35	0	0	0	0
Manchester Creative and Media Academy Completion works	0	165	0	0	0
Take a Breath	0	245	0	0	0
Refurbishment of 382 Wythenshawe Road	0	165	0	0	0
<b>Total Children's Services Programme</b>	<b>31,636</b>	<b>34,813</b>	<b>26,739</b>	<b>23,534</b>	<b>0</b>
Network Refresh Programme	1,503	4,134	0	0	0
End User Experience	880	0	0	0	0
Microsoft 365	30	0	0	0	0
Technology Enabled Care Digital Platform	0	19	0	0	0
Platform Compliance	45	0	0	0	0
Security Software Upgrade	453	72	0	0	0
Future Council Infrastructure Implementation – Hybrid Cloud Programme	3	389	0	0	0
ICT Investment Plan	0	520	387	0	0
<b>Total ICT Programme</b>	<b>2,914</b>	<b>5,134</b>	<b>387</b>	<b>0</b>	<b>0</b>
Pay and Display Machines	5	0	0	0	0
Phase 1 Implementation - Locality Plan Programme Office	175	76	0	0	0
Adults - Stepping Stone capital works	130	0	0	0	0
Elizabeth Tower GP Surgery	0	2,600	0	0	0
HR and Finance System Replacement project	731	694	0	0	0
Integrated Working - Gorton Health Hub	10,732	909	0	0	0
Voluntary Community and Social Enterprise Small premises works	0	0	500	500	0
FC United	150	0	0	0	0
Inflation	0	0	30,010	0	0
<b>Total Corporate Capital Programme</b>	<b>11,923</b>	<b>4,279</b>	<b>30,510</b>	<b>500</b>	<b>0</b>
<b>Total Capital Programme</b>	<b>376,917</b>	<b>443,968</b>	<b>319,748</b>	<b>58,250</b>	<b>1,000</b>

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## Manchester City Council Report for Resolution

**Report to:** Executive – May 31 2023  
Audit Committee – 25 July 2023

**Subject:** Revenue Outturn Report 2022/23

**Report of:** Deputy Chief Executive and City Treasurer

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### Summary

The report sets out the final outturn position for the Council's revenue budget in 2022/23. It also highlights the movements from the previous forecast for the year, which was reported to the Executive in February 2023.

### Recommendations

The Executive is requested to:

- (i) Note the 2022/23 outturn position of £4.5m overspent.
  - (ii) Approve budget increases following grant notifications (para. 3.2 to 3.9).
  - (iii) Approve the carry forward request totalling £674k (para 3.10).
  - (iv) Approve the use of reserve funding (para 3.11 to 3.16).
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Wards Affected: All

Environmental Impact Assessment - the impact of the issues addressed in this report on achieving the zero-carbon target for the city	
The budget reflects the fact that the Council has declared a climate emergency by making carbon reduction a key consideration in the Council's planning and budget proposals.	
Our Manchester Strategy Outcomes	Summary of the contribution to the strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities.	The effective use of resources underpins the Council's activities in support of its strategic priorities.
A highly skilled city: world class and home grown talent sustaining the city's economic success.	
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities.	

A liveable and low carbon city: a destination of choice to live, visit and work.
A connected city: world class infrastructure and connectivity to drive growth.

Implications for:

**Equal Opportunities Policy** – there are no specific Equal Opportunities implications contained within this report.

**Risk Management** – as detailed in the report.

**Legal Considerations** – there are no specific legal considerations contained within the report.

### **Financial Consequences – Revenue**

This report sets out the year end position for the council's revenue budget which is an overspend of £4.5m. The report and accompanying appendix set out the reasons for the variations. The overspend will be funded from reserves which reduces the reserves available to the Council. The overspend will be met from the General Fund revenue reserve. In order to ensure that the General Fund reserve is maintained at a prudent level there will be a transfer from the Budget Smoothing Reserve to the General Fund reserve of £7.266m.

### **Financial Consequences – Capital**

There are no capital consequences arising specifically from this report.

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**Background documents (available for public inspection):**

None

## 1. Introduction

- 1.1. The report updates the Executive on the final budget outturn position for 2022/23. It summarises the main variances, changes since the last report and seeks approvals for new funding that was received toward the end of the financial year. It also sets out the proposed movements to or from reserves as a result of the final outturn position.
- 1.2. The 2022/23 financial year saw a number of challenges as the Council continued its recovery from the impact of the pandemic, with the majority of services returning to normal. However, the Russian invasion of Ukraine in February 2023 came just after the budget had been set and had an immediate impact on energy costs and in turn fed through to broader levels of inflation, which impacted on both the Council's budget and on our residents through the cost of living crisis.
- 1.3. When the budget was set the Bank of England was expecting inflation to peak at around 5% in the spring of 2022<sup>1</sup> and average 2.3% for the year. Inflation peaked at 11.1% in October 2022 and has remained above 10% since. A higher than expected pay award, worth an average of 7% and a more than doubling of energy costs placed significant pressure on the council's budget. In July a forecast overspend of more than £20m was reported.
- 1.4. During the summer period the UK had three prime ministers and a period of significant economic turmoil. Markets have since calmed and energy prices subsided from their peak levels, reversals to the NI increase helped to reduce some of the pressures and officers have worked hard to take actions to reduce the overspend.
- 1.5. As a result of these factors, the Council overspent against its budget for 2022/23 by c.£4.5m. As previously reported, the main drivers of the overspend are the higher than budgeted for pay award, pressures on Children's safeguarding services, Home to School Transport demand and price pressures, and lower than budgeted for parking income, driven by changes to commuter behaviour post-pandemic. An overachievement of investment income and underspends across the Corporate Core partly offset these pressures.
- 1.6. Since the last reported position to Executive in February 2023, based on information to the end of December, the overspend has increased by c£1m. This increase is largely made up of emerging pressures in both Adults and Children's services which are set out in this report, offset by improvements in other Directorates.
- 1.7. This report includes the following appendix
  - Appendix 1 - Revenue Outturn report

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<sup>1</sup> Bank of England Monetary Policy Report - November 2021 <https://www.bankofengland.co.uk/monetary-policy-report/2021/november-2021>



## 2. Overview of Outturn position 2022/23

- 2.1. The final outturn position is an overspend of £4.5m for the year. Full details on the budget, outturn and variances by Directorate are provided at Appendix 1 and summarised below.
- 2.2. Corporate Budgets overspent by £5.3m, mainly due to the pay award being £6m higher than budgeted for (7% vs 3% budget). This was partially offset by the release of contingency and lower than expected historic pension liabilities.
- 2.3. Children's Services overspent by £2.2m, although the service had returned £2m of funding to the Budget Smoothing Reserve at the start of the year. There has been a worsening of the position in the final quarter of £1.6m due to an increase in the number of placements in high-cost settings as well as inflationary pressures on some of the allowances paid to carers. The remainder of the overspend was driven by increased costs of Home to School Transport which has been affected by an increase of eligible children, as well as driver shortages and fuel inflation increasing costs.
- 2.4. Adults Services reported a small overspend of £127k. This includes a total of £1.9m of increased pressures which have emerged in the final quarter of the year. The pressures are driven by a significant increase in the (cost or volume) of placements for people with a Learning Disability placements, an increased number of providers accepting the fee uplift and agreeing to pay the real living wage (partly in reflection of the inflationary pressures in the market), and an increase in the bad debt provision as the cost of living crisis impacts people's ability to pay for care. A full review of long term care budgets to reflect the outturn position will be carried out to understand the impact and realign the budgets for 2023/24.
- 2.5. Neighbourhoods, overspent by £2.1m largely due to shortfalls of parking income as driver habits have changed since the pandemic; market income was also down, reflecting the cost of living impact and reduced space for the Christmas markets. These pressures were partly offset by staff underspends.
- 2.6. Growth and Development underspent by £1.5m, mainly due to higher than expected rental income from the commercial estate, partially helped by a one off return of back dated rents following the acquisition of Wythenshawe Shopping Centre. This was an improvement of £0.9m since the last report. Manchester Creative Digital Assets (MCDA) offset some of these benefits with an overspend of £0.659m as income levels continue to be impacted following the pandemic.
- 2.7. Corporate Core underspent by £1.7m overall an improvement of £0.9m since the last report. Underspends were across all services, with the exception of ICT, which had to respond to an increased threat and prevalence of cyber attacks, following Russia's invasion of Ukraine. The main reasons for the improved position include lower than predicted energy costs as inflationary pressures reduced and increased fee income from the capital programme.

- 2.8. The Directorate savings for 2022/23 totalled £7.8m. All savings were either achieved as planned or mitigated in year. Any ongoing implications have been reflected in the 2023/24 budget.
- 2.9. A balanced budget for 2023/24 was approved by Council 3 March 2023, an early update on the forecast position will be reported to the July Executive meeting. There remains a budget shortfall of over £40m for 2025/26, after the application of c£18m of smoothing reserves and alongside uncertainty about the future funding settlement. The scale of the gap was set out in the Medium Term Financial Strategy report to Executive February 2023. The Council continues to follow a prudent budget strategy of utilising any unused resources to smooth the impact on future years and reduce the level and severity of cuts required.

*Dedicated Schools Grant (DSG) Outturn*

- 2.10. The Dedicated School Grant (DSG) in-year position underspent by £1.092m and after taking account of the deficit carried forward from 2021/22 of £2.509m the overall deficit at the end of the year was £1.417m.
- 2.11. There are on-going DSG pressures relating to the grant that supports vulnerable children, the high need block (HNB). The HNB on-going gap is estimated to be £5.690m in 2023/24 and £16.631m 2024/25 pre recovery plan actions. The service is working through a three-year HNB recovery plan, focusing on managing demand and identifying efficiencies to help combat these pressures.

*Housing Revenue Account (HRA) Outturn*

- 2.12. The ringfenced HRA revenue budget had planned to draw down £13.2 from reserves to contribute to the costs of the capital programme, however, the outturn position only required that £10.3m was drawn down from reserve due to a net underspend of £2.9m. The overall total HRA reserves are c£104.4m, of which £36.5m are ringfenced and £68m is the general reserve. Going forward there continues to be pressures in respect of ongoing inflationary increases that are higher than rent inflation, and increased costs of works to assess and alleviate damp and mould.

### **3. Approval requests**

- 3.1. The forecast position includes the recommended virements and budget increases for additional funding set out below for the consideration and approval of Executive.

*Grant notifications 2022/23*

- 3.2. The following grant notifications have been received since the last monitoring report to February Executive:
- Supplementary Substance Misuse Treatment and Recovery Grant (SSMTRG) £40k. This is to improve the service offer for Manchester citizens who have both a substance misuse and housing related support need. The majority of the funding will be invested into existing commissioned services which support people with a substance

misuse/housing need and to build on existing structures and pathways that already exist to support Manchester residents.

- Adult Care Assessment Grant - £260k. This grant was announced on 30 March 2023 and is to support LA's with the cost of funding a dedicated productivity lead to review local systems and implement some or all the following approaches: procure and implement digital efficiency tools already available on the market, embed transformation or business process experts to improve operating models, supplement social worker vacancies with higher ratios of assistant or trainee roles which can be easier to recruit to.
- New Burdens - £0.721m. This funding is in respect of the New Burden costs associated with the implementation of the government's Council Tax Rebate Scheme. Following a more detailed assessment by Government of these costs, the following additional funding was made available in 2022/23 to support the additional requirements relating to;
  - Council Tax Energy Rebate at £360k
  - Electoral Integrity Programme £79k
  - Business Rates Relief - £143k
  - New Licence checks (Taxis and Scrap Metal) - £6.6k
  - Redmond Review Local Audit Costs - £83k
  - New Burdens 7 Post Payment Assurance, Reconciliation and Debt Recovery - £49k

- 3.3. Where it has not been possible to spend the grants in full due to their late notification in 2022/23, they are automatically carried forward into 2023/24 as part of the reserves for revenue grants over more than one financial year.

*Grant notifications 2023/24 and the ICB Locality Budget*

- 3.4. Notification of the Public Health grant for 2023/24 was received 14 March 2023, after the budget was set. Manchester's allocation is £57.048m, an additional £1.802m (3.26%) from the £55.246m allocation in 2022/23. It is recommended that this is passported to the Public Health Budget. The position of the Public Health reserve has also improved by £1.1m since the forecast at period 9.
- 3.5. The 2023/24 budget for the Manchester Locality Structure for health was provisionally set at £8.3m, which is lower than the existing cost of the locality structure. The budget and structures are currently subject to consultation prior to a final agreed position with the ICB. To avoid losing capacity that is essential to the provision of NHS services in Manchester and to ensure there is a managed transition to reducing costs the Council have agreed to fund the public health, population health and equality, inclusion and engagement teams, and to contribute towards the cost of the Deputy Place Based Lead, recurrently by applying £0.5m of public health grant. It is important that these skills and capacity are retained within Manchester. The remaining balance of the increased grant will be required to increase Public Health budgets to reflect the Agenda for Change increased costs of contracts.
- 3.6. In addition, a one off £1m has been set aside from the Public Health reserve to smooth the transition from the CCG to the locality place based budgets and

underwrite any potential shortfall. When the locality budgets are formally agreed the updated position and any required drawdown from the reserve will be reported back to Executive.

- 3.7. Further work is being undertaken to reduce costs and ensure their 2024/25 budget is within the resources available. This is focused on further aligning health and care within Manchester creating a more integrated model for the locality focused on delivering the right outcomes for Manchester's population in a financially sustainable way.
- 3.8. The additional funding for the locality budget outlined above is conditional on an agreed budget position being reached with the Integrated Care Board of the ICS and a commitment to working with the Manchester Partnership Board to enable activities to accelerate and enhance integration that will deliver the bigger financial and service benefits. It is important the budget position reflects the £8.3m originally discussed and agreed.

#### *Carry forward requests*

- 3.9. Requests have been made for £0.674m to be carried forward to support the following priorities in 2023/24:
  - The 2022/23 Local Infrastructure Fund ward budgets underspent by £366k and the carry forward will be used to meet the costs of planned 2023/24 projects where resources are committed but not yet delivered.
  - £208k carry forward from the Corporate Core underspend in Legal Services is requested to support further development in the Legal case management system, this will include enabling DocuSign and commissioning bespoke reports. The proposed changes will provide further opportunities to increase automation and reduce manual interventions and help with increased efficiency. The additional supplier spend proposed does not exceed the agreed contract value.
  - A £100k underspend in Revenues and Benefits is requested to be carried forward to support foodbanks in 2023/24 as part of the Council's response to the Cost of Living crisis.

#### *Budget Smoothing Reserve*

- 3.10. The Budget Smoothing reserve has been created through underspends in previous years. It is used to smooth the impact of budget shortfalls whilst savings are developed and implemented. As reported to Executive throughout 2022/23 any remaining overspend which could not be mitigated in year would be a call on the General Fund Reserve and that this would need to be replenished from the Budget Smoothing Reserve to retain it at a prudent level. The overspend was forecast at £3.538m at period nine and built into the planned use of the smoothing reserve.
- 3.11. The reserve strategy approved by Executive in February 2023 built the use of the smoothing reserve into the revised medium term financial plan. The anticipated reserve balance at the end of 2022/23 was £48.7m. This was expected to be fully applied by 2026/27.

- 3.12. Since then, further transfers to smoothing reserve are proposed and are subject to approval as follows:
- Costs related to supporting vulnerable residents have been eligible for funding through the remaining balance of the government's Contain Outbreak Management Fund (COMF) grant rather than core budgets. This has enabled £1.9m of earmarked reserve to be released to the Budget Smoothing Reserve.
  - A £1.8m refund has been received from GMCA relating to the waste disposal levy. As this is a one-off amount of funding it is recommended that this is used to support the budget position.
- 3.13. These adjustments bring the 2022/23 transfer to the smoothing reserve to c£25m, an additional £3.7m from when the budget was set, as shown in the table below.

	Opening Balance 01/04/22	Contribution approved to support investment	Transfer from other reserves	Transfer from SR to fund 22/23 overspend	Closing Balance 31/3/23
	£'000	£'000	£'000	£'000	£'000
Original forecast (Feb 23 MTFP)	21,964	9,000	21,305	(3,538)	48,731
Revised position (May 23 Outturn)	21,964	9,000	25,033	(4,543)	51,454
<b>Change since MTFS approval</b>	<b>0</b>	<b>0</b>	<b>3,728</b>	<b>(1,005)</b>	<b>2,723</b>

#### *General Fund Reserve*

- 3.14. The General Fund Reserve is the only un-ring-fenced reserve and is held to meet costs arising from any unplanned event. It also acts as a financial buffer to help mitigate against financial risks and can be used to a limited degree to “smooth” expenditure across years. The General Fund must be held at an adequate level to protect the Council from the financial risks inherent within the proposed budget strategy. Any under or overspends at the end of the financial year are transferred to or drawn down from the General Fund reserve. The increased overspend from that reported in February 2023 was £1.005m and will reduce the balance on the General Fund Reserve as at 31 March 2023 to £22.122m.
- 3.15. The Council’s reserves strategy recommends that the General Fund is maintained in the region of c£25m to provide sufficient resources to mitigate for unforeseen budget risks. Therefore, it is recommended the general fund is replenished from the surplus balance of £2.723m from the Budget Smoothing Reserve to give a closing 2022/23 General Fund reserve balance of £25.850m and a balance of £48.731m on the smoothing reserve. The requests to carry forward £0.674m, as detailed at paragraph 3.9 will be a first call on the General Fund reserve in 2023/24, and if approved, reduce the balance to **£25.176m**, back in line with the required level.

#### **4. Conclusion**

- 4.1. As detailed in the accompanying report, the final year end position is an overspend of £4.5m. This has decreased from the £20.1m reported in September (based on the July position) and reflects both actions taken by the Council to manage the budget pressures, and the reduction in utility costs from the higher levels forecast during summer 2022.
- 4.2. In order to maintain the General Fund reserve at the recommended level of around £25m a transfer from Smoothing reserve is proposed as set out in the previous section.
- 4.3. In summary, the in year overspend and carry forward requests can be contained within available resources without significantly changing the overall position as set out in the Medium Term Financial Strategy approved in February 2023.
- 4.4. The ongoing implications of the 2022/23 outturn position are being reviewed and will form part of the Global Monitoring report to Executive in July 2023.

## Appendix 1 - Revenue Outturn Report 2022/23

## Financial Executive Summary

- The Council overspent against its budget for 2022/23 by c£4.5m, during a year where inflation and economic turmoil were prominent. The main drivers of the overspend are the pay award being higher than budgeted (7% actual vs 3% budgeted), pressures on Children's safeguarding, Home to School Transport demand and price pressures, and lower than budgeted parking income driven by changes to commuter behaviour post pandemic. These pressures were partly offset by an overachievement of investment income and underspends across the Core.
- The overspend has increased by c£1m since the last report to Executive at Period 9. This is predominantly due to increased costs in Adult's (£1.9m) and Children's Services (£1.6m) mostly relating to demand in the final quarter, partly offset by improvements in the other directorates.
- Workforce budgets show an overall mainstream underspend of £7.4m, this is net of agency costs of over £22.3m.
- Approved Directorate savings for 2022/23 totalled £7.837m, all savings were either achieved as planned or mitigated in year. Any ongoing implications have been reflected in the 2023/24 budget.

## Overall MCC Financial Position

Integrated Monitoring report Period 12 total variance £4.546m

Summary P12	Original Revenue Budget	Revised Revenue Budget	Outturn	Variance from Revised Budget	Movement since last report (P9)
	£'000	£'000	£'000	£'000	£'000
<b>Total Available Resources</b>	<b>(690,599)</b>	<b>(706,031)</b>	<b>(707,971)</b>	<b>(1,939)</b>	<b>(429)</b>
Total Corporate Budgets	140,652	108,650	113,911	5,261	70
Children's Services	129,020	130,060	132,266	2,206	1,619
Adult Social Care	227,094	189,588	189,714	127	1,939
Public Health		42,685	42,685	0	0
Neighbourhoods	91,704	101,454	103,588	2,135	(380)
Homelessness	27,346	28,475	28,426	(48)	(48)
Growth and Development	(9,752)	(8,772)	(10,288)	(1,517)	(892)
Corporate Core	84,535	113,892	112,214	(1,678)	(870)
<b>Total Directorate Budgets</b>	<b>549,947</b>	<b>597,381</b>	<b>598,606</b>	<b>1,224</b>	<b>1,367</b>

<b>Total Use of Resources</b>	<b>690,599</b>	<b>706,031</b>	<b>712,516</b>	<b>6,485</b>	<b>1,437</b>
<b>Total overspend</b>	<b>0</b>	<b>0</b>	<b>4,546</b>	<b>4,546</b>	<b>1,008</b>

## Corporate Resources

### Corporate Resources £1.939m over-achievement

Resources Available	Annual Revenue Budget	Outturn	Variance from Budget	Movement since Last Report (P9)
	£'000	£'000	£'000	£'000
Retained Business Rates	(158,337)	(159,834)	(1,497)	2
Business Rates Grants	(77,216)	(77,216)	0	0
Council Tax	(208,965)	(208,965)	0	0
Other Specific Grants	(119,591)	(119,608)	(17)	23
Use of Reserves	(141,922)	(141,922)	0	0
Fortuitous Income	0	(426)	(426)	(455)
<b>Total Corporate Resources</b>	<b>(706,031)</b>	<b>(707,971)</b>	<b>(1,939)</b>	<b>(429)</b>

### Corporate Resources - Financial Headlines

- Retained Business Rates - Each year the Government completes a reconciliation of total business rates collected and retained centrally. Under the existing national retention scheme high growth authorities are levied up to 50% on growth achieved. This levy is passed to Government and designed to fund the Safety Net scheme which supports authorities who are not realising their business rates baseline. However, the national levy fund was in surplus. Under regulation business rates is used solely to fund local government and as such any national surplus is distributed in line with the national RSG formula. The Council's share of this was £1.497m which was notified in 2022-23 after the budget was set.
- Performance of the Business Rates Collection for the year is 97.29% (excluding account credits) which represents a return to pre covid levels and is an improvement on 94.79% in 2021/22, 87.91% in 2020/21 and 97.58% in 2019/20.
- Business Rates Grants reflect reimbursement of lost rates income due to enhanced and new relief schemes which have been introduced by Government after 2013. These reliefs were not built into the business rate system's baseline and must be funded so authorities are placed in the same financial position. This includes indexation grant where the Government has fixed, capped or amended the inflation measure applied to the multiplier.
- Council Tax in year collection rate at end of March is 89.17% which compares to 89.81% in 2021/22, 90.15% in 2020/21 and 92.73% in 2019/20. The reduced collection could relate to the Cost-of-Living Crisis and financial difficulties faces, this will be closely monitored. Council tax arrears continue to be pursued after the end of the financial year with the forecast long-term collection rate being 95.5% for liabilities relating to 2022/23.
- Other specific grants mainly pertain to; Improved Better Care Fund Grant (c£32m), Childrens and Adults Social Care Grant (c£32m), Services Grant (c£12m), Household Support Fund (c£13m) and New Homes



Bonus (c£10m), all in line with budget. The net £17k overachievement relates to minor differences in several smaller grants – Council Tax Subsidy, Social Care in Prisons Grant and Education Services Grant.

- The Use of Reserves has been drawn down as planned, £110m of which, reflects the timing of the Business Rates S31 grants for Extended Retail Relief which was received in 2021/22 but is applied to offset the 2022/23 Collection Fund Deficit.
- Fortuitous income of £426k follows the implementation of a new income collection system and represents the unallocated income balances of the former system which had been received but not allocated to services. Following the closure of the legacy system, these balances have been allocated to support the corporate position.

## Corporate Budgets

Corporate Budgets £5.261m overspend

Planned Use of Resources	Annual Revenue Budget	Outturn	Variance from Budget	Movement since Last Report (P9)
	£'000	£'000	£'000	£'000
Other Corporate Items	66,149	66,033	(116)	(4)
Contingency	293	0	(293)	0
Inflationary Budgets and Budgets to be Allocated	(6,052)	0	6,052	0
Apprentice Levy	1,029	1,113	84	84
Transport and other small Levies	37,915	37,900	(15)	(2)
Historic Pension Costs	7,316	6,865	(451)	(8)
Transfer to Budget Smoothing Reserve	2,000	2,000	0	0
<b>Total Corporate Budgets</b>	<b>108,650</b>	<b>113,911</b>	<b>5,261</b>	<b>70</b>

## Corporate Budgets - Financial Headlines

The higher than budgeted pay award is the main driver of the corporate budgets overspend. In order to more accurately track and monitor staffing budgets, the full budget to cover the pay award was transferred to Directorates, leaving a shortfall on the corporate budget line of £5.261m. The breakdown of the corporate variance is set out below:

- Other Corporate Items relates to Council wide costs as follows;
  - The Council's Capital Financing and Insurance budgets both of which are in line with the 2022/23 budget.
  - Bad Debt provision for Council wide debt pre-2009. This has an underspend of £116k due to payment plan arrangements being secured.
  - Corporate transfers to reserves as planned.
- There was £0.6m set aside in corporate contingency for unexpected costs which arise in year. Approval to release £307k relating to ICT system security was obtained at period 7. The remaining balance of £293k was released to support the 2022/23 position.

- Inflationary budgets are the main driver of the overspend, exceeding the budget by £6.1m made up of:
  - The employer's pay award offer for 2022/23 was agreed as a flat £1,925 on all NJC pay points 1 and above, an overall average increase of 7%, costing £13.6m in total. The budget was based on a 3% increase (£6.4m), in line with the inflation expectations when the budget was set. This has resulted in a pressure of £7.2m which was partly offset by a £0.6m reduced budget requirement due to the reversal of the April 1.25% NI rise in November, resulting in an overall pay related overspend of £6.6m.
  - Utility cost increases resulted in budget allocations to directorates totalling £11.7m, the budget allowed for £11.5m of additional costs resulting in an overspend of £200k.
  - Budget requests relating to general price inflation were £3.7m against a budget of £4.5m resulting in an underspend of £0.8m.
- Historic Pension Costs have underspent by £451k (6.57%) due to a reducing number of recipients, this is reflected as a saving in the 2023/24 budget.
- The Consumer Prices Index (CPI) peaked in October 2022 and ended the year at 10.1% in March 2023, 0.3% less than February, and averaged over 10% in 2022/23 against the Bank of England target of 2%.

### Children's Services

#### 3a. Children's and Education Services - £2.206m overspend

Children's Services	Annual Revenue Budget	Outturn	Variance From Budget	Movement since last report (P9)
	£'000	£'000	£'000	£'000
Looked After Children (LAC) Placements	45,751	46,285	534	1,923
LAC Placement Services	7,533	7,735	202	(53)
Permanence & Leaving Care	13,165	13,386	221	(243)
Safeguarding Service Areas	37,781	37,813	32	11
Children's Safeguarding	104,229	105,219	990	1,638
Education Services	7,056	7,368	311	(27)
Home to School Transport	11,891	12,575	684	(119)
Targeted Youth Support Service	841	840	(1)	(1)
Education	19,788	20,782	994	(147)
Strategic Mgmt. & Business Support	6,043	6,265	222	128
<b>Total Children's &amp; Education Services</b>	<b>130,060</b>	<b>132,266</b>	<b>2,206</b>	<b>1,619</b>

### Children's and Education Services - Financial Headlines

Children's Services returned £2m of their initial budget to support the overall in year pressures and contribution to their 2023/24 savings as part of the Period 2 monitoring. This outturn position is therefore against the lower revised budget of £130.060m.

The overall position as at Period 12 is a year-end overspend of £2.206m, after taking account of the corporate contribution. The Directorate position is made up of:

- £0.534m LAC placement overspend is mainly due to increased numbers of children in External Residential placements. The service is progressing with a proposal regarding investment (£0.8m) into specialist provision and increase in-house provision (reopening of Olaniyan, and 4 additional placements by Spring 2023) this alongside capacity to accelerate those providers seeking Ofsted registration, is expected to lead to a reduction in the use of External Residential placements.
- £202k LAC placement services overspend is on non-staffing budgets in the Leaving Care Service (i.e. travel and premises) and Fostering Service vacancies being filled by agency staff to maintain caseloads at safe and sustainable levels.
- £221k Permanence and Leaving Care overspends are mainly caused by Section 17 payments which prevent children from having to come into care. This is partially offset by No Recourse to Public Funds and Unaccompanied Asylum Seeker Children's grants.
- £32k Safeguarding Service overspend has been mainly driven by social work agency pressures in localities. The Deputy DCS and Heads of Localities are reducing dependence on agency whilst further promoting recruitment.
- £0.994m Education Services pressures mainly relate to increased pressures in Home to School Transport (£0.684m) and providing short breaks to carers (£310k). Home to School Transport costs have increased due to a combination of fuel prices, increased eligible children and a shortage in provision in the market pushing prices up. Both services are currently being reviewed. This work will help to shape and inform service transformation. It is expected that the recommendations will enable the service to manage down the pressures in both areas. A comprehensive review of 'short-breaks' offer is being undertaken to strengthen decision making and review arrangements.
- £222k Strategic Management and Business Support overspends. Key pressures being international recruitment costs and archiving costs.

The £1.619m movement since the last reporting relates to:

- £1.923m additional LAC placement costs brought about mainly by a net increase of 4 External Residential (£0.680m), an increase in external residential unit costs (£50k), increase in External Fostering unit costs of placements (£251k) and Community Support costs (£291k). Internal Fostering placements expenditure grew due to an increase in average weekly cost of 2.63% due to foster carers qualifying for higher skill fees under policy changes (£221k). Internal Residential running costs were confirmed in the last quarter of the year and were (£430k) higher than previously anticipated.
- £53k improvement in LAC placement services in relation to reduced Adoption agency fees and in project membership costs related to the Fostering (Mockingbird) network.

- £243k favourable movement in Permanence and Leaving Care due to a reduction in overall expenditure in the No Recourse to Public Funds service and growth in UASC placements being covered by additional grant funding.
- £11k adverse movement in Children’s Safeguarding Areas increase workforce spends within Localities and Cared for Children team offset by increases legal court fees underspends.
- £146k favourable movement in Education Services due to reduction in Home to School Transport expenditure linked to reduction in activity (linked to strike action).
- £128k adverse movement in Directorate Core and Back Office Services mainly relating to the Unicef launch as part of the Our Year Programme.

To mitigate this the Council is investing and expanding preventative services in managing LAC placements and Home to School Transport. The recurrent impact of the current cohort of placements point to a financial gap of around £6m in 2023/24, if no action is taken. The investment programme implemented is expected to impact on this figure and bring within budget.

### Children’s Services – Dedicated Schools Grant

3b. Dedicated School Grant (DSG) - £1.092m in –year underspend

Dedicated School Grant (DSG)	Annual Budget	Outturn	Variance from Budget	Movement since last report (P9)
	£000	£000	£000	£000
Schools Block	196,938	195,13	(1,803)	(1,748)
Central Services Block	3,868	3,976	108	46
High Needs Block	103,155	105,295	2,141	2,400
Early Years Block	39,972	38,435	(1,537)	(1,029)
<b>Total in-year</b>	<b>343,933</b>	<b>342,841</b>	<b>(1,092)</b>	<b>(331)</b>
<b>Deficit b/fwd (£2.702m less school clawback £193k)</b>			<b>2,509</b>	
<b>Overall DSG position</b>	<b>343,933</b>	<b>342,841</b>	<b>1,417</b>	<b>(331)</b>

### Dedicated School Grant (DSG) - Financial Headlines

The Dedicated Schools Grant (DSG) in 2022/23 was £633m, of which £289m is top sliced by the Department for Education (DfE) to fund academy budgets. This includes additional supplementary grant funding for 2022/23 provided for the high needs block of £4.034m.

The DSG in-year position underspent by £1.092m. This reflects some progress that has been made in relation to the high needs budget recovery programme. The overall position, the cumulative deficit **shows a £1.417m deficit**, an improvement of £331k since period 9.

In the spring there was an adverse movement of £2.4m in high needs block due to increased demand for Education, Health and Care plans, more Out of City placements, additional special school in-year adjustments cost and increased post 16 spend. This increase has been mostly offset by underspends in the school's block. Manchester's support to Afghan refugees led to several schools' expansions across the city. Government has recognised these additional costs and provided a £1.907m (Afghan) grant on 31st March, which has been applied to offset the in year cost of expansions, early years, and High Needs costs that had been incurred because of the support to Afghan refugees.

The underlying position shows a £1.417m cumulative deficit and includes the brought forward deficit from 2021/22, which related to the high need block (HNB) pressure. The 2022/23 HNB pressures were greater than anticipated, with the on-going impact of this needing to be addressed by the recovery plan.

The HNB on-going gap is estimated to be £5.690m in 2023/24 and £16.631m 2024/25 pre recovery plan and if no action is taken. The service is working through a three-year HNB recovery plan, focusing on managing demand and identifying efficiencies to help combat these pressures, which are affecting Councils across the country.

## Adult Social Care / Manchester Local Care Organisation

Adult Social Care - £127k overspend

Adult Social Care	Annual Revenue Budget	Outturn	Variance from Budget	Movement from Last Report (P9)
	£'000	£'000	£'000	£'000
<b>Long Term Care:</b>				
Older People/Physical Disability	48,478	50,856	2,378	1,359
Learning Disability	56,451	56,783	332	1,035
Mental Health	24,843	24,609	(234)	279
Disability Supported Accommodation Service	15,607	17,812	2,205	164
Investment funding	1,912	(261)	(2,173)	(183)
<b>Sub Total</b>	<b>147,291</b>	<b>149,799</b>	<b>2,508</b>	<b>2,654</b>
<b>Short Term Care:</b>				
Reablement/Short Term Intervention Team	6,935	6,383	(552)	(3)
Short Breaks/Respite/Day Centres/Neighbourhood Apartments	5,659	5,028	(631)	(273)
Equipment & Adaptations	4,689	4,401	(288)	(40)
Carers/Voluntary Sector	3,329	3,282	(47)	(38)
<b>Sub Total</b>	<b>20,612</b>	<b>19,094</b>	<b>(1,518)</b>	<b>(354)</b>
<b>Infrastructure and Back Office:</b>				
Social Work teams	17,221	16,171	(1,050)	(100)
Safeguarding/Emergency Duty	3,332	3,520	188	22
Brokerage teams	1,477	1,427	(50)	(14)
Management and support	(345)	(296)	49	(269)
<b>Sub Total</b>	<b>21,685</b>	<b>20,822</b>	<b>(863)</b>	<b>(361)</b>
<b>Total Adult Social Care</b>	<b>189,588</b>	<b>189,714</b>	<b>127</b>	<b>1,939</b>

## Adult Social Care - Financial Headlines

Adults Services overspent by £127k, an adverse movement of £1.939m since the last report. In the context of the national challenges facing health and social care, the outturn is positive. The budgeted savings have been managed, in addition to cost avoidance activity, indicate that the BOBL programme is helping citizens to achieve independence and better outcomes, whilst preventing, reducing and delaying demand into adult social care. These achievements have been supported by operating a strengths-based approach and implementing an improved short-term care offer and improved commissioning practices. Progress remains impacted by recruitment constraints with work continuing to fill posts through tailored recruitment initiatives. In the final quarter of the year client numbers have increased across learning disability and mental health cohorts. However, for older people's residential care, the downward trend has continued, and early evidence suggests clients who go through the pathway 3 Discharge to Assess (D2A) process are less likely to remain in residential care. As reported at period 9, all the winter discharge fund (£2.2m direct to the Council and £3.8m through the GM ICS) has been fully utilised.

Key highlights include:

- Full delivery of the £4m savings target through the delivery of effective demand management;
- £2m of one-off funding returned to the council following an audit of unspent direct payments allowances covering several financial years;
- £4.5m of the £5.5m system support funding from reserves has not been deployed in line with the ASC budget report;
- A £10m uplift to support providers including ensuring they pay the Real Living Wage.

The key financial risks are:

- Disability Services Accommodation Service DSAS (£2.205m overspend). Whilst mitigated in the 2023/24 budget assumptions, there is a short term £0.800m risk in relation to waking nights costs due to changes in fire safety requirements post Grenfell. Longer term the financial plan is linked to the review of Provider Services with an increased focus on complex care. The review will identify the most appropriate use of the wider property portfolio leading to an expectation of significant savings on external placements;
- The increase in activity in the last three months of the year will feed through into 2023/24 financial year. Our budget assumptions are being remodelled with a re-set of the long-term care budgets taking account of the changing trends in activity. Winter discharge arrangements have been covered by funding from central government in 2022/23, which has now ceased with no further funding expected for 2023/24; and
- There is significant work underway to fully programme manage the delivery of the proposed saving programme ahead of 2023/24.

#### Long Term Care

The outturn position on long term care is an overspend of £2.508m which is an increase of £2.654m from period 9. One of the main pressures is within DSAS (£2.205m overspend), an increase of £164k from period 9 which reflects the continued use of agency staff to support the most vulnerable clients. The overspend on Learning Disability of £332k is due to an increase in client numbers of 56 from period 9, driving an increased variance of £1.035m since period 9. There is a pressure across residential and nursing budgets of £235k (driven by higher than budgeted nursing costs) and of £248k on homecare due to increasing client numbers. The pressures on both residential and nursing budgets and the homecare budget would have been higher without the full utilisation of winter discharge funding. There is an underspend on Mental Health budgets of £234k which is an adverse movement of £279k from period 9 and reflects an increase of 21 clients from period 9. Across the other care budgets there are underspends on direct payments of £1.224m reflecting the return of unused funding and other minor underspends on day care and short breaks of £381k, offset by a small overspend on carers budgets of £71k. This overall position is offset by releasing the full allocation of demographics funding (£1.880m), unutilised investment funding (£0.419m) and the social care assessment grant released in March (£261k). Use of £4.5m of the £5.5m smoothing reserve is deferred to support the proposed savings programme 2023-26, of which £1.5m is within the long-term care budget.

#### Short Term Care

Overall the outturn position on short term care is an underspend of £1.518m. This is an increase in the underspend of £354k from period 9. As previously reported the underspend mainly reflects the vacancy position on Reablement (£0.552m) and underspends within Short Breaks/Respite/Day Centres/Neighbourhood Apartments (£0.631m), Equipment and adaptations of (£396k) with other minor net overspend variations (£61k).

### Infrastructure and Back Office

Overall, the final outturn position is an underspend of £0.863m, an increase of £361k from period 9. The underspend on social work teams is (£1.050m) comprising £384k on the hospital teams, £285k on INT teams and £382k on specialist learning disability teams. Overall, this equates to 67.2 FTE, of which 35.5 FTE have been appointed to and are going through pre-employment checks or are being held for Social Work apprentices. All remaining vacancies are out to recruitment. The majority are covered by agency in the interim.

The overspend on safeguarding (£0.189m) relates to the pressure on best interest assessments in relation to Deprivation of Liberty Standards. It should also be noted the government have recently paused the introduction of LPS (Liberty Protection Safeguards), pending further consultation on a revision to their original plans.

Management and support overspent by £48k which includes:

- Release of £1.564m investment funding and £348k of BOBL investment
- Reduction in deployment of the smoothing reserve (£3.000m) as outlined above
- £468k of BCF funding, due to careful consideration of recurrent deployment priorities and recruitment delays
- An underspend on Business Support of £411k due to challenges across the recruitment market
- An underspend of £66k across back office and strategic management areas

### Public Health

Public Health – Balanced Budget

Public Health	Annual Revenue Budget	Outturn	Variance From Budget	Movement since last report (P9)
	£'000	£'000	£'000	£'000
Public Health Core Staffing	2,987	2,382	(605)	(233)
Public Health - Children's Services	4,222	4,161	(61)	(43)
Early years - Health Visitors	10,676	10,676	0	0
Drugs and Alcohol	8,989	8,809	(180)	(125)
Sexual Health	8,295	7,922	(373)	(110)
Wellbeing (includes ZEST)	6,058	5,547	(511)	(413)
Other	1,458	289	(1,169)	(176)
Contribution to Reserves	0	2,899	2,899	1,100
<b>Total Public Health</b>	<b>42,685</b>	<b>42,685</b>	<b>0</b>	<b>0</b>



## Public Health - Financial Headlines

- Public Health underspent by £2.899m. This has been transferred to the Public Health reserve for future investment in the Making Manchester Fairer programme. There are underspends on the staffing budgets of £0.605m due to vacant posts and the maximisation of external funding. Wherever it has been appropriate to do so, external funding has been maximised to free-up mainstream funding. There are underspends on the activity-based contracts for sexual health and drugs and alcohol due to reduced numbers accessing services. Fully utilising new funding from central government, which was received in year, has contributed towards the increase in the overall underspend. Plans are being considered on the usage of the grants in 2023/24 to both ensure compliance with the new initiatives, particularly regarding drugs and alcohol, as well as ensuring continued support for the Making Manchester Fairer programme. Negotiations with Health partners regarding 'Agenda for Change' pay uplifts will continue as the wider national negotiations across most health budgets regarding inflationary uplifts continues. Once concluded, this will be a call on the funding held in reserve.
- The Marmot task group have released funding for the first tranche of 'kick-starter' schemes for priority areas with the potential for invest to save measures funded from the £3m investment fund.

## Neighbourhoods

Neighbourhoods overall - £2.135m overspend

Neighbourhoods	Annual Revenue Budget	Outturn	Variance to Budget	Movement since last report (P9)
	£'000	£'000	£'000	£'000
Neighbourhood Management & Support	1,178	1,194	16	(34)
Operations and Commissioning	44,505	47,319	2,814	(150)
Parks, Leisure, Events and Youth	9,479	10,195	716	(107)
Compliance and Community Safety	11,672	10,559	(1,113)	(112)
Libraries, Galleries and Culture	10,010	10,493	483	483
Neighbourhood Area Teams	3,623	3,164	(459)	(278)
Other Neighbourhood Services	274	286	12	12
<b>SUB TOTAL</b>	<b>80,741</b>	<b>83,210</b>	<b>2,469</b>	<b>(186)</b>
Highways	20,713	20,378	(335)	(195)
<b>Total Neighbourhoods</b>	<b>101,454</b>	<b>103,588</b>	<b>2,135</b>	<b>(380)</b>

## Neighbourhoods - Financial Headlines

Neighbourhood Services - £2.135m overspend, a reduction of £380k from the last reported position

### Operations and Commissioning - £2.814m overspend

- Off St Parking - £2.420m reduced off street car parking income, the position has deteriorated by £449k from period 9. Whilst new tariffs were implemented before Christmas, the changes to early bird options, particularly the after 10.30am reduced rates has provided more flexibility to commuters but has also reduced income from day visitors and shoppers. There has also been reduced usage in February and March. Running costs have also been impacted by higher electricity and supplies and services costs of £126k. A commission is being prepared to review both the Council's on street and off street car parking to ensure they are aligned and complement each other, this will include both hours of operation and tariffs charged. In addition to this work is also being done to review revenues from enforcement of moving traffic offences and new bus lane enforcement. All enforcement income must be reinvested into improving transport infrastructure and delivering the service.
- £0.995m shortfall in Christmas Markets. The losses due to closure are time limited and discussions are ongoing with members about the use of Piccadilly Gardens for 2023. There will be opportunities for increased income generation once the enlarged space at Albert Square is reopened, this is scheduled for Winter 2024.
- £449k underachievement of general markets income. The main pressures are as a result of the following markets not achieving the forecast income because of ongoing lower footfalls and reduced income for stall rentals, Sunday Market Car Boot (£102k), Gorton (£120k) and New Smithfield Market (227k), this is partly due to not recovering back to original levels post pandemic. Proposals to redevelop New Smithfield Market are being progressed, and this may impact on the revenue position and will be set out as part of the business case.
- CCTV £188k overspend due to loss of income for accommodation costs in relation to parking and bus lanes monitoring following a change in operators.  
These overspends are offset by;
- An underspend of £293k on Waste and Recycling due to lower than anticipated running costs in the final quarter.
- An underspend of £470k for Waste Disposal Costs because of an adjustment to the levy charges from GMCA, the refund is due to lower actual in year costs.
- Advertising surplus income of £330k this is due to a combination of a higher than anticipated inflationary uplift in year and an increased revenue share based on in year performance.
- Fleet Services has underspent by £60k due to a combination of increased income from vehicle hires, salary savings and a reduction in workshop rents although this is offset by the residual costs of Manchester Fayre (£60k) as some employees are still awaiting new roles.
- Grounds Maintenance has a net saving on employee costs of £38k.

### Parks, Leisure Events and Youth - £0.716m overspend

- An overspend of £466k on Leisure Services is due to income losses at the Manchester Aquatic Centre (MAC) car park and Abraham Moss, these are time limited whilst both sites are undergoing refurbishment. The reopening of the MAC car park may be affected by the changes of parking habits

following the pandemic and this will be monitored carefully. There have also been additional costs in respect of financial support required to ensure Broadway Leisure Centre can continue to operate. These are offset by use of one off non utilisation of (£0.6m) set aside to support Covid recovery in the current financial year.

- Events overspent by £100k due to a combination of increased costs due to the England Women's Football Team reaching the Euro Finals, and lower than forecast commercial income and sponsorship for events.
- Youth Services is forecasted to overspend by £180k due to additional costs of support for Wythenshawe Active Lifestyle Centre.
- Parks are forecasting a small employee underspend of £30k.

#### Compliance and Community Safety - £1.113m underspend

- This is mainly due to net forecasted staffing underspends with the increased underspend of £112k from Period 9 being mainly attributable to the delays incurred in appointed staff being able to start in role due to delays with DBS checks.

#### Libraries, Galleries and Culture – £483k overspend

- Libraries are now reporting a £483k overspend, this is an increase of £483k from the balanced budget reported at Period 9. The increased costs are in backdated historic rents for the North Area Library.

#### Neighbourhood Teams - £459k underspend

- £350k of the underspend relates to the net position on the ward level Local Investment Fund (LIF) and a request has been made to carry forward this amount to fund existing LIF commitments in 2023/24, the remaining underspend are linked to in year vacant posts as well as small underspends on project budgets.

#### Highways - £335k underspend

- Highways have overachieved on the income budgets by £1.493m on Highways maintenance due to income for additional works and £0.887m for street permits and other income in Network Management. This is reduced by a £2m revenue contribution to the highways capital programme that has enabled further investment in the network. There was a minor overspend on Accident and Trips due to a higher than forecast claims.

#### Homelessness

##### Homelessness £48k Underspend

Homelessness	Annual Revenue Budget	Outturn	Variance from Budget	Movement since last report (P9)
	£'000	£'000	£'000	£'000
Singles Accommodation	2,502	2,381	(121)	(197)
B&B's (Room only)	4,000	2,940	(1,060)	(1,625)
Families Specialist Accommodation	362	290	(72)	59
Accommodation Total	6,864	5,611	(1,253)	(1,763)
Floating Support Service	2,161	1,891	(270)	66

Dispersed & Temporary Accommodation Management Fee	5,531	5,742	839	0
Dispersed Accommodation Total	7,692	7,633	59	66
Homeless Management	949	1,183	234	(44)
Homeless Assessment & Caseworkers	2,772	2,485	(287)	0
Homelessness PRS & Move On	1,680	2,888	1,208	1,570
Rough Sleepers In reach/Outreach	443	443	0	0
Tenancy Compliance	172	99	(73)	(32)
Homelessness Support Total	6,016	7,098	1,082	1,494
Commissioned Services	7,841	8,071	230	203
Commissioned Services Total	7,841	8,071	230	203
Asylum	62	13	(49)	(49)
Asylum Total	62	13	(49)	(49)
<b>Total</b>	<b>28,475</b>	<b>28,426</b>	<b>(48)</b>	<b>(48)</b>

### Homelessness - Financial Headlines

The reported position for Period 12 is a net underspend of £48k.

#### Overview of main cost drivers in Homelessness:

- Accommodation. An underspend of £1.253m, there has been a material reduction in B&B numbers since the change to the Allocations policy and as a result of this the spend on B&B's had reduced by £1.245m from the P9 forecast. In the 8-week period since early February there has been a reduction of 89 families and 207 singles placed in B & B accommodation, and this has reduced daily gross expenditure by c£17k. A key feature of the current transformation programme is focussing on supporting people in their current accommodation and avoiding the need for people to move into temporary accommodation unnecessarily.
- Dispersed Accommodation. Overspend of £0.569m, as the pressures in the rental market in Manchester increased providers began to withdraw properties from the scheme to let on the open market, if this had been allowed to continue the pressures faced in B&B would have been unsustainable. As a result of this a rate increase was awarded which has resulted in an overspend. As part of the budget setting process for 2023/24 this pressure has been covered by a budget increase. The current housing subsidy loss to the Council for Dispersed Accommodation is £137k per week (£7.1m p.a.), this is the shortfall in Housing Benefit income that the Council can claim when compared to the rents paid, the housing benefit income received is 90% of the 2011 Local Housing Allowance. The shortfall for a 1-bedroom property is £60 per week, £86 for a 2-bedroom property, £92 for a 3-bedroom property increasing to £94 per week for a 4-bedroom property. Placements at the end of March were 1,597. The District Homes Pilot is now fully operational with a further 400 properties transferred to District Homes management, the housing subsidy loss incurred by the Council would be £1m higher per annum if the 400 properties being managed by District Homes were managed by the Council.
- Homelessness Support Overspend of £1.082m, driven by increased costs on Private rented Sector placements and Move On, significant work has been undertaken by the service to undertake case checks as previously reported. Spend in Private Rented Sector has increased in the last three months as

part of this exercise to ensure that residents retain their current tenancies or are found alternative rental properties. This increased spend will result in a significant reduction in B&B spend on a permanent basis, as can be seen by the rapidly falling number of people who are being placed in B&B accommodation.

- Commissioned Services, overspend of £230k linked to inflationary pressures faced by the Voluntary Sector both in terms of wage inflation and property related inflation.

### Housing delivery and HRA

Housing Revenue Account	Annual Budget	Outturn	Variance from Budget	Movement since last report (P9)
	£'000	£'000	£'000	£'000
Housing Rents	(63,713)	(63,829)	(116)	(993)
Heating Income	(681)	(631)	50	50
PFI (Private Finance Initiative) Credit	(23,374)	(23,374)	0	0
Other Income	(979)	(3,392)	(2,413)	(2,370)
Funding from General/MRR Reserves	(13,188)	(10,293)	2,895	2,895
<b>Total Income</b>	<b>(101,935)</b>	<b>(101,519)</b>	<b>416</b>	<b>(418)</b>
<u>Revenue expenditure</u>				
Operational Housing R&M & Management Costs	24,038	33,001	8,963	2,380
PFI Contractor Payments	31,942	32,522	580	(69)
Communal Heating	1,019	2,763	1,744	(432)
Supervision and Management	6,604	5,631	(973)	(89)
Contribution to Bad Debts	640	221	(419)	(348)
Other Expenditure	1,463	968	(495)	(359)
Interest Payable and similar charges	2,730	2,730	0	0
Depreciation and Revenue Contribution to Capital Outlay (RCCO)	33,499	23,683	(9,816)	(2,417)
<b>Total Expenditure</b>	<b>101,935</b>	<b>101,519</b>	<b>(416)</b>	<b>(1,334)</b>
<b>Total HRA</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,753)</b>

Movement in General/MRR Reserves	Opening Balance	Budgeted Adjustment	Closing Balance	Outturn Adjustment	Closing Balance
	78,052	(13,188)	64,864	2,895	67,759

### Housing Revenue Account - Financial Headlines

The 2022/23 approved gross HRA budget was gross c£102m and this included forecast capital investment of c£33m. The original approved budget included a forecast £13.188m contribution from reserves. It has only

been necessary to draw £10.293m from reserve, and the HRA general reserve closing balance is £67.759m. A summary of the key variances is set out below: -

#### Overspends of £11.337m

- The management and maintenance costs have an overspend of £8.963m. This is due to c£7.0m repairs and maintenance costs, because of a combination of a higher than forecast inflation increase on the overall contract costs and an increase in the number of voids being processed. In addition there has also been a c£1.9m overspend in management costs which was mainly due to pressures on the business service ICT budget of £1.08m and surveyors costs overspends of £0.74m which is mainly related to disrepair claims and legal fees.
- Increased PFI contractor payments £0.580m – Approximately £0.85m was paid to S4B in respect of compensation costs due the sale of land that was previously identified for redevelopment, and inflation on all three PFI contracts has been higher than forecast, whilst the PFI credits remain unchanged. These costs are partly mitigated by c£450k arising from joint insurance savings at Brunswick.
- Communal heating costs have overspent by £1.794m, this is due to the significant increase in energy costs, whilst these are partially offset by income from heating charges, the 2022/23 increase to tenants heating charges was capped at 20%, whilst costs of gas increased by significantly more. Initial increases to heating charges of 75% were approved for 2023/24 and this is being reviewed on a quarterly basis to ensure heating charges are aligned to national increases whilst looking to smooth the impact on tenants.

#### Offset by Underspends of £14.232m:

- Rent collected is £116k higher than budget, this is partly due to higher than forecast rents being received from the PFI providers, and a reduction in the number of void properties.
- Other Income is £2.413m higher than budget, this is due to a combination of increased interest receivable of £1.189m, this is due to the increases in the interest rate over the last 12 months and overage payments on the New Build developments within Brunswick PFI (£0.836m) and Miles Platting PFI (£388k).
- Depreciation and RCCO costs £9.8168m – This is largely due to lower than forecast capital expenditure, largely due to slippage in the capital programme offset by a higher depreciation charge on housing assets.
- Reduced contribution to bad debts £419k. This is due to reduced provision requirements for Aged Debt, Compensation and Fire Insurance.
- Supervision and Management costs £0.973m - lower than forecast running costs.
- Other Expenditure - £495k made up of lower than forecast costs on a number of budgets including reduced council tax charges, compensation costs, reduced payments to Tenant Management Organisations (TMO) and reduced Management Fee to Guinness Partnership for West Gorton.

As part of the 2023/24 budget process the 30-year business plan was broadly in balance over the life of the plan, however there are several issues that could potentially affect this if mitigating actions are not identified to offset potential increased costs over the coming years, they include: -

- Current high inflation rates and impact on contract costs and rents failing to keep up with these costs
- Additional capital costs for integration of Northwards ICT, Woodward Court and carbon retrofit
- Final settlement of commercial details in respect of the repairs and maintenance contract
- Increased investment needs to address both damp and mould and fire risk assessments.

Given that the HRA is a ringfenced account and cannot be cross subsidised with the General Fund, the implications of the current high inflation rates will have an impact on the operation of the account and will ultimately need to be covered through rents or reduced expenditure over the long term. There are several contracts which are uplifted annually in line with inflationary indices, this includes both the repairs and maintenance contracts and PFI Contracts.

## Growth and Development

Growth & Development overall - £1.517m underspend

Growth & Development	Annual Budget	Outturn	Variance from budget	Movement since last report (P9)
	£'000	£'000	£'000	£'000
Investment Estate	(12,536)	(14,592)	(2,056)	(1,104)
Manchester Creative Digital Assets (MCDA)	0	659	659	185
Growth & Development	160	160	0	0
City Centre Regeneration	1,059	976	(83)	17
Housing & Major Regeneration	1,216	1,290	74	(10)
Planning, Building Control & Licensing	(621)	(597)	24	8
Work & Skills	1,950	1,802	(148)	(1)
Manchester Adult Education Service (MAES)	0	12	12	12
<b>Total Growth &amp; Development</b>	<b>(8,772)</b>	<b>(10,290)</b>	<b>(1,517)</b>	<b>(892)</b>

Overall outturn is an underspend of £1.517m, which is an increase of £0.892m from the position reported at period 9.

- **Investment Estate - underspend of £2.056m**

Additional income from a number of areas within the Investment Estate as follows:

- Additional Income Wythenshawe Town Centre £190k - since the purchase of Wythenshawe Town Centre there have been costs of c£0.845m largely due to the invest to save costs and the service charge costs for void properties, these have been offset by higher than forecast income largely due to the resolution of outstanding issue from prior years in respect of service charge income. These were resolved as part of the purchase agreement.
- Additional net income from Heron House £0.869m largely due to increased occupation of the space following refurbishment and reconciliation adjustments from prior years based on

additional information received from the managing agent. There is net additional income from across the estate (including Industrial sites, let land, Shops and Car Parks) of £1.234m, mainly due to a series of rent reviews.

The above overachievements are offset by net pressures of c£237k across other assets, of which the former Barclays Computer centre is c£192k due to holding costs following purchase as there are no current tenants.

- **MCDAs (Manchester Creative Digital Assets) – overspend of £0.659m** – due to a combination of reduced income as the organisation recovers from the pandemic and increased utility costs. A report recently went to Executive setting out proposals to sell Space, and the implications of the sale will need to be considered in 2023/24.
- **City Centre Regeneration – underspend of £83k** – net underspend on project expenditure and additional income from recharges to project activity.
- **Housing & Major Regeneration – overspend of £74k** – mainly related to the reduced income from projects.
- **Planning, Licensing and Building Control – overspend £24k** – Is the net position for Planning and Building Control, this is due to a combination of staffing underspends due to vacant posts and a £341k contribution to the planning reserve. This results in a closing balance on the planning reserve of £3.64m.
- **Work & Skills – underspend of £148k** - this is due to slippage in projects and the expenditure is lower than was originally forecast.
- **Manchester Adult Education Service (MAES) – £12k overspend** - This includes a £27k drawdown from reserves.

## Corporate Core

Corporate Core overall - £1.678m underspend

Chief Executives	Annual Budget	Outturn	Variance to Budget	Movement since last report (P9)
	£'000	£'000	£'000	£'000
Coroners and Registrars	2,377	1,978	(399)	(123)
Elections	1,506	1,506	0	0
Legal Services	9,955	9,996	41	89
Communications	3,447	3,417	(30)	4
Executive	984	932	(52)	(34)
Legal, Comms, Democratic Statutory Sub Total	18,269	17,829	(440)	(64)
Policy, Performance and Reform	14,494	14,363	(131)	55



Corporate Items	1,215	1,190	(25)	(25)
<b>Chief Executives Total</b>	<b>33,978</b>	<b>33,382</b>	<b>(596)</b>	<b>(34)</b>

Corporate Services	Annual Budget £000	Outturn £000	Variance to Budget £000	Movement since last report (P9) £000
Finance, Procurement, Commercial Gov.	8,193	7,748	(445)	(11)
Customer Services and Transactions	27,975	27,441	(534)	(97)
ICT (Information & Communication Technology)	15,877	16,221	344	7
Human Resources & OD (Organisational Development)	4,515	4,489	(26)	98
Audit, Risk and Resilience	1,455	1,425	(30)	0
Capital Progs, Operational Property, Facilities	21,899	21,508	(391)	(734)
<b>Corporate Services Total</b>	<b>79,914</b>	<b>78,832</b>	<b>(1,082)</b>	<b>(836)</b>
<b>Total Corporate Core</b>	<b>113,892</b>	<b>112,214</b>	<b>(1,678)</b>	<b>(870)</b>

### Corporate Core - Financial Headlines

Corporate Core £1.678m underspend and the key variances are: -

- Coroners and Registrars are reporting a £399k underspend due to an overachievement income of £204k, mainly due to increased numbers of weddings and citizenship ceremonies, and an £195k underspend on costs within Coroners.
- Legal Services overspent by £41k. This is made up of £461k underspends on employee budgets as the service has faced challenges recruiting to vacancies, which has been offset by reduced external income due to a reduced level of service provision to Salford Council, an inflationary uplift for Members Allowances and increased costs in supplies and services. Within the figures there was an underlying £1m overspend in relation to children's services legal costs which has been funded by a transfer from reserves in 2022/23 as approved by Executive on the 22 July 2022. The service has developed a plan around a recruitment drive to reduce external costs to mitigate this going forward. There are £136k of expert costs within legal services which are driven by Children's services, and these have been included in the outturn.
- Policy, Performance and Reform £131k underspend - there is reduced income on project activity £169k as there has been a loss of European funding and access to other funding does not cover staffing costs

at 100%. This is offset by employee underspends of £216k due to vacancies and an underspend on running costs of £84k.

- Finance, Procurement and Commercial Governance £445k underspent overall due to employee vacancies (£381k) and a £64k gas commission rebate from previous years and other general supplies and services.
- Customer Services and Transactions underspent by £0.534m due to staffing vacancies of £242k and from additional income from clamping illegally parked vehicles across the city of £235k. This income does not fall under the Traffic Management Regulation Act and is therefore un-ringfenced income. There is an underspend on food banks of £100k which the service have requested to be carried forward to 2023/24.
- ICT saw an overspend of £344k mainly due to additional security contracts, in light of the heightened cyber security risks and increased technical resources due to the increased requirements for support for helpdesk services.
- Human Resources had a small net underspend of £26k. This is made up £270k underspend on staffing budgets offset by increased investment in commissioned works.  
Capital Programmes underspent by £391k due to additional income in capital programmes of £0.93m from major projects, £0.821m reduced electricity costs, and £431k underspend on employees. These favourable variances were offset by additional £312k of legal costs, a £0.5m provision for settlement of an outstanding dispute claim, increased security costs for Wythenshawe Hall £141k, higher than budgeted business rates and water charges of £275k, and delayed Operational Property savings £391k.

There was a £0.870m favourable movement since P9 which relates to:

- Coroners and Registrars £123k reduced costs within Coroners due to several cases being put back until 2023/24.
- Finance, Procurement and Commercial Governance underspend £110k in supplies and services
- Customer Service and Transactions £100k underspend on food banks, and a request to carry this forward has been made.
- Human Resources & OD £98k overspend due to increased spend on commissioned works, largely around ongoing staff development.
- Capital Programmes, Operational Property and Facilities Management £0.734m underspend due to reduced electricity costs

#### Directorate Savings Achievement - £7.837m

	Savings Target 2022/23					
	Gross Revenue Savings	Use of Reserve/ Other Mitigation	Net Revenue Savings	Low Risk (Delivered or expected to be delivered)	Medium Risk (Delivery risk or mitigated)	High Risk (undelivered resulting in overspend)
	£000	£000	£000	£000	£000	£000
Children's Services	292	0	292	292	0	0
Adults and Social Care	9,386	(5,500)	3,886	3,886	0	0
Neighbourhoods	829	0	829	829	0	0

Homelessness	117	0	<b>117</b>	117	0	0
Growth and Development	59	0	<b>59</b>	59	0	0
Corporate Core	2,654	0	<b>2,654</b>	2,674	0	0
<b>Total Budget Savings</b>	<b>13,337</b>	<b>(5,500)</b>	<b>7,837</b>	<b>7,837</b>	<b>0</b>	<b>0</b>

### Savings - Headlines

£7.837m approved savings:

- All 2022/23 budgeted savings have either been achieved as planned, or mitigated, in the current financial year.
- Adults - £9.386m gross savings. The detailed BOBL plan is operational, and the service are working to deliver the multi-year savings and cost reductions. Recurrent mitigation has been identified in-year from higher than budgeted income from means tested client contributions to care costs. All savings are therefore classed as Green. Through Better outcomes Better Lives demand management, the residual balance at P4 of £0.688m has now been allocated into the Older People Residential Care Budget. Other mitigation including the return of one-off unspent direct payments and other variations detailed allows use of £4.5m of the £5.5m smoothing reserve to be deferred to support the proposed savings programme 2023-26.

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**Manchester City Council  
Report for Resolution**

**Report to:** Audit Committee – 25 July 2023

**Subject:** Final Statement of Annual Accounts 2020/21

**Report of:** Deputy Chief Executive and City Treasurer

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**Summary**

To provide an update to Members of the final 2020/21 accounts containing the amendments detailed in the report. These accounts are updated from those reported to the 26 July 2022 Committee and take account of any changes that have arisen since that time, including the national accounting changes to the reporting of infrastructure assets that have delayed the final audit of the accounts, and affected all Councils.

**Recommendations**

The Committee is asked to –

- Note the amendments made to the annual accounts since they were reported to the Audit Committee in July 2021 and July 2022 as included at Appendix 1.
  - Agree to not amend the annual accounts in relation to the issue detailed at 3.1
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**Wards Affected:** All

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**Background documents (available for public inspection):**

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to four years after the date of the meeting. If you would like a copy, please contact one of the contact officers above.

Working papers – consolidation of 2020/21 accounts working papers  
Report of the Deputy Chief Executive and City Treasurer to Audit Committee  
16 March 2021 – Accounting Concepts and Policies, Critical Accounting Judgements  
and Key Sources of Estimation Uncertainty  
Report to Audit Committee 27 July 2021 – Draft Annual Accounts 2020/21  
Report of External Auditors, Mazars to Audit Committee 26 July 2022

Draft Audit Completion Report 2020/21  
Report to Audit Committee 26 July 2022 – Revised Draft Annual Accounts 2020/21

## 1. **Introduction and Background**

- 1.1. The Committee will recall that the draft Annual Accounts were reported to Audit Committee on 27 July 2021 following their approval by the Deputy Chief Executive and City Treasurer. An updated version was presented to July 2022 audit committee reflecting the audit amendments and adjustments to that date.
- 1.2. Following that meeting, and just prior to final sign off, concerns were subsequently raised by a local government auditor, that some authorities were not applying component accounting requirements appropriately for transport infrastructure assets. This exposed a discrepancy in the way local authorities valued all of their highways network assets compared to how it was stipulated in the Accounting Code of Practice. Resolving this matter has been an area of urgent focus for CIPFA, DHLUC, PSAA and all local audit firms. The issue raised is in relation to the derecognition (removal of the undepreciated balance) of parts of infrastructure assets when replacement expenditure is undertaken. This may have the impact of overstating the value of highway and infrastructure assets in the accounts. There are also related issues for the reporting of gross historical cost and accumulated depreciation.
- 1.3. Infrastructure assets are one of the few categories of property, plant and equipment assets that are measured at historical cost rather than at an asset measurement described as 'current value'.
- 1.4. The valuation process for these assets was deemed to be too costly, and therefore infrastructure assets are held in local authority balance sheets at depreciated historical cost. Normal custom and practice for (highways) infrastructure assets is that derecognition does not affect asset balances because the assets are expected to have been fully used up before the replacement expenditure takes place; this does require that assets are properly depreciated in line with the requirements of the Accounting Code.
- 1.5. This issue arises in part because of limitations on historical information relating to when the assets were first recorded on balance sheets in the early 1990s, and where there have been transfers of assets because of local authority reorganisations. It is also extremely difficult to clearly identify the parts of the assets which are being replaced.
- 1.6. CIPFA established a Task and Finish Group to address this issue regarding the derecognition of parts of infrastructure assets following 'replacement' expenditure; recognising that this is a complex and serious issue. This was subject to consultation in which Manchester participated.
- 1.7. CIPFA then took the unusual step of issuing draft guidance for this issue in the draft bulletin:

[\*\*Draft Bulletin 12 Accounting for Infrastructure Assets \(PDF\)\*\*](#)

The Manchester City Council accounts have been amended fully in line with the guidance and audited against this.

- 1.8. Further to this, a temporary resolution was reached in December 2022 with the introduction of a statutory override which applied to the Accounts for 2021/22 and the accounting periods to 31 March 2025. The Council's 2020/21 financial statements were updated to incorporate the relevant changes and the External Auditor was able to complete this element of the audit. The accounts have been prepared to comply with the requirements of the statutory override.
- 1.9. This report summarises the amendments that have been made since the revised draft accounts were presented in July 2022. Further details can also be found in the Mazars Audit completion report elsewhere on this agenda, which summarises all changes made since the publication of the draft accounts on 31 May 2021.
- 1.10. There have been no changes to the Annual Governance Statement from that reported to Members in July 2022.
- 1.11. As the Mazars audit completion report to be presented also includes details of the accounts changes previously approved at the July 2022 Committee a summary of these, as previously presented are attached at Appendix 1.

## **2. Summary of the amended accounts including changes to the Main Accounting Statements since the July 2022 updated accounts**

- 2.1. A summary of the changes to the accounts subsequent to the position approved in July 2022 is attached at Appendix 2. Further details of the key changes are added below:
- 2.2. There have been no changes to the draft accounts that effect the usable reserves of the Council, and therefore its underlying resource position has not changed. There has been no change to the single entity Comprehensive Income and Expenditure Statement (CIES) previously reported. The only change to the single entity balance sheet is the revised presentation of infrastructure assets as set out below
- 2.3. Regarding the national infrastructure assets issue, the CIPFA Guidance has resulted in the revised policy and an amendment to the presentation as a separate note rather than being included in the PPE notes. This change has been reflected on both the single entity and group balance sheets and associated notes. The total value of infrastructure presented separately being £538.992m.
- 2.4. There has been no change to the values of infrastructure assets previously reported as the revised calculation resulted in a non-material change.
- 2.5. The Group accounts CIES and Balance sheet have been amended by £19.533m, this solely relates to change in de-recognising the Council's share



of the holding in Manchester Airport Car Parks Limited (MACPL). This increased the Group share of other comprehensive income and expenditure by £19.533m. This is then reflected as an equal change on the balance sheet (long-term investment in MAG and the Group reserve).

- 2.6. This re-statement reflects the de-recognition of the specific consolidation for MACPL. The total value of assets being £55m and the original consolidation value being £19m (35.5%). This was fully removed as the Council only own a 10% share of this asset and therefore should not be consolidated.
- 2.7. There have been amendments to both the Single entity and Group accounts cashflow statement and supporting notes. This reflects a revised presentation following the adoption of the CIPFA cashflow toolkit as set out at Appendix 2.
- 2.8. There have been some further changes relating to presentational issues, the leasing notes and other corrections; all of which are detailed in Appendix 2.

### **3. Unadjusted errors**

- 3.1. This only relates to the following issues. An additional review was completed of the value of the Manchester Airport terminal assets following the receipt of additional information. This calculation was re-worked from 2016/17 annually to the 2020/21 accounts. The total cumulative adjustment gross to the Group CIES being £9.9m and net £835k; it was therefore recommended and agreed to not reflect this change as it was immaterial.

### **4. Next Steps**

- 4.1. The revised audited Annual Accounts for 2020/21 are appended to this report for approval.
- 4.2. The accessibility version of the accounts will be published following the provision of the external audit completion certificate; when finalised.

### **5. Recommendations**

- 5.1. The recommendations are listed at the front of this report.

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## Single entity CIES

Appendix 1

CIES 2020/21	Audit Committee July 2021  Draft accounts £000	Summary of adjustments					Total amendments £000	Audit Committee July 2022  Revised CIES £000
		Depreciation £000	Downward valuations £000	Valuations that increased revaluation reserve £000	Revised IAS19 report £000			
Net expenditure								
<b>Continuing operations</b>								
Adults Social Care	202,912	9	4			13		202,925
Homelessness	16,864					0		16,864
Children's Services	154,328	60	6			66		154,394
Corporate Core	84,245	1				1		84,246
Neighbourhoods and Highways	98,609	198	20,287			20,485		119,094
Growth and Development	40,690	32	26			58		40,748
Corporate Items	(3,629)		1			1		(3,628)
Council - Wide Costs	4,774		1			1		4,775
Housing Revenue Account	(15,978)	1				1		(15,977)
<b>Net cost of services</b>	<b>582,816</b>	<b>302</b>	<b>20,325</b>	<b>0</b>	<b>0</b>	<b>20,626</b>		<b>603,441</b>
<b>Other operating expenditure</b>								
Gains (Losses) on disposal of non-current assets	(10,483)					0		(10,483)
Levies	69,166					0		69,166
Payments to government housing capital receipts pool	2,566					0		2,566
<b>Total other operating expenditure</b>	<b>61,249</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>61,249</b>
Financing and investment income and expenditure	(4,080)		(1,176)			(1,176)		(5,257)
Taxation and non-specific grant income and expenditure	(693,774)					0		(693,774)
<b>(Surplus) or Deficit on provision of services</b>	<b>(53,789)</b>	<b>302</b>	<b>19,149</b>	<b>0</b>	<b>0</b>	<b>19,450</b>		<b>(34,341)</b>
<b>Items that will not be subsequently classified in the Deficit of Provision of Services</b>								
(Surplus) on revaluation of property, plant and equipment assets	(121,671)		1,408	(31,563)		(30,155)		(151,826)
Impairment losses on non-current assets charged to the Revaluation Reserve	7,996					0		7,996
Re-measurements of the net defined benefit liability	321,765					(24,142)	(24,142)	297,623
<b>Items that will be subsequently classified in Surplus of Provision of Services</b>								
Surplus or deficit on financial assets measured at fair value through other comprehensive income	2,733					0		2,733
<b>Total other comprehensive income and expenditure</b>	<b>210,823</b>	<b>0</b>	<b>1,408</b>	<b>(31,563)</b>	<b>(24,142)</b>	<b>(54,297)</b>		<b>156,525</b>
<b>Total comprehensive income and expenditure</b>	<b>157,034</b>	<b>302</b>	<b>20,557</b>	<b>(31,563)</b>	<b>(24,142)</b>	<b>(34,847)</b>		<b>122,184</b>

## Single entity balance sheet

Appendix 1

Balance Sheet at 31 March 2021	Draft accounts £000	Summary of adjustments :										Total amendments £000	Audit Committee July 2022 £000	
		Central Library £000	Indexation of PPE £000	Held for Sale Assets £000	Depreciation £000	Ethad Stadium £000	Arndale Centre £000	Sharp House £000	Land at airport £000	Revised IAS19 report £000	Cash, Creditors, Debtors £000			Asylum seekers debtors and creditors £000
<b>Non-current assets</b>														
Property, plant and equipment	2,726,063	(21,730)	31,563	4,000	(302)								13,531	2,739,594
Heritage assets	635,802												0	635,802
Investment properties	474,953					(455)	(2,395)	(3,565)	7,591				1,176	476,129
Intangible non-current assets	260												0	260
Long-term investment in subsidiaries, associates and joint ventures	138,964												0	138,964
Other long-term investments	12,403												0	12,403
Long-term debtors	446,638												0	446,638
<b>Total non-current assets</b>	<b>4,435,078</b>	<b>(21,730)</b>	<b>31,563</b>	<b>4,000</b>	<b>(302)</b>	<b>(455)</b>	<b>(2,395)</b>	<b>(3,565)</b>	<b>7,591</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14,707</b>	<b>4,449,786</b>
<b>Current assets</b>														
Inventories and long-term contracts	541												0	541
Short-term debtors	245,041												(31,630)	213,411
Cash and cash equivalents	43,324			(4,000)						5,741			0	49,265
Short-term assets held for sale	10,339												(4,000)	6,339
<b>Total current assets</b>	<b>299,445</b>	<b>0</b>	<b>0</b>	<b>(4,000)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(27,446)</b>	<b>1,557</b>	<b>(29,889)</b>	<b>269,556</b>
<b>Total assets</b>	<b>4,734,523</b>	<b>(21,730)</b>	<b>31,563</b>	<b>0</b>	<b>(302)</b>	<b>(455)</b>	<b>(2,395)</b>	<b>(3,565)</b>	<b>7,591</b>	<b>0</b>	<b>(27,446)</b>	<b>1,557</b>	<b>(15,182)</b>	<b>4,719,341</b>
<b>Current liabilities</b>														
Short-term borrowing	(184,675)												0	(184,675)
Short-term creditors	(260,756)												27,446	(234,867)
Short-term provisions	(19,993)												(1,557)	(21,550)
Short-term deferred liabilities	(12,143)												0	(12,143)
<b>Total current liabilities</b>	<b>(477,567)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>27,446</b>	<b>(1,557)</b>	<b>25,889</b>	<b>(451,677)</b>
<b>Total assets less current liabilities</b>	<b>4,256,956</b>	<b>(21,730)</b>	<b>31,563</b>	<b>0</b>	<b>(302)</b>	<b>(455)</b>	<b>(2,395)</b>	<b>(3,565)</b>	<b>7,591</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,707</b>	<b>4,267,684</b>
<b>Long-term liabilities</b>														
Long-term creditors	(1,026)												0	(1,026)
Long-term provisions	(110,306)												0	(110,306)
Long-term borrowing	(578,556)												0	(578,556)
Long-term deferred liabilities	(144,269)												0	(144,269)
Capital grants receipts in advance	(9,420)												0	(9,420)
Pensions liability	(973,598)										24,142		24,142	(949,456)
<b>Total long-term liabilities</b>	<b>(1,817,175)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>24,142</b>	<b>0</b>	<b>24,142</b>	<b>(1,793,033)</b>
<b>Net assets</b>	<b>2,439,781</b>	<b>(21,730)</b>	<b>31,563</b>	<b>0</b>	<b>(302)</b>	<b>(455)</b>	<b>(2,395)</b>	<b>(3,565)</b>	<b>7,591</b>	<b>24,142</b>	<b>0</b>	<b>0</b>	<b>34,849</b>	<b>2,474,631</b>
<b>Financed by:</b>														
Usable reserves	(911,537)												0	(911,537)
Unusable reserves	(1,528,244)	21,730	(31,563)	0	302	455	2,395	3,565	(7,591)	(24,142)	0	0	(34,849)	(1,563,094)
<b>Total reserves</b>	<b>(2,439,781)</b>	<b>21,730</b>	<b>(31,563)</b>	<b>0</b>	<b>302</b>	<b>455</b>	<b>2,395</b>	<b>3,565</b>	<b>(7,591)</b>	<b>(24,142)</b>	<b>0</b>	<b>0</b>	<b>(34,849)</b>	<b>(2,474,631)</b>

Group CIES	Summary of adjustments :									Appendix 1
Group CIES 2020/21	Draft accounts £000	Council amendments £000	Impairment of financial assets £000	Correction of additions £000	DML VP&E £000	Goodwill amortisation £000	Reinstatement of goodwill £000	Reinstatement of investments £000	Total amendments £000	Audit Committee July 2022 £000
<b>Net expenditure</b>										
<b>Continuing operations</b>										
Adult Social Care	202,912	13							13	202,925
Homelessness	16,864	0							0	16,864
Children's Services	154,328	66							66	154,394
Corporate Core	84,245	1							1	84,246
Neighbourhoods and Highways	98,609	20,485							20,485	119,094
Growth and Development	40,690	58							58	40,748
Corporate Items	(3,629)	1							1	(3,628)
Council-Wide Costs	4,774	1							1	4,775
Housing Revenue Account	(15,979)	1							1	(15,977)
Destination Manchester Ltd	833	0				(556)			(556)	277
<b>Cost of services excluding acquired services</b>	<b>583,648</b>	<b>20,626</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(556)</b>	<b>0</b>	<b>0</b>	<b>20,070</b>	<b>603,718</b>
<b>Other operating expenditure</b>										
Loss on disposal of non-current assets	(10,483)	0							0	(10,483)
Levies	69,166	0							0	69,166
Payments to government housing capital receipts pool	2,556	0							0	2,556
<b>Total other operating expenditure</b>	<b>61,249</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>61,249</b>
Financing and investment income and expenditure	(3,611)	(1,176)	228						(948)	(4,560)
Taxation and non-specific grant income and expenditure	(693,774)	0							0	(693,774)
<b>Deficit on provision of services</b>	<b>(52,486)</b>	<b>19,450</b>	<b>228</b>	<b>0</b>	<b>0</b>	<b>(556)</b>	<b>0</b>	<b>0</b>	<b>19,122</b>	<b>(33,369)</b>
Share of operating results of joint venture	189,581	0							0	189,581
Tax expenses of subsidiary	201	0							0	201
Tax expenses of joint venture	15,052	0							0	15,052
<b>Group Deficit on provision of services</b>	<b>152,346</b>	<b>19,450</b>	<b>228</b>	<b>0</b>	<b>0</b>	<b>(556)</b>	<b>0</b>	<b>0</b>	<b>19,122</b>	<b>171,466</b>
<b>Items that will not be subsequently classified in Deficit on Provision of Services</b>										
(Surplus) on revaluation of non-current assets	(121,671)	(30,155)							(30,155)	(151,827)
Impairment losses on non-current assets charged to the revaluation reserve	7,996	0							0	7,996
Remeasurements of the net defined benefit liability	321,765	(24,142)							(24,142)	297,623
Share of other comprehensive income and expenditure of joint ventures	50,763	0	(228)	2,733	(1,139)	556	(4,249)	(3,673)	(6,002)	44,762
<b>Items that will be subsequently classified in Deficit on Provision of Services</b>										
(Surplus) / Deficit from investments in equity instruments designated at fair value through other comprehensive income	2,733	0							0	2,734
(Surplus) / Deficit from investments in equity instruments designated at fair value through other comprehensive income	2,733			(2,733)					(2,733)	0
<b>Total other comprehensive income and expenditure</b>	<b>264,313</b>	<b>(54,297)</b>	<b>(228)</b>	<b>2,733</b>	<b>(1,139)</b>	<b>556</b>	<b>(4,249)</b>	<b>(3,673)</b>	<b>(63,032)</b>	<b>201,288</b>
<b>Total comprehensive income and expenditure</b>	<b>416,665</b>	<b>(34,847)</b>	<b>0</b>	<b>2,733</b>	<b>(1,139)</b>	<b>0</b>	<b>(4,249)</b>	<b>(3,673)</b>	<b>(43,910)</b>	<b>372,755</b>

Group balance  
sheet

Appendix 1

Group Balance Sheet at 31 March 2021	Draft accounts £000	Summary of adjustments :					Audit Committee July 2022 £000
		Council amendments £000	DML loan £000	Reinstatement of goodwill £000	Reinstatement of investments £000	Total amendments £000	
<b>Non-current assets</b>							
Property, plant and equipment	2,753,912	13,531				13,531	2,767,443
Heritage assets	635,802					0	635,802
Investment properties	474,953	1,176				1,176	476,130
Intangible non-current assets	260			4,249		4,249	4,509
Long-term investment in joint venture / subsidiaries	631,829				3,673	3,673	635,502
Other long-term investments	12,403					0	12,403
Long-term debtors	430,976		(750)			(750)	430,226
<b>Total non-current assets</b>	<b>4,940,135</b>	<b>14,707</b>	<b>(750)</b>	<b>4,249</b>	<b>3,673</b>	<b>21,879</b>	<b>4,962,015</b>
<b>Current assets</b>							
Inventories	583					0	583
Short-term debtors	245,143	(31,630)	(750)			(32,380)	212,762
Cash and cash equivalents	52,898	5,741				5,741	58,639
Short-term assets held for sale	10,339	(4,000)				(4,000)	6,339
<b>Total current assets</b>	<b>308,963</b>	<b>(29,889)</b>	<b>(750)</b>	<b>0</b>	<b>0</b>	<b>(30,639)</b>	<b>278,323</b>
<b>Total assets</b>	<b>5,249,098</b>	<b>(15,182)</b>	<b>(1,500)</b>	<b>4,249</b>	<b>3,673</b>	<b>(8,760)</b>	<b>5,240,338</b>
<b>Current liabilities</b>							
Short-term borrowing	(184,675)					0	(184,675)
Short-term creditors	(268,682)	25,889	1,500			27,389	(241,293)
Short-term provisions	(19,993)					0	(19,993)
Short-term deferred liabilities	(12,143)					0	(12,143)
<b>Total current liabilities</b>	<b>(485,493)</b>	<b>25,889</b>	<b>1,500</b>	<b>0</b>	<b>0</b>	<b>27,389</b>	<b>(458,103)</b>
<b>Total assets less current liabilities</b>	<b>4,763,605</b>	<b>10,707</b>	<b>0</b>	<b>4,249</b>	<b>3,673</b>	<b>18,629</b>	<b>4,782,235</b>
<b>Long-term liabilities</b>							
Long-term creditors	(1,026)					0	(1,026)
Long-term provisions	(110,306)					0	(110,306)
Long-term borrowing	(578,556)					0	(578,556)
Long-term deferred liabilities	(145,762)					0	(145,762)
Capital grants receipts in advance	(9,420)					0	(9,420)
Pensions liability	(973,598)	24,142				24,142	(949,456)
<b>Total long-term liabilities</b>	<b>(1,818,668)</b>	<b>24,142</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>24,142</b>	<b>(1,794,527)</b>
<b>Net assets</b>	<b>2,944,937</b>	<b>34,849</b>	<b>0</b>	<b>4,249</b>	<b>3,673</b>	<b>42,771</b>	<b>2,987,709</b>
<b>Financed by:</b>							
Usable reserves	(911,537)					0	(911,537)
Unusable reserves	(1,528,244)	(34,849)				(34,849)	(1,563,094)
Group income and expenditure reserve	(505,157)			(4,249)	(3,673)	(7,922)	(513,079)
<b>Total reserves</b>	<b>(2,944,938)</b>	<b>(34,849)</b>	<b>0</b>	<b>(4,249)</b>	<b>(3,673)</b>	<b>(42,771)</b>	<b>(2,987,709)</b>

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<u>Changes to 2020/21 accounts since July 2022 Audit Committee</u>	<u>Value of Amendment £000</u>
<u>Infrastructure</u>	538,992
Single entity balance sheet - split out infrastructure from other PPE	
Note 5 accounting policies - added infrastructure and amended PPE	
Note 19a PPE remove infrastructure column	
Note 19b new note infrastructure added	
Note 23 Valuation of PPE - removed infrastructure	
Note 29 Capital expenditure and capital financing - split out infrastructure	
Group balance sheet - split out infrastructure from other PPE	
Group note 10 PPE - removed infrastructure	
<u>Manchester Airport Car Parking Limited</u>	19,533
Group CIES - share of other comprehensive and expenditure of Joint Venture (MACPL)	
Group MIRS - total comprehensive income and expenditure	
Group Balance sheet - group income and expenditure reserve and long term investment in Joint Venture	
Group note 11 - long term investments - MAHL long term investment	
Group note 16 - reserves - MAHL unusable reserves	
<u>Cash Flow Statement</u>	
<u>Single entity</u>	
Adjustments to net deficit / surplus on the provision of services for non cash movements	28,913
Adjustment for items included in the net deficit / surplus on the provision of services that are investing and financing activities	(10,867)
Investing activities	(18,046)
Related notes - 47, 48 and 50	
<u>Group Accounts</u>	
Adjustments to net deficit / surplus on the provision of services for non cash movements	28,914
Adjustment for items included in the net deficit / surplus on the provision of services that are investing and financing activities	(10,867)
Investing activities	(18,047)
Related notes 18, 19, 20 and 21 (note 20 has been amended to 19/20 audited figures)	
<u>Presentational</u>	
Former note 1 and 2 corporate items and council wide costs removed	
Notes 6 and 7 - critical accounting judgements and key sources of estimation uncertainty - reviewed and some removed in line with the approved 22/23 report to Audit Committee	
Note 9 Expenditure and income analysis - remove note a - breakdown of capital charges	
Note 22 Heritage assets - combined statues and monuments column with other	
Note 23 Valuation of PPE - removed asset lives table	
Note 23 Valuation of PPE - additional disclosure relating to transfers between levels of fair value hierarchy	
Note 32 short and long term debtors - moved MAHL and DML into within financial instruments section	
Note 35 Deferred liabilities - added short and long term split for prior year	
HRA Note a - change presentation of non-current assets	
<u>Leasing notes</u>	
Note 26 Assets held as lessee - minimum future lease payments - removed Sure Start centres (94k) and added 103 Princess St £35,473k following audit queries for 21/22	35,379
Note 27 Assets held as lessor operating leases future minimum lease payments - removed other LAs share of airport Quantum leases following 21/22 audit query	(67,488)
<u>Other corrections</u>	
Note 9 Expenditure and income analysis - audit amendment of switch of income between business rates and council tax not reflected in July 22 Audit Committee version but amended in note 14	2,902
Note 23 Valuation of PPE reconciliation of level 3 fair value table amended to agree to fair value hierarchy table	4,000
Note 37 Financial instruments - total financial assets to include MAHL and DML	372,505
Note 37 Financial instruments - fair value to include MAHL and DML	372,505
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# Annual Statement of Accounts 2020/21

## Manchester City Council Annual Statement of Accounts 2020/21

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## Our 2020/21 Narrative Report

### Introduction

Our Narrative Report aims to demonstrate a clear link between our resources, our strategy and our performance in a transparent and accessible way. It shows how we've helped deliver intended outcomes and created value throughout 2020/21, and how we are planning ahead to respond as effectively as possible to future challenges.

### Our thriving and vibrant city

The city's growing population was estimated to be just over 579,500 in 2020, and by 2026 Manchester is forecast to be home to over 636,000 people.<sup>1</sup> The city's growing economy has been crucial to its overall success and resilience. Manchester is the third most visited city in the UK and is renowned both nationally and internationally as a vibrant, inclusive and outward-looking city.

While the city has made great progress, there are significant challenges relating to areas of deprivation, health outcomes for residents, and those residents living in poverty.

We closely monitor the implications of government policy (in relation to COVID-19, and the introduction of Integrated Care Systems (ICSs) from April 2022 for example) so that we are well placed to anticipate and mitigate negative impacts and grasp opportunities.

We will continue to work together with other authorities in our [city region](#) and use our collective powers and budgets to make local decisions aligned to the needs of our communities, partners and stakeholders.

### Our Council

#### Our commitment to good governance

We make decisions affecting Manchester and its residents on a daily basis. We are made up of 96 councillors elected by residents across the city's 32 wards. These elected representatives have the authority to make decisions affecting the city. Approximately 7,200 Council staff deliver public services across five directorates: Adult Social Care (including Homelessness), Children's Services, Neighbourhoods, Growth and Development and the Corporate Core.

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<sup>1</sup> Estimate based on in-house forecasting model (MCCFM) which accounts for residential building underway in 2020 and is dependent on strong recovery from impacts of COVID-19.

We are responsible for conducting our business in accordance with the law and ensuring that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. We are committed to the highest standards of conduct, progressing towards the city's vision with robust controls over the use of resources, intelligent and open decision making, and accountability and transparency. We have set out our governance standards in our [Code of Corporate Governance](#) (The Code), which forms part of our Constitution. The Code explains how the vision and values of the organisation – the Our Manchester principles - are at the heart of the Council's approach to governance. Our [Annual Governance Statement](#) (AGS) reviews the extent to which we have met the Code's standards, and describes the progress made throughout the year in addressing our key governance challenges.

### Our strategy and objectives

Our mission is to support the delivery of the vision for the city set out in the [Our Manchester Strategy](#) that in 2025 Manchester will be in the top flight of world-class cities. This ambitious strategy was launched in 2016 and was developed through extensive consultation with local people, businesses and service providers and shows how the city came together to address its challenges and strive for a place in the top flight of world class cities.

A Strategy reset, overseen by the Our Manchester Forum, a partnership board of stakeholders from across the city, was completed in 2021 following extensive engagement across the city. The [Our Manchester Strategy – Forward to 2025](#), resets our priorities for the next five years to 2025, acknowledging - but looking beyond the current challenges. The reset maintained our overarching principles of equality, inclusivity and sustainability, building on them to establish the refreshed vision for achieving the city's 2025 aims.

To progress towards the vision described in the Strategy, and to meet the city's challenges, we are continuing to embed the Our Manchester approach. This is a radically transformed way of working so that public services are focused around people and communities rather than organisational silos. We are working with partners such as health, education and housing providers, the police, the voluntary sector and communities in new innovative ways that target the specific challenges we have in Manchester and make Manchester the best it can possibly be.

The Council's Corporate Plan ([Our Plan](#)), set out on the next page, has nine priorities for delivering the Our Manchester Strategy for the city. Our Plan was refreshed in February 2021, in light of the events of 2020, to reflect the importance of delivering on our equality, diversity and inclusion commitments. Our Plan's priorities are aligned to the strategy for the city and the city region and they inform the Council Business Plan and Budget Report. [Our Revenue Budget Strategy](#) and [Capital Budget Strategy](#) are aligned to the Our Manchester Strategy and what Manchester people value most.

Our work towards each priority is underpinned by city-wide leadership which aims to reduce inequalities and promote inclusion and diversity. We pursue our priorities by applying the Our Manchester principles in all that we do, from our Business and Budget planning through our service and team planning, to the 1:1 About You sessions managers have with staff which complete the golden thread (represented in the image). These principles are 'listening', 'recognising strengths of individuals and communities', 'working together' and 'better lives. The [Our People Strategy](#) will be refreshed later this year to align to the Our Manchester Strategy Reset, the Organisations Development Plan (currently in development), and how we need to work in the future.



**Our Manchester**

**Our Corporate Plan sets out how we will help make the Our Manchester vision for 2025 a reality.**

The vision is for Manchester to secure its position in the top-flight of world-class cities by 2025.

We all need to think about the part we play in making Manchester a city that is:

- Thriving
- Full of talent
- Fair
- A great place to live
- Connected – with technology and transport.

We can only achieve our vision and ambitions if everyone works together.

# Our Corporate Plan for 2021–22

## Our priorities

Our nine Corporate Priorities reflect what we – as a council – need to do and focus on. We must all keep equality, inclusion and diversity at the heart of everything we do. No matter what job you do, you will make a difference to the lives of Manchester people.

### 1. Zero-carbon Manchester

We must transform Manchester into a zero-carbon city by 2038 by halving our own direct CO<sub>2</sub> by 2025, reducing citywide CO<sub>2</sub>, and improving air quality.

### 2. Growth that benefits everyone

We will boost productivity in the city to reduce poverty and create an economy that is inclusive and benefits everyone.

### 3. Young people

We will support Manchester's young people to be safe, happy, healthy and successful, and help them to fulfil their potential by giving them the best start in life, with access to good schools, play, leisure and culture.

### 4. Healthy cared-for people

We will work with partners to ensure our residents are healthy and well, and we will support whoever needs it most to improve their lives – including reducing homelessness and creating better outcomes for homeless people.

### 5. Housing

We will deliver the right mix of housing so that Mancunians have a choice of good-quality homes that are safe, secure and affordable.

### 6. Neighbourhoods

We will work with communities to create clean, vibrant and diverse neighbourhoods that everyone can be proud of, and make sure that we deliver services closer to residents.

### 7. Connections

We will connect people and places with good roads, greener transport and better technology, and boost sustainable transport by increasing walking and cycling routes.

### 8. Equality

We will deliver on our equality, diversity and inclusion commitments, creating a progressive city that allows our residents and partners to understand our diverse communities, improving their life chances and celebrating diversity.

### 9. Well-managed council

We will support our colleagues to be their best and we will make the most of our resources.



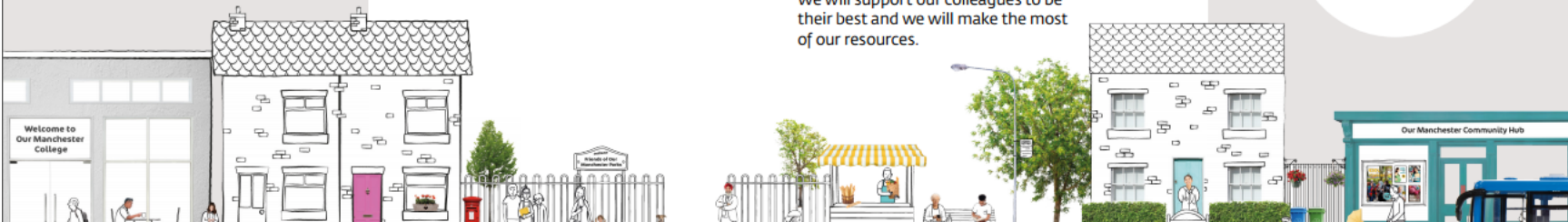
## Our Manchester behaviours

Our behaviours demonstrate our values and principles. By putting them into action and working in new ways we will create the future Manchester we're all striving for.

- We are proud and passionate about Manchester.
- We take time to listen and understand.
- We 'own it' and aren't afraid to try new things.
- We work together and trust each other.

To deliver Our Corporate Plan we all need to do our bit. We should use it to shape service and team plans, and as part of About You conversations.

**Our Manchester – it's the way we do things, not just a thing we do.**



## Our recovery from COVID-19

The COVID-19 pandemic has had a significant impact on the Council and the city. COVID-19 has exacerbated existing inequalities, which is reflected in the virus' infection and mortality rates. Mortality rates from COVID-19 in the most deprived areas were more than double those in the least deprived areas. One in five deaths involving COVID-19 in Manchester have occurred in care homes. The City's Black, Asian and Minority Ethnic communities make up circa 37% of the population<sup>2</sup>, but account for almost 60% of confirmed COVID cases. In the first wave, the COVID mortality rate in these communities was three times that of the City's White British population; in the second wave, the mortality rate reduced for most ethnicities but increased for the Bangladeshi and Pakistani population. Similarly, disabled people account for approximately 17% of the City's population, but for almost 60% of COVID deaths. People with a learning disability are up to six times more likely to die of COVID-19 than those without. These patterns of disproportionately adverse impact are reflected across numerous at-risk groups.

The impacts of the pandemic have increased the scale of the already significant challenge of residents experiencing digital exclusion. Too many residents were left unable to access essential online services such as protected online shopping slots and medical records. Others were left feeling socially isolated because they were unable to benefit from technology to keep in touch with family and friends. Digital exclusion exists where a person lacks one or more of the following: access to the Internet, skills and confidence to use the Internet or motivation to go online. In line with national trends, the Council has identified that those people who are over 65, are disabled, have low incomes, or whose first language is not English are more likely to be digitally excluded. The Council has supported digital inclusion for over 20 years now with libraries being a key venue for this. To help address the challenge of access to digital, the Council has developed various workstreams that now form the Digital Inclusion Action Plan. Since May 2020, the Manchester Digital Device Scheme has gifted 1,140 devices to residents most in need and Digital Inclusion Volunteers have supported 835 to use technological equipment which they had access to. The Council has invested in supporting third sector organisations to scale up and sustain their hyper local digital inclusion activity. For example, coordinating a Digital Inclusion Working Group has enabled the funding of projects delivered through community organisations which have targeted those people most at risk of digital exclusion. A key part of the Manchester Digital Strategy is investing in the city's digital infrastructure including full fibre connections and 5G.

Whilst a balanced budget for 2021/22 is expected to be achieved, the financial position is challenging with significant budget gaps remaining for 2022/23 and 2023/24 and beyond. It is clear that the pandemic will have a significant impact on the Council's resources, in terms of both increased expenditure and significantly reduced income for at least the next two to three years. Fundamentally, the

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<sup>2</sup> 2019/20 Annual Population Survey, ONS

government has not provided any support for the loss of dividend income that we would achieve through our economic strategy for Manchester, and this is a key factor in the requirement to make over £40m of cuts in 2021/22 and the ongoing budget gap. The likely reduction in reserves is also a cause for concern. Despite the pressures being faced the Council remains determined to deliver the agreed priorities for Manchester. The budget is not just about how to manage within available resources but also on where funding should be invested to deliver on resident priorities and working with partners to jointly develop new ways of delivering services such as prevention and early help, giving families strengths and self-reliance so they will benefit from greater self-determination and improved life chances - and in so doing reducing the need for more costly support in the future. The difficult balance must be maintained between protecting investment to generate growth (and grow the revenues available to the Council), provide high quality universal services, and to protect the most vulnerable.

#### [12-point COVID-19 action plan](#)

Manchester's [12-point COVID-19 action plan](#) aligns with the national and Greater Manchester approach and it covers:

1. Ensure that strategic and operational decisions in respect of COVID-19 are informed consistently by high quality data and intelligence.
2. Increase access to and uptake of testing.
3. Increase capacity to respond to local outbreaks including infection control, contact tracing, environmental health and non-specialist support.
4. Develop and implement community engagement plans for targeted work in specific areas and with specific groups.
5. Reinforce basic public health messages and amplify key communication messages in relation to the restrictions.
6. Work with and support the hospitality sector in responding to changing guidance and regulations when they are agreed.
7. Continue to support residents and patients who are vulnerable and ensure health equity issues are addressed.
8. Provide advice to organisers of events.
9. Work collaboratively with Early Years settings, Schools and Colleges to ensure these settings remain open.
10. Work collaboratively with Universities on COVID secure arrangements for both on and off campus activities with a focus on outbreak management.
11. Build on the learning from the first wave to inform the Winter/Spring planning for support to Care Homes
12. Consider the suite of contain measures that have been developed for Greater Manchester to inform the Manchester Local Escalation Plan



## Tackling climate change and generating Social Value

The Council declared a Climate Emergency in July 2019 which recognised the need for the Council, and the city as a whole, to do more to reduce CO2 emissions and mitigate the negative impacts of climate change. It also demonstrated the Council's commitment to be at the forefront of the global response to climate change and to lead by example. The Council had already adopted a science-based carbon budget for Manchester of 15 million tonnes of CO2 between 2018 and 2100 following analysis by the Tyndall Centre for Climate Change Research. This also committed the city to become zero carbon by 2038 at the latest.

The [Council's Climate Change Action Plan 2020-25](#) was developed to ensure that all aspects of the Climate Emergency Declaration were converted into clear actions with tonnes of CO2 savings included where applicable. The Plan builds on over a decade of previous activity which has seen the Council's direct CO2 emissions reduce by 54.7% between 2009/10 and 2019/20. It sets an ambition for the Council to reduce its direct CO2 emissions by 50% between 2020 and 2025 based on a 13% year on year reduction trajectory. The Plan also recognises the Council's unique leadership role in supporting and influencing the city to reduce its emissions and in ensuring that the city's residents are protected from the impacts of climate change. The actions in the plan are under five themes:

- Buildings and energy;
- Transport and travel;
- Reducing consumption-based emissions and influencing suppliers;
- Climate adaptation, carbon storage and carbon sequestration;
- Influencing behaviour and being a catalyst for change.

Since declaring a Climate Emergency, the Council has set about transforming the way it works to ensure that climate change is at the heart of the organisation and our work with partners, residents and with our young people. Our Corporate Plan priorities have been refreshed for 2021/22 and reflect the city's zero carbon ambitions, with the inclusion of the 'Zero Carbon Manchester' priority. As the Climate Change Action Plan is delivered, [quarterly progress reports](#) are available which highlight key achievements and statistics. Recent achievements include:

- £19.1m secured from the Public Sector Decarbonisation Scheme (PSDS) to support heat decarbonisation, energy efficiency and renewable energy generation in 11 Council buildings
- Carbon Literacy 'Silver' status awarded to the Council by the Carbon Literacy Project

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- The 'sponge park' in West Gorton was tested by Storm Christoph and its nature-based flood alleviation measures proved effective at diverting excess rainwater into its swales
- Streetlight replacement is now complete with 56,000 LEDs installed

The Council has a long history of promoting social value in Manchester through its procurement, its wider influence with external organisations and through its own operations. Social value outcomes can be economic, social and environmental in nature. Since 2015, the Council has applied a minimum 20% weighting to social value when evaluating tenders for Council contracts. At the time this was, and remains to our knowledge, the highest weighting for social value in the country.

The Council is signed up to UNISON's Ethical Care Charter which includes a commitment to pay workers in the Care Sector the 'real' Living Wage, and in 2020 the Council became accredited as a Living Wage Foundation living wage employer. The Council has also signed up to the following initiatives, and encourages suppliers and partners to similarly support:

- Care Leavers Covenant
- Armed Forces Covenant
- Unite Construction Charter
- Unite Charter for Ethical Employment Standards in the Voluntary and Community Sector

The Council requires that all its suppliers, service providers, contractors and their suppliers and subcontractors adhere to the [Ethical Procurement Policy](#).

The Council has engaged the Centre for Local Economic Strategies (CLES) for over 10 years to carry out an independent evaluation of the local economic impact of the Council's spend. Key figures from 2019/20 (released March 2021) include:

- £511m spent by the Council with its top 300 suppliers
- £353m spent with Manchester based organisations, which is 69.2% of the total spend with the top 300 suppliers, up from 51.5% in 2008/9
- 62.9% procurement spend with SMEs (increased from 46.6% in 2014/15)
- 2,251 jobs in Manchester estimated to have been created by suppliers to the Council
- 576 apprenticeships estimated to have been created by suppliers to the Council

The Council is also committed to improving our practices to prevent slavery and human trafficking and understands its responsibilities to residents, service users, employees and the local community in relation to this. More information on policies which are in place to ensure that these commitments are met can be found in the [Slavery and Human Trafficking Statement](#).

## Residents and communities

The city's residents came together in response to the COVID-19 pandemic with the pride and spirit that is typical of Manchester, rooted in the strengths of their communities. Neighbourhood led approaches have been led by people who have strong local relationships and know their areas well. Working with neighbourhoods in this joined up way has reduced duplication, supported the development of local solutions to local problems and connected residents to local assets. Capitalising and building on the strengths of residents and communities is a key part of both our recovery plans and the re-set of the Our Manchester Strategy.

The Council and its partners have provided support to our residents, including those at greater risk and further disadvantaged by COVID-19 through the recovery period. The interventions and support required will be different for different communities and different sectors within communities. Work has included:

- The Covid response hub, set up to provide support to residents, focusing on five key areas: food, medicines, support for isolation, fuel and help getting online.
- Council Food Response Team, set up during the initial Covid lockdown to ensure that vulnerable residents affected could access a food offer.
- Domestic Violence and Abuse - Council colleagues in Community Safety and Commissioning continue to liaise closely with our in-house and commissioned service providers, as we move out of restrictions in order that any potential demand and capacity issues can be identified early and acted upon.
- Poverty and Welfare Provision including Welfare Provision Scheme, Discretionary Housing Payments (DHP) and Council Tax Support Hardship Fund and Test and Trace Support Payments.

To best understand what might be needed within different neighbourhoods whilst considering their unique strengths and assets, various public services and community organisations work together as a 'Team Around the Neighbourhood'. The team includes representatives from the Council's Neighbourhoods Service, Work and Skills Service, Community Safety Service, and Early Help and Early Years teams as well as representatives from Housing Providers, Greater Manchester Police and the Manchester Local Care Organisation. The team is connected to a wider team which includes representatives from the Voluntary and Community Sector Enterprise (VCSE), Adult Social Care, General Practitioners, health and mental health services. This joined up approach at the heart

of each specific neighbourhood reduces duplication and provides the right services, at the right time and in the right way. Teams around the Neighbourhood continue to support engagement activity, particularly in respect of vaccination roll out in areas where coverage is less than the city average.

Our work includes a focus on equality, diversity and inclusion, hardship funds and other discretionary spend, youth services and support for children and young people, domestic violence and abuse, homelessness, digital exclusion, and the Voluntary Community and Social Enterprise (VCSE) and Faith sector.

Health and Social Care - Health and Social Care leaders are developing a refreshed Locality Plan for the city building on the unique experiences of the pandemic and seizing the opportunities of changes being made in the response phase. The Health and Wellbeing recovery workstream has developed a framework that covers:

- Resuming services and working through backlog of health and social care that residents need
- Addressing the physical and mental health impacts on the population of Manchester
- The contribution of health and social care to the wider city recovery

### Future Shape of the Council

Our response to COVID-19 has been a catalyst for change in terms of our workforce and has allowed us to reimagine what it will look like in the coming months and years. There is a programme of transformation work underway which will transform how our workforce are supported to excel and be well, ensuring they have the right tools, tech and skills to do their job well, our workspaces will be transformed and become hives of collaboration in the heart of our communities and a large proportion of our staff will be working in a hybrid way, across our worksites and at times at home, trusted to work where they will be most efficient. We are committed to continuing to embed the Our Manchester (OM) approach throughout the Council, Our Ways of Working will support staff to work even more flexibly across different locations and services as we move into our 'new normal'

Future Shape of the Council is a whole-Council organisational change programme that will change what we do and how we work over the next two years. This is important given the level and complexity of change and challenge we face in Manchester including ongoing response to COVID, the city's recovery, inclusion and equalities, deprivation and poverty, climate change, Brexit, the need to improve outcomes for all our residents, and significant financial uncertainty. The objectives of the programme are to:

- Make the Council a more desirable place to work with an emphasis on an inclusive culture and modern ways of working.
- Improved and consistent quality services for the residents of Manchester.

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- Improved organisational resilience, making best use of capacity and resources to mitigate future demand and maintain focus on delivering vital services for residents.
- Strengthened ability to deliver against the Our Manchester Strategy and the Council's Corporate Plan.
- Provide a framework for future budget planning.

Initially the work will focus on the following workstreams, reflecting the major changes that will need to be delivered:

- A digitally integrated Council - includes expanding the Council's current digital offer, modernising how the Customer Service Centre operates and replacing the Customer Relationship Management (CRM) system with a holistic digital platform and addressing digital exclusion
- A more purposeful and effective Corporate Core - a review of the Corporate Core and its relationships with other areas within the Council
- Embedding Place Based working across the Council - to ensure services are designed to meet the needs of each of our neighbourhoods and increase the number of preventative measures in place (including greater use of other community assets that are closer to residents and ensuring a place-based approach to decision making)
- A new model for Housing - create a new housing operations service as a result of Northwards Housing being brought back in house to drive better outcomes for residents by providing these in conjunction with other services including employment and social care services
- Joined up Health and Social Care - focusses on how the Council supports the supercharging of the Manchester Local Care Organisation (MLCO)<sup>3</sup> and the future of Health and Social care Integration.

### Economic Recovery

Manchester is a city with a long and proud tradition of triumphing over adversity to meet the challenges ahead. Manchester has achieved this by developing a unique set of mature cross-sector partnerships to create a shared vision for the future, and deliver pragmatic and innovative solutions to our problems. Manchester's Economic Recovery and Investment Plan, published in November 2020, has been produced by the Council in partnership with the private sector and other stakeholders, and complements the Greater Manchester Combined Authority and Greater Manchester Local Enterprise Partnership city region proposals. It sets out

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<sup>3</sup> Estimate based on in-house forecasting model (MCCFM) which accounts for residential building underway in 2020 and is dependent on strong recovery from impacts of COVID-19.

what Manchester is doing to respond to the COVID-19 pandemic and reinvigorate its economy, with plans to protect and create jobs, and support new business opportunities in the city's economy.

As identified in the Our Manchester Strategy and the Our Manchester Industrial Strategy, the city continues to look forwards, building on the historic developments and assets delivered in previous decades, delivering a more inclusive economy, supporting the foundational economy, and achieving the ambition to be zero carbon by 2038, at the very latest. The Plan has reinforced the three-pillar approach based on:

- People - Equip residents and workers with the qualifications and softer skills that will enable them to access more opportunities.
- Place - Ensure sustainable growth is achieved in key assets, including the city centre and around the Airport. Create the conditions that will deliver a more inclusive, zero-carbon economy by investing in transport infrastructure, digital infrastructure and the environment.
- Prosperity - Create higher-quality job opportunities, including better pay, improved working conditions and flexibility, particularly within the foundational economy.

The Plan has two main elements: early actions to cushion the immediate impact of the COVID-19 pandemic downturn on Manchester people and businesses, and a ready-made, long-term investment programme in key sectors to help power the recovery by creating new jobs at all levels and acting as a catalyst to further investment. In particular, four strategic areas of investment can drive this growth:

- Innovation - Manchester has the potential to leverage GM's science, research, innovation and teaching-asset base to create new large-scale clusters of high-value economic activities to drive regional growth and create a more productive, more R&D-intensive economy.
- Manchester city centre Urban Realm - where investment in public space and mobility will accelerate new development and redevelopment proposals.
- Zero-carbon (including housing retrofit) - a phase one set of innovative retrofit measures for residential properties that are scalable alongside existing investment plans, with solutions developed for a range of property types. Work will transition properties away from a reliance on gas heating, achieved through fabric retrofit and renewable technologies. This is the first phase of a 15 to 20-year programme.

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- North Manchester - an innovative healthcare and residential-led approach to civic regeneration that sets out a radical approach for transforming the delivery of health and care services. A new general hospital anchoring a health campus and the Victoria North investment in housing provides £2billion of investment in the north of the city.

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**Our Funding and Spending 2020/21**

The tables show how our gross revenue and gross capital spending programmes were funded and where we targeted our revenue spend and capital investments throughout 2020/21 to help support the people of Manchester to achieve and enjoy a better quality of life.

**Revenue funding and spending 2020/21**

Revenue spending relates to the day-to-day running costs required for the Council's operations such as staffing and utilities costs.

	2020/21 £m
<b>Expenditure</b>	
Employee Benefit Expenses	541.6
Other Service Expenses	898.9
Business Rates Tariff	39.5
Capital Charges including Depreciation and impairment	157.2
Interest Payments	34.7
Pensions Interest Costs	80.9
Precepts and Levies	69.2
Payments to Housing Capital Receipts Pool	2.6
<b>Total Expenditure</b>	<b>1,824.6</b>
<b>Income</b>	
Fees, Charges and Other Service Income	(228.8)
Interest and Investment Income	(35.1)
Return on Pension Assets	(64.2)
Capital Charges related income	(52.7)
Income from Council Tax	(172.5)
Business Rates Income	(161.5)
Government Grants and Contributions	(1,133.6)
Gain on Disposal of Fixed Assets	(10.5)
<b>Total Income</b>	<b>(1,858.9)</b>
<b>(Surplus) on the Provision of Services</b>	<b>(34.3)</b>



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**Capital funding and Spending 2020/21**

Capital expenditure relates to spending on the purchase or improvement of assets that have a long-term value to the Council and residents, such as land and buildings.

The total value of capital funding in 2020/21 was £335.7m and this was used for the following capital expenditure:

Capital Funding and Spending	2020 / 21 £m
Capital Funding	
Government Grants	63.3
External Contributions	35.5
Revenue Contributions by the Council	18.8
Borrowing	180.8
Capital Receipts	21.4
Housing Revenue Account – Major Repairs Reserve	15.9
<b>Total Resources Available</b>	<b>335.7</b>
Capital Spending	
Children's Services	32.1
Corporate Services	114.8
Neighbourhoods Directorate	4.9
Growth and Development	72.0
ICT	3.5
Town Hall refurbishment	30.0
Housing – Housing Revenue Account	17.6
Housing – Private Sector	14.6
Highways	46.2
<b>Total Capital Spending</b>	<b>335.7</b>

## Our Performance

The performance of the Council and its partners against the goals of the city's Our Manchester Strategy is reported in detail each year in the [State of the city Report](#) and this analysis will consider the impacts that the COVID-19 pandemic has had on key performance metrics. However, a high-level view of delivery of the **shorter-term Council priorities** outlined in Our Corporate Plan is summarised below. Many key performance metrics have been impacted by COVID-19 and in instances where this impact has been very significant it is not appropriate to compare to the results of the previous year. The Council's key performance report (the State of the city Report) should be referred to for the comprehensive performance narrative.

### Zero Carbon Manchester

- Total provisional estimated Council emissions<sup>4</sup> in 2020/21 (25,429 tonnes CO<sub>2</sub>) were 18% below the annual budget for 2020/21 (31,080 tonnes CO<sub>2</sub>). Total Council emissions in 2019/20 (32,284 tonnes CO<sub>2</sub>) were 10% below the annual budget for 2019/20 (35,724 tonnes CO<sub>2</sub>)<sup>5</sup>. Source: MCC

### Growth that Benefits Everyone

- The percentage of the city's 50-64 year olds claiming out of work benefits in November 2020 was 30.7%, which was an undesirable increase from that of November 2019 (26.0%). Source: DWP.
- The percentage of the Council's procurement spend which was spent with local suppliers in 2019/20 was 69.2%, which was broadly comparable with that of 2018/19 (69.9%). Source: CLES.
- The numbers of enrolments on foundation courses including Literacy/Numeracy/ESOL in the period August 2019 to July 2020 was 2,861, which was a small undesirable decrease from the 3,026 seen in the period August 2018 to July 2019. Source: MCC (Enrolments were notably affected by COVID-19)
- There were 15 planning applications processed by the Council with fees of £50,000 and above in 2020/21, which was the same as that seen in 2019/20. Source: MCC

### Young People

- The percentage of the city's primary schools rated good or outstanding in 2020/21 was 92.5%, which was an undesirable small decrease from that of 2019/20 (93.3%). Source: Ofsted. (There are 135 primary schools, including academies and independents. NB: COVID-19 has impacted on inspections, staff availability and has disrupted children's learning experience.)
- The percentage of the city's secondary schools rated good or outstanding in 2020/21 was 69.2%, which was an undesirable decrease from that of 2019/20 (73.1%). Source: Ofsted. (There are 29 secondary schools, including academies and independents)

<sup>4</sup> Council emissions are associated with the Council's buildings, streetlights, waste collection, staff travel and operational fleet.

<sup>5</sup> 2019/20 emissions and annual budget exclude traffic signalling for comparative purposes, these emissions are included by TfGM in their emissions accounting.

## Manchester City Council Annual Statement of Accounts 2020/21

- The number of Looked After Children in Manchester in 2020/21 was 1,371 (a rate of 110.7 per 10,000 children), which was a desirable decrease from that of 2019/20 (1,431 Looked After Children, a rate of 117 per 10,000 children). Source: MCC.
- The provisional number of Children In Need in Manchester in 2020/21 was 5,357 (a rate of 436 per 10,000 children), which was broadly similar to that reported for 2019/20 (5,370 Children In Need, a rate of 440 per 10,000 children). Source: MCC.

### Healthy, cared-for people

- The number of carers receiving carers specific services (per 10,000 population) in 2020/21 was 41.26, which was an undesirable increase from that of 2019/20 (29.51). Source: NHS Digital.
- The proportion of directly provided services which have been rated "Good" or "Outstanding" by CQC in 2020/21 was 92%, which was a desirable increase from that of 2019/20 (82%). Source: CQC.
- The number of emergency hospital admissions for Manchester in 2020/21 per 1,000 population was 81, which was a decrease from the 136 recorded for 2019/20. Source: Healthcare Evaluation Data (HED)/NHS
- 20% of households moved to settled accommodation provided by registered providers in 2020/21, which was a very slight decrease from 2019/20 (21%). Source: MCC.
- The number of households moved to settled accommodation in the private sector in 2020/21 was 523, which was a desirable increase from that of 2019/20 (408). Source: MCC.
- The number of households prevented from becoming homeless via supporting them to stay in existing or alternative accommodation in 2020/21 was 789, which was an undesirable decrease from that of 2019/20 (1,178). Source: MCC.
- The number of households presented as homeless or threatened with homelessness and were owed a duty in 2020/21 was 5,787, which was an undesirable increase from that of 2019/20 (5,200). Source: MCC.

### Housing

- The number of new homes completed in Manchester in 2020/21, which were defined as affordable by the government was 461, a desirable increase of 5.2% from that of 2019/20 (437). Source: MCC.
- The number of new builds which became available for buying or renting in Manchester in 2020/21 was 4,260, which was a desirable small increase of 1.9% from that of 2019/20 (4,180). Source: MCC.

### Neighbourhoods

- The percentage of household waste recycled in 2019/20 was 40.4%, which was a small desirable increase from that of 2018/19 (40.1%). Source: DEFRA.
- 13,658 tonnes of waste from street cleansing was collected in 2020/21, which was an increase on the 13,347 tonnes collected in 2019/20. Source: Weighbridge data - Viridor/Suez and Redgate Holdings
- In 2020/21 the total number of recorded visits to Manchester's libraries, galleries and sports and leisure facilities was 725,593, down 90%. Comparisons to the previous year are not appropriate due to the impact of COVID-19. Source: MCC

### Connections

- The total amount of resurfacing work delivered in 2020/21 in m<sup>2</sup> (excluding footways) was 773,362m<sup>2</sup>, which was a desirable increase from that of 2019/20 (538,760m<sup>2</sup>). Source: MCC.
- The percentage of journeys into Manchester city centre by bicycle in 2020/21 was 2.2%, which was very similar to that of 2019/20 (2.3%). Source: TfGM
- The percentage of road network (excl. footways) rated as in poor condition in 2020 was 17.7%, which was a desirable decrease from that of 2019 (19.98%). Source: MCC via GAIST.
- The percentage of residents with access to high-speed broadband (>30Mbits/s) in 2020 was 95%, which was a desirable small increase from that of 2019 (94.2%). Source: Ofcom.

### Equality

We've been rated as 'excellent' under the [Equality Framework for Local Government](#) (EFLG). This accreditation, for the period June 2018 – 2021, indicates the delivery of excellence in the areas of: knowing our communities, leadership, partnership and organisational commitment, involving our communities, responsive services and customer care, and

skilled and committed workforce. We remain committed to measuring our equalities performance in these areas to maintain and build on the high standards that we have set ourselves. We produce an annual report on the equality profile of our workforce, which helps us identify trends and hotspots so we can keep progressing equality within the workforce and in turn, for Our Manchester. [The Workforce Equality Report](#) is available for download.

### Well-managed Council

- The percentage of annual due Council Tax collected in 2020/21 was 90.15%, which was an undesirable decrease from that of 2019/20 (92.73%). Source: MCC.
- The percentage of annual due Business Rates collected in 2020/21 was 87.91%, which was an undesirable decrease from that of 2019/20 (97.58%). Source: MCC.
- The number of Stage 1 and 2 corporate complaints responded to within 10 working days in 2020/21 was 60.5%, which was an undesirable decrease from that of 2019/20 (75.9%). Source: MCC

## Our Financial Performance 2020/21

### Revenue budget 20/21

The Budget and Council Tax for 2020/21 were approved at the Council meeting on 6 March 2020, with a total net budget for Council services of £666m and a gross budget of £1,462m. This reflected as increase in Council Tax for district purposes of 3.99%, including a 2% Adult Care precept. In setting the revenue budget the Chief Finance Officer also has the responsibility to report formally on the robustness of the budget and the adequacy of general balances and reserves. These balances need to reflect spending requirements, and risks to which the Council might be exposed. Budget Council considered and approved a report on 6 March 2020 recommending that General Balances for 2020/21 should be set at £21m.

Our 2020/21 budget is summarised in the table. There are three columns as follows:

- The Gross Budget of £1.462m as approved by Council - which includes all our spend including that which we pay out on benefits, passport to schools and social care costs funded directly by residents.
- Our original net budget of £666m which includes costs funded from the main funding available to the Council, Business Rates, Council Tax, Government Grants, dividends and reserves.
- Our revised net budget of £871m at Outturn, this includes COVID-19 funding and other changes approved by Executive in year.

	Original Gross Budget 2020 / 21 £m	Original Net Budget 2020 / 21 £m	Revised Net Budget 2020 / 21 £m
<b>Resources Available</b>			
Business Rates Related Funding	339.5	339.5	478.0
Council Tax	174.5	174.5	174.5
Grants and other External Funding	695.9	66.6	133.2
Dividends	28.4	15.8	0.9
Use of Reserves	106.3	69.7	84.6
Sales, Fees and Charges	117.5	0.0	0.0
<b>Total Resources Available</b>	<b>1,462.1</b>	<b>666.1</b>	<b>871.2</b>
<b>Resources Required</b>			
<i>Corporate Costs:</i>			
Levies / Statutory Charge	41.3	41.3	41.3
Contingency	0.9	0.9	0.9
Capital Financing	44.5	44.5	44.5
Transfer to Reserves	18.3	18.3	156.7
<b>Sub Total Corporate Costs</b>	<b>105.0</b>	<b>105.0</b>	<b>243.4</b>
<i>Directorate Costs:</i>			
Additional Allowances and other pension costs	9.6	9.6	9.6
Insurance Costs	2.0	2.0	2.0
Inflationary Pressures and budgets to be allocated	10.3	10.3	2.4
Directorate Budgets	1,335.2	539.2	613.8
<b>Subtotal Directorate Costs</b>	<b>1,357.1</b>	<b>561.1</b>	<b>627.8</b>
<b>Total Resources Required</b>	<b>1,462.1</b>	<b>666.1</b>	<b>871.2</b>
<b>Shortfall / (surplus)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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The table shows the budget per Directorate for 2020/21

	Original Gross Budget 2020 / 21 £m	Original Net Budget 2020 / 21 £m	Revised Net Budget 2020 / 21 £m
Children's	464.1	130.3	135.7
MHCC Pooled Budget	275.0	216.9	230.4
Adult Social Care - Services out of scope of Pooled Budget	0.0	4.4	4.9
Homelessness	36.5	15.3	17.8
Corporate Core	310.2	70.0	97.5
Neighbourhoods	194.3	93.8	114.7
Growth and Development	55.3	8.7	12.8
<b>Total</b>	<b>1,335.4</b>	<b>539.4</b>	<b>613.8</b>

### Revenue position 2020/21

This section provides a high-level analysis of our financial performance within 2020/21 and complements the more detailed financial statements published within the accounts. It shows how our position at the end of the financial year relates to our budget and the key variances. Our net revenue budget is the total amount of corporate resources available to us. It is mainly funded from retained business rates, council tax receipts, government grants, dividends and use of reserves. The table shows our year-end position (spend) compared to this budget. The variance is broken down over COVID-19 related pressures and other variances.

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	Revised Budget £m	Outturn £m	Total Variance £m
Total Available Resources	(871.1)	(859.5)	11.6
Total Corporate Budgets	257.4	253.6	(3.8)
Children's Services	135.7	133.9	(1.8)
Adult Social Care	235.2	239.3	4.1
Homelessness	17.8	25.2	7.4
Corporate Core	97.5	101.8	4.2
Neighbourhoods	114.7	127.9	13.2
Growth and Development	12.8	16.0	3.1
Total Directorate Budgets	614.0	644.0	30.3
Total Use of Resources	871.0	898.0	26.5
Total over / (under) spend	0.0	38.1	38.1
COVID 19 Government grant income (tranche 1 to 4)			(64.8)
COVID-19 Sales Fees and Charges grant Income			(12.4)
Reprofile the use of reserves			35.2
Net over / (under) spend			(3.9)

Memo: Breakdown of Variance		
COVID £m	Other over / underspend £m	Total Variance £m
14.9	(3.3)	11.6
0.0	(3.8)	(3.8)
1.0	(2.8)	(1.8)
8.3	(4.2)	4.1
5.2	2.3	7.4
5.6	(1.4)	4.2
16.2	(3.0)	13.2
4.8	(1.7)	3.1
41.0	(10.7)	30.3
41.0	(14.6)	26.5
55.9	(17.8)	38.1
(64.8)		(64.8)
(12.4)		(12.4)
35.2		35.2
(13.9)	(17.8)	(3.9)

At the end of the year, we had underspent against our net revenue budget by £3.9m, which was transferred to our General Fund Reserve. The main variations are shown in the table above.

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The position includes £55.9m of pressures directly relating to the impact of COVID-19 on our services and income. We spent £8.3m on Adult Social Care including providing support to homecare providers and additional social care workers, £5.2m on additional services for the homeless, saw a reduction of £9.1m in our sales fees and charges income and £14.9m in our budgeted dividends and £0.9m rental income. Government funding was sufficient to cover the additional costs but has not compensated for the loss of our commercial income. As we use much of that income a year in arrears to protect against economic shocks, the main impact has been on the 2021/22 budget position.

In order to mitigate some of the COVID-19 related risks the Council made £17.8m in year budget savings. We have also received £7.7m support from returned GMCA funding and reserves. This has enabled us to reprofile our planned use of reserves to compensate for the loss of income in future years. The intention being to deliver an underspend for 2020/21 and support future years position. This recognises that COVID-19 continues to impact on the City Council finances after the government funding ends.

### HRA position

The Council also operates a Housing Revenue Account (HRA), which contains the costs of owning and maintaining properties let to tenants, and rental income from those properties. This is held separately from the net revenue budget position shown in the previous table. The Council was responsible for managing an average of 15,655 dwellings during 2020/21. The budget for the year included a contribution of £18.6m from reserves, but reserves increased by £1.723m, due to a combination of:

- Significant slippage in the capital programme, largely due to Covid
- Reduced PFI costs due to delays in anticipated capital works
- Increased rental income as a result of a reduced number of Right to Buy sales due to Covid

General reserves now stand at £75.047m. In addition, there are further HRA reserves relating to other potential liabilities of £36.119m. It is anticipated that as a result of planned capital expenditure HRA reserves will reduce considerably over the next four years.

### Capital position

Our revised capital budget for the 2020/21 year was £373.3m, and the table shows our year-end position (spend) compared to this budget.



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Manchester City Council programme	Capital Budget for 2020/21 £m	Capital expenditure in 2020/21 £m	Overspend or (underspend) for 2020/21 £m
Highways	53.8	46.2	(7.6)
Neighbourhoods Directorate	10.8	4.9	(5.9)
Growth and Development	87.6	72.0	(15.6)
Town Hall refurbishment	34.6	30.0	(4.6)
Housing – private sector	13.9	14.6	0.7
Housing – HRA	16.1	17.6	1.5
Children's Services	37.2	32.1	(5.1)
ICT	3.8	3.5	(0.3)
Corporate Services	115.6	114.8	(0.8)
<b>Total</b>	<b>373.3</b>	<b>335.7</b>	<b>(37.6)</b>

At the end of the year, we had underspent against our capital budget by £37.6m. During the year the programme saw a number of changes, reflecting the impact of the COVID-19 pandemic on work programmes and site activity. This has meant that some projects have started later than

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expected, and also that for a period there was reduced productivity on site for projects such as the Our Town Hall refurbishment and The Factory. The budget has been updated to reflect this, and the final outturn variance is against the adjusted programme.

The Council's underspend at outturn is largely due to the timing of spend and will be carried forward into the next financial year. Projects such as the acquisition of electric refuse vehicles, and the Victoria North (Northern Gateway) financial support did not progress to expected timescales due to factors outside of the Council's control. Further details on the capital programme can be found in a report to Executive in June 2021. The nature of the capital budget requires flexibility to manage the funding across the life of projects in a transparent manner. As such some variations within the year are to be expected as projects are developed, and budgets are re-profiled on a regular basis and reported to members for approval in order to reflect these changes.

## COVID-19 Grants 2020/21

During the financial year the Council has administered a significant number of COVID-19 grant schemes on behalf of Government to support businesses and residents during the pandemic. The financial impact of these grants is included within the outturn and Statement of Accounts. The grants and Business Rates reliefs were administered by the Council in line with the guidance received from Central Government. These schemes have been a mix of non-discretionary, where schemes and eligibility criteria has been set nationally by Government, and discretionary, where schemes and eligibility criteria have been set locally by the Council. The Council has had to determine whether it was acting as a principal or agent of government when administering the grants. Where the Council was acting as agent the following conditions applied:

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

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

Accounting standards only require the Council to record transactions in its accounts where it is acting as principal and has control of the grants awarded. To provide a complete picture, the tables provide a full summary of all the COVID-19 grant schemes administered by the Council during 2020/21. It also shows how much of each grant was spent in year and how much will be spent in 2021/22, in line with government conditions

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	The Council Acting as Principal			The Council Acting as Agent	Total Grants £m
	Expenditure as at 31 March 2021 £m	Grant remaining as at 31 March 2021 £m	Total Grant £m	Total Grant £m	
General Grants:					
COVID - 19 Local Authority Support Grant	46.6	0.0	46.6	0.0	46.6
Taxation Income Guarantee	0.0	19.2	19.2	0.0	19.2
Sales Fees and Charges Support Grant	12.4	0.0	12.4	0.0	12.4
COVID-19 New Burdens Funding	0.4	0.0	0.4	0.0	0.4
Total Credited to taxation and non-specific grant income	59.4	19.2	78.6	0.0	78.6

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	The Council Acting as Principal			The Council Acting as Agent	
	Expenditure as at 31 March 2021 £m	Grant remaining as at 31 March 2021 £m	Total Principal £m	Total Agency £m	Total Grant £m
<b>Credited to services:</b>					
Infection Control	1.7	0.0	1.7	4.5	6.1
Workforce Capacity Fund	1.2	0.0	1.2	0.0	1.2
Rapid Testing Fund	0.8	0.0	0.8	0.0	0.8
LA Framework / Practical Support for those Self-Isolating	0.0	0.2	0.2	0.0	0.2
Community Testing	1.2	0.0	1.2	0.0	1.2
Council Tax Hardship Grant	0.6	0.0	0.6	6.8	7.5
Contain Outbreak Management Fund	1.8	18.3	20.1	0.0	20.1
Cultural Recovery	0.9	0.0	0.9	0.0	0.9
Covid 19 - Community Champions	0.1	0.5	0.6	0.0	0.6
Local Authority Compliance and Enforcement Grant	0.5	0.0	0.5	0.0	0.5
National Leisure Recovery Fund	0.5	0.9	1.4	0.0	1.4
Domestic Violence	0.1	0.0	0.1	0.0	0.1
Local Welfare Assistance Fund	1.0	0.0	1.0	0.0	1.0
Clinically Extremely Vulnerable	0.0	1.6	1.6	0.0	1.6
Winter Grant Scheme / Easter Hardship Fund	3.5	0.0	3.5	0.0	3.5
Next Step Accommodation Grant	2.0	0.0	2.0	0.0	2.0
Emergency Support for Rough Sleepers	0.1	0.0	0.1	0.0	0.1
Test and Trace Support Payments Grant	0.2	1.0	1.2	0.8	2.0

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	The Council Acting as Principal			The Council Acting as Agent	
	Expenditure as at 31 March 2021 £m	Grant remaining as at 31 March 2021 £m	Total Principal £m	Total Agency £m	Total Grant £m
Reopening High Streets Safely Fund	0.2	0.0	0.2	0.0	0.2
<b>Support to business:</b>					
Expanded Retail Discount	0.0	148.5	148.5	0.0	148.5
Local Authority Discretionary Grant Fund	5.4	0.0	5.4	0.0	5.4
Additional Restrictions Grant	8.9	7.7	16.6	0.0	16.6
Business Support Grant (Small Business Grant Fund and Retail Hospitality and Leisure Grant Fund)	0.0	0.0	0.0	105.9	105.9
Local Restrictions Support Grant (various)	0.0	0.0	0.0	53.9	53.9
Closed Business Lockdown Payments	0.0	0.0	0.0	21.1	21.1
Christmas Support Payments	0.0	0.0	0.0	0.2	0.2
<b>Total service specific</b>	<b>30.6</b>	<b>178.7</b>	<b>209.2</b>	<b>193.2</b>	<b>402.5</b>
<b>Total all grants</b>	<b>90.0</b>	<b>197.9</b>	<b>287.8</b>	<b>193.2</b>	<b>481.1</b>

The accounting treatment of these grants is varied. The principal elements of £287.8m are included within note 14 (£227.1m) and note 15 (£60.7m). The amounts carried forward £197.9m are included in the Balance Sheet usable reserves Note 38.

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The Agency elements of £193.2m are fully spent in 2020/21 except for the Local Restriction Support grants (£14.049m unspent) and Closed Business Lockdown Payments (£1.229m unspent). The funds remaining at 31 March are included in the Council's Balance Sheet (Short Term Creditors).

### Our Risks and Outlook

During the response to COVID-19, risk and impact assessment has been a key feature of organisational decision making. In the early stages of the pandemic, daily risk and issue reporting was established and fed up to SMT and Executive through Situation Reports. Risk management processes have had to be agile but organisational competence in risk assessment and response has underpinned decision making. Our risk management and business continuity arrangements continue to be tested as we emerge from the pandemic and the unprecedented challenges it presents. In addition, we have successfully navigated major changes to our IT systems, while staff predominately work from home.

Risk workshops have continued at Directorate level and these have informed the Council's strategic risk register, which was refreshed to capture risks and mitigations emerging from the pandemic. Business Continuity and Civil Contingency plans have also coped well in this fast moving environment. Our attitude to risk and robust risk management arrangements mean we are well placed to tackle challenges and grasp the opportunities as we return to more business as usual arrangements. More detail can be found in [Risk Management Strategy 2020 -22](#) and [Our Business Continuity Strategy 2017-20](#)

At a corporate level, significant risks are captured within our Corporate Risk Register (CRR), which articulates the risk, quantifies its likelihood and potential impact, names the strategic director who owns the risk, and articulates how the risk is managed and any mitigating actions. In March 2021, the CRR was refreshed and risk scores (in terms of likelihood and impact) were updated. The table includes the four risks from the CRR which had the highest risk scores in March 2021. It highlights the risk and the planned mitigating actions.

Risk Description	Planned Mitigating Actions
<b>Medium Term Financial Resources</b> are insufficient to support achievement of priorities for the Council and the City after 2021/22. 2021/22 is a one year Finance Settlement so funding for local	Budget reports 2021/22 approved and budget set to provide strong basis for the next MTFS. Maintenance of reserves and the availability to support the budget. Engagement and lobbying of national decision

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<p>government not confirmed for after this year. This reflects the impact of COVID-19 on costs and shortfall in future income; as well as the financial uncertainty arising from Spending Review, Fair Funding Review, Business Rates reset, uncertainty over Shared Prosperity Fund and wider financial / fiscal risks linked to EU Exit and macro-economic factors.</p>	<p>makers including direct to Government and via Core Cities and the LGA. Maximisation of COVID-19 related grant funding for Council and City Wide activities as well as support to residents and businesses.</p> <p>Ongoing intelligence and lobbying alongside robust future financial planning and budget proposals and savings / income generation options based on prudent assumptions – linked to Future Shape programmes across all aspects of the Council</p>
<p>As a result of COVID-19 the <b><u>Economy of the City</u></b> has seen a sharp increase in the number of people on benefits and a significant impact on businesses and this could continue to grow and the impact deepen.</p>	<p>Administration and promotion of discretionary schemes and other support for businesses and lobbying for further support. Signposting business support via City Centre Regeneration and Work and Skills teams as well as via GMCA, Local Economic Partnership, Chamber of Commerce, Business Growth Hub and other networks. THINK report commissioned in June 2021 with recommendations to focus the City’s efforts in dealing with the labour market issues, as a result of COVID-19.</p> <p>Skills &amp; Labour Market workstream focused on implementation of the recommendations. Continued access and signposting to sources of support for residents. Homelessness strategy and risks / response around Council provision tracked via Homeless Service risk register.</p>
<p><b><u>Climate Change:</u></b> The Council does not produce, or deliver on, a sufficiently ambitious plan to become a zero carbon Council by 2038 or earlier if possible. The Council does not undertake its leadership role effectively for Manchester to become a zero carbon city by this date, and stay within the science-based budget for the City. The Council</p>	<p>Climate Change Action Plan 2020-25 which plans 50% reduction in use of carbon budget over 5 years, with regular reporting to the Executive.</p> <p>New Committee established with focus on carbon reduction. Very</p>



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<p>does not plan or implement measures effectively to adapt to the impacts of climate change on Manchester in the longer term (e.g. increased risks of extreme weather, flooding and heat</p>	<p>high level of ambition on this agenda will require fundamental changes to how we operate and significant investment across all aspects of the Council, and for many partners in the City. This is impacted by COVID-19 and this is reflected in the risk score.</p>
<p>Failure to achieve the desired and intended outcomes of <b><u>health and social care integration</u></b> increases further pressure on Council and health budgets; and impacts on the ability to achieve improved health outcomes for Manchester residents.</p>	<p>Refresh and revision of approach as part of 'supercharging' the Local Care Organisation (LCO) developments and the H&amp;SC White Paper. Ongoing engagement at GM and City Wide levels in establishment of Integrated Care Partnerships and supporting governance and infrastructure arrangements.</p> <p>Work underway to establish future Council support role for future MLCO infrastructure.</p>

## Medium Term Financial Plan

Our [MTFS](#) that was refreshed and approved in March 2021 considers the local and national financial climate, describes some of the key challenges we are facing and the key changes in our resources before setting out the anticipated savings requirement for the financial year 2021/22.

This also included the approval of the annual council tax level being an increase in Manchester's Council Tax of 4.99% in 2021/22; 1.99% attributable to the Council element and 3% for the Adult Social care precept as well as the Greater Manchester Mayoral and Police and Crime Commissioner precepts. The increase in the adult funding will be used to support the most vulnerable people.

We are experiencing a number of challenges which are both internal and external to the Council prior to the pandemic. These challenges include continued uncertainty around Government funding, local tax volatility, costs of inflation and pay awards, demographic pressures, and increased demand for services. For example, national pressures on Children's Social Care are very much reflected within Manchester with the rising numbers who require care and support.

Other challenges continue in delivering transformational changes including the implementation of public sector reform to ensure that we deliver improved services for our residents. This includes improved working with our partners such as Health, Housing providers, Greater Manchester Police, Department for Work and pensions and continuing to achieve the new arrangements for Health and Social Care under the Local Care Organisation/Care Together to deliver savings.

The strategic framework remains the Our Manchester Strategy, the Corporate Plan and the Locality Plan. Prior to COVID-19 there was an underlying budget gap of c£22m for 2021/22 rising to c£80m by 2024/25, as a result of cost pressures including inflationary increases and demography. This was to be addressed in the Medium-Term Financial Planning process. Since then, the Council has seen the financial impact of COVID-19.

Prior to COVID-19 the Council had established a Medium-Term Financial Plan and Balance Sheet strategy with capacity to offset shocks and provide investment where necessary. This had included for example using the majority of the airport dividend in arrears

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and smoothing budget investment in social care. However, the depth and breadth of this pandemic could not have been foreseen and the Council, like many other authorities across the country, is facing a significant and long-term financial challenge.

As a result of the COVID-19 pandemic there has been additional demand for services and reductions to Council's income. The budget impact of the pandemic was £56m in 2020/21 increasing to a forecast £144m in 2021/22. It is anticipated the losses will continue to be felt over the five-year period. The losses have been partly supported by central government through emergency funding which totals £64.8m in 2020/21 and £22.2m in 2021/22. In addition, support is anticipated through the Sales, Fees and Charges compensation scheme which is based on a claims process and estimated at £14.2m in 2020/21 and £4.5m relating to quarter one of 2021/22.

The impact of COVID-19 combined with the pressures of increased demand has resulted in a need to make savings of £40.7m in 2021/22. The additional funding announced, alongside the proposed savings will enable a balanced budget to be delivered in 2021/22. The budget cuts proposals are detailed in the directorate budget reports.

## Financial Statements

The Statement of Accounts provide an overview of the Council's financial position for 2020/21.

It is important to note that the deadline for the production of the Annual Accounts has been changed for 2020/21. The Ministry of Housing Communities and Local Government (MHCLG) have introduced the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 which have amended the Accounts and Audit Regulations 2015. This is following consultation with all key stake holders and in recognition of the impact of COVID-19.

The publication date for audited accounts has moved from 31 July to 30 September 2021 for all local authority bodies.

As a result of the revised statutory deadlines, the requirement for the public inspection period to include the first 10 working days of June has been removed. Instead, local authorities must start the public inspection period on or before the first working day of August 2021.

This means that accounts must be confirmed by the responsible finance officer (RFO) and be published by 31 July 2021 at the latest.

## The Basis of the Preparation and Presentation of the Annual Statement of Accounts

The accounts that follow have been prepared to be:

- a. Relevant: The accounts provide information about the Council's performance and position that is useful for assessing the stewardship of public funds and for making economic decisions.
- b. Reliable: The financial information
  - Has been prepared so as the reflect the reality or substance of the transaction and activities and underlying them
  - Is free from deliberate or systematic bias
  - Is free from material error
  - Is complete within the bounds of materiality and
  - Has been prudently prepared
- c. Comparable: In complying with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 ('the Code') and consistent Local Authority reporting.

## Manchester City Council Annual Statement of Accounts 2020/21

- d. 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.

Throughout, consideration has been given to the significance ('materiality') of an item i.e. whether its misstatement or omission might reasonably be expected to influence assessments of the Council's financial management.

### Underlying Assumptions

The annual accounts of all authorities are prepared following the standard assumptions set out below, to ensure that all Council's reports are consistent and comparable.

#### Accruals Basis

- The financial statements, other than the cash flow, are prepared on an accruals basis. Income and expenditure are 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 the assumption that the Council will continue in existence for the foreseeable future. This position will not change with the impact of COVID-19. However, unless support from central government significantly increases the budget gap for 2021/22 is significant. The Council is working on a range of budget options that will assist with closing the budget gap and will be reviewing its financial position again after the Spending Review and Finance Settlement. Further information on going concern is shown within the accounting policies.

#### Primacy of Legislation Requirements

- In accordance with the Code, where an accounting treatment is prescribed by law then it has been applied, even if it contradicts accounting standards. The following is an example of legislative accounting requirements having been applied when compiling these accounts

## Manchester City Council Annual Statement of Accounts 2020/21

The Local Government Act 2003 requires the Council to set aside a minimum revenue provision.

### The Financial Statements: Purpose and Summary

The annual statement of accounts has been prepared in accordance with the 2020/21 CIPFA Code of Practice on Local Authority Accounting (The Code) and International Financial Reporting Standards (IFRS). Changes in accounting requirements over the past few years have led to an increase in complexity of the accounts and the level of detail they contain.

One of the purposes of this introduction is to provide a guide to the Council's accounts and the most significant financial matters contained within the statements.

The financial statements are:

- The Comprehensive Income and Expenditure Statement (CIES)
- The Movement in Reserves Statement (MIRS)
- The Balance Sheet
- The Cash Flow Statement

Each statement is preceded by a note explaining its purpose and followed by notes explaining the main items within the statements.

These statements are followed by three further statements:

- The Housing Revenue Account (HRA) sets out the costs and income of owning and maintaining council properties which are let to tenants. The costs and income are also shown within the main statements.
- The Collection Fund includes the collection of local taxes (council tax and business rates) and their distribution to the Council, the Greater Manchester Combined Authority (Police and Crime Commissioner) and Greater Manchester Combined Authority (Fire and Rescue).
- The Group Accounts show the full extent of the Council's economic activities by including the Council's involvement with its group companies and organisations. The Group Accounts are of equal prominence to the Council in compiling the financial statements.

These are also followed by notes explaining these statements.

### Accounting Changes

The way the accounts are presented is governed by the accounting policies that the Council must follow. This has undergone major change over the last few years to bring public sector accounting in line with that of the private sector. The most significant change was the move to International Financial Reporting Standards (IFRS) in 2010/11. These accounts are compliant with the IFRS based Code.

The intended adoption of IFRS16 Leases for the 2020/21 accounts has been deferred. IFRS16 is being introduced for local authorities from 1 April 2024 which means that the annual accounts for 2024/25 will be the first set of accounts produced in accordance with this standard.

Accounting policies are set out in note 5 to the financial statements.

### Business Rates 100% Retention Pilot

The ten Greater Manchester authorities including Manchester are part of the Greater Manchester 100% of Business Rates pilot. As 1% of business rates is transferred to the Greater Manchester Combined Authority (fire and rescue element) the Council retains 99% of business rates.

Any business rates income more than Manchester's assessed funding need is still paid back to central government to be redistributed in the form of tariffs and top ups but the Council now retains all of the growth it achieves in its business rates base. Under the new regime Revenue Support Grant and Public Health grant are not received but are met from within the Business Rates income with the assessed funding need adjusted accordingly.

The Government has guaranteed that the individual authorities within Greater Manchester will not be any worse off under the 100% Rates Retention Pilot than they would otherwise have been. This is referred to as the 'No Detriment' principle.

### Greater Manchester, Cheshire East and Cheshire West and Chester Business Rates Pool

The Council was again a member of the Greater Manchester, Cheshire East and Cheshire West and Chester Business Rates Pool in 2020/21. The purpose of pooling rates across the individual authorities is not intended to alter individual authorities' income levels but to retain any levy that might be payable by some authorities to Central Government enabling it to be invested in the locality.

## Manchester City Council Annual Statement of Accounts 2020/21

As a result of participation in the business rates retention pilot in 2020/21 the Greater Manchester authorities within the pool no longer generate a levy payment. However, any levy that would have been paid is taken into account when measuring the 'no detriment' principle.

Cheshire East and Cheshire West and Chester retain 50% of any levy saved. The remainder of the levy is retained centrally by the Pool.

The use of the levy held centrally is agreed with the Greater Manchester District Councils, the Greater Manchester Combined Authority, Cheshire East and Cheshire West and Chester Councils to benefit the Region.

The summary of the pool position for 2020/21:

Local Authority	Total Levy Saving £m	Retained by Local Authority £m	Retained by Pool £m
Cheshire West and Chester	2.2	1.1	1.1
Cheshire East	2.7	1.4	1.3
Retained for the pool (less £21k administration costs)	4.9	2.5	2.4

[The Financial Statements](#)

The Council's Comprehensive Income and Expenditure Statement



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The analysis within the Comprehensive Income and Expenditure Statement (CIES) is shown by Council Directorates. This format aims to be meaningful for users of the financial statements as it follows that of the budget and financial monitoring reports produced by the Council.

As the Council operates and manages most of its corporate and support services separately from the other Directorates these services are shown separately and not apportioned across the other Directorates.

The Directorate figures in the CIES show the accounting cost of Council activities including the notional accounting entries, such as depreciation, that have to be made. Information is provided in note 9 showing a subjective analysis of the surplus on the provision of services.

The CIES is broken down into three sections:

- Net cost of services;
- Other operating expenditure; and
- Other income and expenditure on the provision of services.

This Net Cost of Services is the cost of providing the Council's services as reported in the revenue monitoring reports, however it also includes accounting adjustments for items such as depreciation and impairment. These would be a significant cost in a commercial organisation, but legislation is in place that ensures these costs are not required to be funded by council taxpayers. (The details of the accounting adjustments are shown in the Expenditure and Funding Analysis Note). These items are transferred to unusable reserves in the Movement in Reserves Statement.

The Total Net Cost of Services (including the technical accounting adjustments) totals £603.441m.

Other Operating Expenditure includes costs such as levies paid and payments made in relation to the pooling of HRA capital receipts (capital receipts relating to right to buy sales council dwellings are pooled between the Council and central government) as well as technical adjustments such as the loss on the disposal of non-current assets (including schools transferred to Academies). These total £61.249m.

Corporate Expenditure and Income includes:

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- other income and expenditure on the provision of services such as interest paid and received, investment property rental income and the change in values of investment properties (net expenditure totalling £2.335m)
- general income due to the Council from Council taxpayers, National Non-Domestic ratepayers (NNDR) and general government grants £693.774m).

These three sections are totalled to produce an overall accounting surplus on the provision of services of £34.341m.

The CIES is then reconciled to the change in the balance sheet by adding the impact of the following accounting entries:

- the surplus on the revaluation of non-current assets;
- impairment losses on non-current assets charged to the revaluation reserve;
- the gain or loss on investments classified as fair value through other comprehensive income;
- re-measurement of the defined benefit pension scheme relating to changes in pension assumptions.

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	General Fund £m	HRA £m	Total £m
Over / (Under)spend	(5.5)	(20.3)	(25.8)
Budgeted transfer (to) / from general reserves	1.6	18.6	20.2
Net transfer (to) / from general reserves	(3.9)	(1.7)	(5.6)
Transfers (to) / from earmarked reserves	(220.7)	0.0	(220.7)
Other income and expenditure classification	36.8	(36.8)	0.0
Notional accounting adjustments	169.5	22.5	192.0
(Surplus) per CIES	(18.3)	(16.0)	(34.3)

Note 10 to the accounts shows the notional accounting adjustments that do not affect the Council's 'bottom line' i.e. the level of council tax or housing rents.

### The Council's Movement in Reserves Statement (MIRS)

This statement sets out the movements in the main reserves and balances of the Council from 1 April 2019 to 31 March 2021.

*The reserves are distinguished between*

- *usable (those that can be used to finance expenditure) and*
- *unusable (those that contain technical accounting adjustments and cannot be used to finance expenditure).*

Of the usable reserves only the General Fund Reserve has not been allocated for specific purposes. The usable reserves are cash backed. The unusable reserves are mostly noncash backed.

It is a requirement placed on all Councils that the level of reserves is reviewed regularly by the Deputy Chief Executive and City Treasurer and due consideration is given to all local financial risks and liabilities when doing so. The reserves are fully reported in the Budget Report presented to Full Council each year.

### Usable Reserves

The Council holds a number of reserves all of which, aside from the General Fund Reserve, have been set aside to meet specific future expenditure or risks including Private Finance Initiative (PFI) costs, statutory reserves, school balances and grants which cross over financial years. The Council is not permitted to borrow to fund revenue and there is a requirement to balance budgets on an annual basis.

Based on the numbers alone it appears the Council is at the more resilient end of the reserve spectrum, however there are considerable risks within this position. The Council is an extremely complex organisation with a wide scale and diversity of assets,

## Manchester City Council Annual Statement of Accounts 2020/21

interests, liabilities and other responsibilities. By their nature many of the risks are unknown and cannot be quantified, particularly in the current challenging financial climate. It is therefore essential that the Council maintains adequate general reserves.

The reserves should be viewed in the context of the future budget position, which is extremely challenging. The resilience of the Council has been eroded and the Council's reserves are expected to significantly reduce over the Medium Term. The forecast impact on the Council's reserve position was set out in the Medium-Term Financial Strategy report to 17 February 2021 Executive meeting. This showed earmarked reserves were expected to reduce from £349m in April 21 to £98m by April 2025. This incorporated an indicative use of a further £51m in 2022/23 which is available to support the future budget position. The only unearmarked reserve is the General Fund reserve. This was increased from £21.4m to £26.8m recognising the scale of the budget cuts being delivered and uncertainty facing the Council in the future.

The reserves appear artificially high due to the accounting treatment of business rates reliefs and losses, and the government funding provided to reimburse such losses. Reserves for this purpose total £167.7m. In addition, government funding received to support the response to the COVID-19 pandemic is being used over two years in line with the grant conditions, the carried forward amounts total £30m.

The annual movement in usable reserves, excluding those held for COVID-19, is £37.3m which largely relates to changes in the delivery of the capital programme and long-term funding for the Factory (funded from business rates growth in previous years). The usable reserves (as reported at Note 38 to the financial statements) are held for the following purposes:

Type of Reserve	Re-stated 1 April 2020 £m	31 March 2021 £m
<b>Capital</b> (cannot be applied to revenue spend):		
Reserves held for capital purposes including capital receipts and capital grants unapplied	203.3	194.0
<b>Sub Total Capital</b>	<b>203.3</b>	<b>194.0</b>
<b>Revenue:</b>		
Statutory reserves that have to be set aside e.g. On street parking reserve, bus lane enforcement	25.0	20.3
Reserves held for PFIs to meet contracted future costs	2.1	2.2
Reserves held to smooth risk or for assurance including the insurance reserve of £18.1m and airport dividend reserve of £50m	117.8	128.2
Business Rates Reserve	25.5	29.1
Revenue reserves held to support capital including the Capital Fund	116.8	135.2
Reserves held to encourage economic growth or for public sector reform e.g. Our Manchester reserve, Town Hall reserve	30.8	25.8
Small specific reserves	4.3	4.3
Grants and contributions held to meet expenditure commitments over more than one year	8.2	21.0
COVID-19 related Grants and contributions held to meet expenditure commitments over more than one year	18.2	192.0
<b>Sub Total Earmarked Revenue Reserves</b>	<b>348.7</b>	<b>557.9</b>
Housing Revenue Account reserve	109.4	111.2
General Fund reserve	21.4	26.8
Schools' reserves (these belong to schools and are for their use only)	16.0	21.5
<b>Total usable reserves</b>	<b>698.9</b>	<b>911.5</b>
Amounts relating to the carry forward of COVID-19 related Funding	(18.2)	(192.0)
<b>Total excluding COVID-19 carry forwards</b>	<b>680.7</b>	<b>719.5</b>

**Reserves to smooth risk** include several reserves that support the Council's budget position over the life of its Medium-Term Financial Plan. Many of these have reduced due to the impact of COVID-19, with the dividend reserve reducing by £11.9m for example and scheduled to run out in 2022/23. However, in line with budget decisions there has also been the addition of the Manchester International Festival work, where business rates growth in that area prior to COVID-19 of £10.7m has been held in a reserve to fund the grant agreement to Manchester International Festival for the next 10 years once the Factory opens. This is important as it means the long-term funding agreement required for the opening of a venue of this size is not now a call on our revenue budget. Additional funds received from GMCA totaling £7.7m have been added to the budget smoothing reserve to support the large budget gap that remains for the next three years. In addition, £4.2m was added to the Adult Social Care reserve at year end relating to c200 individuals discharged from hospital, where support costs were funded through health partners. Once assessments are carried out it is expected a large number will require social care support through the council and this reserve will support the associated costs. In the event any balance remains this can be utilised to extend the life of the Adult Social Care reserve where spend is due to be mainstreamed in 2022/23 or support the Council's budget process

The COVID-19 emergency funding received alongside budget mitigations enabled £35.2m of the planned use of reserves to be reprofiled into future years. The intention being to deliver a balanced budget for 2020/21 and support future years position. This recognised that COVID-19 will have an impact on the City Council finances after the government COVID funding ends.

**Reserves to support capital schemes** have increased by £18.3m in line with changes to the delivery of the planned capital programme due to the impact of COVID-19.

**COVID-19 related grants** - As detailed earlier in this report the Council has administered a considerable number of COVID-19 grant schemes on behalf of Government to support businesses and residents during the pandemic. The most significant being the 100% Business Rates Relief awarded to retail hospitality and leisure properties in the city. The collection fund deficit resulting from the lost income will come through in 2021/22. The income loss was reimbursed by government via a Section 31 grant of £148.5m. In addition, the government has provided a Taxation Income Guarantee Scheme which reimburses the council for 75% of losses in 2020/21 Business Rates Income. The collection fund deficit resulting from the lost income will be spread over three years as mandated by government. This reserve will be drawn down over the three years to partly mitigate the budget impact. This grant is carried forward in reserve and will be applied in 2021/22 to offset the collection fund deficit. The remaining unspent COVID-19 grants total £30m and will be spent in 2021/22.

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The **General Fund Reserve** is held to meet costs arising from any unplanned event. It also acts as a financial buffer to help mitigate against the financial risks the Council faces and can be used to a limited degree to “smooth” expenditure across years. The expected level of the General Reserve is therefore seen as the minimum level required to be held to protect the Council from the financial risks inherent within the proposed budget strategy. The opening 2020/21 General Fund reserve position was £21.4m and the 2020/21 budget assumed a transfer to the General Fund reserve of £1.6m giving a balance of £23m. At 2021/22 budget setting the City Treasurer determined that it was prudent, considering the higher level of risk being faced by the Council, that the reserve be increased to at least £25m, funded through a £2m transfer from Business Rates reserve.

Given the outturn position and the risks and volatility around Business rates income it was agreed the increase to general fund reserve be funded from the 2020/21 underspend instead. The forecast position excluded the impact of any variance at the end of the 2020/21 financial year. As the actual outturn position is an underspend of £3.9m the balance on the General Fund Reserve at 31 March 2021 is £26.8m. The outturn report to Executive included requests to carry forward resources totalling £1.5m, these were approved and are a first call on the General Fund reserve in 2021/22, reducing it to £25.3m.

### Unusable Reserves

Unusable reserves hold unrealised gains or losses for assets not yet disposed of and accounting adjustments which are required by statute. These reserves cannot be used to fund capital or revenue expenditure

The unusable reserves are shown in the table:

Unusable Reserve	Re-stated 1 April 2020 £m	31 March 2021 £m
Revaluation Reserve	1,273.1	1,397.9
Financial Instruments Revaluation Reserve	13.0	10.3
Pensions Reserve	(689.6)	(1,035.9)

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Unusable Reserve	Re-stated 1 April 2020 £m	31 March 2021 £m
Capital Adjustment Account	1 296.4	1,377.8
Deferred Capital Receipts Reserve	3.6	3.9
Financial Instruments Adjustment Account	(4.3)	(4.9)
Collection Fund Adjustment Account	15.8	(177.0)
Short-term Accumulated Absences Account	(5.8)	(6.7)
Dedicated Schools Grant Reserve	(4.3)	(2.3)
	1,898.0	1,563.1

The negative pension reserve of £1,035.9.m has increased by £346.3m from the previous year.

The purpose of IAS19 is to provide a consistent accounting valuation of all Council's pension liabilities based on the pension benefits earned by staff at the balance sheet date. The IAS19 calculations are carried out using a prescribed method. This is different to the formal actuarial triennial valuations of the fund which set the level of contributions that need to be paid into the pension fund. With the triennial funding valuation any calculated deficit can be spread and paid off over a number of years by an addition to the contribution rate.



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For the first time the DSG deficit is presented as an unusable reserve. This is the result of the introduction on 29 November 2020 of a new Statutory Instrument to amend the Local Authorities (Capital Finance and Accounting Regulations 2002) by establishing new accounting practices in relation to the treatment of schools' budget deficits. Further detail is included in Note 39 in the accounts.

Overall, the net worth of the Council has decreased by £129.8m during 2020/21, made up of a reduction in unusable reserves £346.7m (re-stated £346.7m and an increase in usable reserves (£216.9m).

The total decrease in unusable reserves of £334.9m is mainly due to:

- £124.8m increase in the revaluation reserve from the revaluations of non-current assets, during 2020/21 mainly in relation to council dwellings and other land and buildings.
- £81.4m increase in the capital adjustment account. This includes the costs of depreciation and impairment losses in addition to amounts set aside to finance capital expenditure including grants, contributions and capital receipts
- £346.3m increase in the pension reserve due to the first year of the pension pre-payment
- £192.8m decrease in the Collection Fund Adjustment Account

The increase in usable reserves of £216.9m is mainly due to:

- £173.8m increase due to the accounting treatment of COVID-19 government funding - these will be applied in 2021/22 and are not available to support other council spending.
- £18.3m increase in Revenue reserves held to support capital due to capital expenditure being delayed into future years due to COVID-19.
- £10.7m long term funding for the Factory, from business rates growth in previous years
- £9.8m increase in school reserves, these are not available to the council.
- £5.4m increase in General Fund in recognition of the higher level of risk being faced by the Council. This is the only un-ringfenced reserve available
- £18.3m decrease in reserves held for capital purposes

The decrease in the net worth is matched by a decrease in value of net assets of the Council of £122.2m.

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The Council's Balance Sheet

The Balance Sheet shows a summary of the Council's financial position as at the 31 March 2021, the last day of the financial year. This shows what the Council owns (its assets) and its debts (its liabilities) as well as the net worth of the Council assets less liabilities.

Assets	£000	Liabilities	£000
Council Dwellings	623,195	Borrowing	763,231
Other Property and Equipment	2,116,399	Provisions for Future Liabilities	286,710
Heritage Assets	635,802	Liability for Pension Scheme	949,456
Investment Properties	476,130	Capital Grants Received in Advance	9,420
Other Assets	56,405	Money owed by the Council	235,893
Investments	151,367		
Money owed to the Council	660,043		
<b>Total</b>	<b>4,719,341</b>	<b>Total</b>	<b>2,244,710</b>
		<b>Net Worth of the Council</b>	<b>2,474,631</b>

The net worth of the Council is £2,474,631m. This is split between usable reserves of £911.537m and unusable reserves of £1,563.094m.

#### The Council's Cash Flow Statement

This shows the reasons for the change in cash, cash equivalents (investments made for a period of less than three months) and the bank balance during the year. The cash balance at 31 March 2021 had decreased by £84.7m from 31 March 2020.

#### The Council's Group Accounts

The Council conducts activities through a variety of undertakings, either under ultimate control or in partnership with other organisations. The standard financial statements consider the Council as a single entity accounting for its interests in other undertakings as investments. For a full picture of the Council's involvement in other activities group accounts are prepared. These reflect the figures contained in the single entity accounts consolidated with figures for the Council's material subsidiaries, associates and joint ventures.

Subsidiaries are defined as organisations that the Council controls by having power over the organisation, exposure or rights to variable returns from its investment and the ability to use its power over the organisation to affect the amount of the return. The subsidiary considered to be material is Destination Manchester Limited.

Associates are defined as organisations where the Council has significant influence. Significant influence is defined as the power to participate in financial and operating policy decisions of the investee. The assumption is that a holding of more than twenty percent of the voting power of an investee would bring significant influence. The Council has no associates considered to be material.

Joint Ventures are defined as arrangements under which two or more parties have contractually agreed to share control such that decisions about activities that significantly affect returns require the unanimous consent of the parties sharing control and have the rights to the net assets of the arrangement. The joint venture considered to be material is Manchester Airports Holdings Ltd.

In producing the group accounts the Council is required by the CIPFA Code of Practice on Local Authority Accounting to make consolidation adjustments to take account of any differences in accounting policies between the Council and its subsidiaries, associates and joint ventures so that the group accounts are prepared on a standard set of policies.

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Land and buildings in the Council's single entity accounts are valued at current value (i.e. the amount that would be paid for an asset in its existing use). Where sufficient market evidence is not available, the value is estimated at depreciated replacement cost, using the modern equivalent asset method (i.e. the market value of the land on which the building sits plus the current gross replacement cost of the building less an allowance for physical deterioration of the building).

Manchester Airport Holdings Limited (MAHL) accounts are prepared using deemed cost for land and buildings. Deemed cost is the cost or valuation of assets as at 1 April 2005. Consequently property, plant and equipment is included in MAHL's accounts at cost or deemed cost less accumulated depreciation. A valuation of MAHL's land and building assets has been undertaken in order to align the accounting policy with that of the Council. This valuation has been used for the Council's group accounts.

The land and building assets of Destination Manchester Limited (DML), which is a subsidiary within the Council group, are included in DML's accounts at cost less accumulated depreciation and impairment. A valuation of DML's land and building assets has been undertaken in order to align the accounting policy with that of the Council. This valuation has been used for the Council's group accounts.

All other accounting policies within the group have been aligned to those of the Council.

The Group Accounts contain the Group Consolidated Income and Expenditure Statement, the Group Movement in Reserves Statement, the Group Balance Sheet, the Group Cash Flow Statement and notes to the Group Accounts.

### Group Position

Assets	£000	Liabilities	£000
Council Dwellings	623,195	Borrowing	763,231
Other Property and Equipment	2,148,757	Provisions for Future Liabilities	288,203
Heritage Assets	635,802	Liability for Pension Scheme	949,456
Investment Properties	476,130	Capital Grants Received in Advance	9,420

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Other Assets	65,561	Money owed by the Council	242,319
Investments	628,372		
Money owed to the Council	642,988		
Total	5,220,805	Total	2,252,629
	Net Worth of the Council's Group		2,968,176

### Housing Revenue Account

The Housing Revenue Account (HRA) is a record of revenue expenditure and income relating to an authority's housing stock. Its primary purpose is to ensure that expenditure on managing tenancies and maintaining dwellings is balanced by rents charged to tenants. Consequently, the HRA is a statutory account, ring-fenced from the rest of the General Fund, so that rents cannot be subsidised from council tax (or vice versa).

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with the legislative framework; this may be different from the accounting cost. The increase in the year, on the basis upon which rents are raised, is shown in the movement on the Housing Revenue Account Statement.

### 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 of Council Tax and Non-Domestic Rates (NNDR), or business rates, and how the income from these sources has been distributed to precepting authorities and the Council's General Fund. The expenditure includes the precept payment for the services delivered across the borough by the Greater Manchester Combined Authority, specifically for the Mayoral Police and Crime

## Manchester City Council Annual Statement of Accounts 2020/21

Commissioner and Fire and Rescue services. It is a statutory requirement to maintain a Collection Fund to account for all the Council tax and Business rates income and expenditure the Council collects each year.

The COVID 19 has had a material impact on the Collection Fund and several government schemes have been announced in response to the pandemic and collection of local taxation.

As per the announcement in the Provisional Local Government Finance Settlement any in-year deficit forecast in business rates or council tax must be spread over 3 years, from 2021/22 to 2023/24, in equal thirds instead of being fully reflected in 2021/22. This spreadable deficit was determined by the estimate calculated and declared in January 2021. For business rates the introduction of Expanded Retail Discount, which offered 100% relief to retail, hospitality and leisure businesses, resulted in an additional relief award of £148.471m. The spreadable deficit was calculated gross of this relief.

The Taxation Income Guarantee (TIG) scheme was also announced in the provisional settlement and aimed to fund billing authorities for 75% of losses in collection when compared to budget. Government has released specific calculators to determine if any funding is due, and the Council estimates to receive £19.219m for losses in business rates. There is no TIG due for council tax.

Government's council tax hardship scheme, totalling £6.835m, included a deduction of £150 from annual council tax bills for the most vulnerable residents in the city, and was applied in 2020/21. This scheme was fully funded and credited to the Collection Fund.

Collection rates of both council tax and business rates reduced in 2020/21. Council tax was down by 2.65% from 92.80% in 2019/20 to 90.15% in 2020/21; and business rates down by 9.86%, from 97.77% to 87.91% in 2020/21.

### **Borrowing Limit**

In 2020/21 the Council had an authorised limit for borrowing of £1,574.5m (£1,384.5m for external debt and £190.0m for other long-term liabilities such as PFIs and finance leases). The actual level of external debt at 31 March 2021 is £763.2m. The borrowing limit is based on the Council's Capital financing Requirement or CFR. The Council may meet this need from external borrowing or from 'internal borrowing' from its cash flow and cash backed reserves.

During 2020/21 the Council has taken some temporary debt to manage cash flow. The Council has also repaid c. £3.4m of government debt which was due for repayment.

The external debt is made up of the following figures on the balance sheet:

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External Borrowing type:	2019/20 £m	2020/21 £m
Long-term Borrowing	585.4	578.5
Short-term Borrowing	32.9	184.7
Total	618.3	763.2

Long term borrowing is reclassified as short-term borrowing when it is due to be repaid within the next twelve months.

Whilst the 2020/21 Capital Programme was funded notionally by borrowing of £180.8m, the debt outstanding on the balance sheet at 31 March 2021 has increased by £114.9m as the Council's Treasury Management Strategy is to use cash backed reserves, i.e., internal borrowing, in lieu of external borrowing where possible.

Due to historic low interest rates the Council retains minimal cash balances and reduces the use of external borrowing as borrowing rates are substantially higher than investment returns.

#### Major Acquisitions and Disposals

The Council's significant acquisitions of non-current assets during 2020/21 included:

- The former Showcase Cinema Site, Belle Vue £10.1m
- The former Creamline Dairy site, Red Bank £2.1m

Significant disposals in 2020/21 included land for the Beaver Road Primary Academy School on Wilmslow Road in Didsbury. The value upon disposal was £2.8m.

#### Investment in Manchester Airport Group

The Council's shareholding remains at 35.5%. The Council did not receive any dividend income during the year from this investment, due to the impact of COVID-19 on the aviation industry. The shareholder holders of Manchester Airport Holdings Ltd have agreed to lend MAHL a total of £300m in order to ensure the ongoing stability of MAHL following the COVID19 pandemic to ensure that the

## Manchester City Council Annual Statement of Accounts 2020/21

benefits of the Airport to the region and the financial interests of the shareholders are protected. The Council share the loan was £106.5m (35.5%) was advanced on 2 July 2020. This loan is repayable in full by 30 September 2058. A further loan of £102m, (Council's share £36.2m) has been approved to provide continued support if required.

### Investment in Manchester Airport Car Park Limited

In March 2020 the Council, along with the other nine Greater Manchester Authority shareholders in the Manchester Airport Group, made an equity investment in Manchester Airport Car Parking Ltd to finance the development of a new airport carpark, which opened at the end of 2020. The Council's total investment was to assist in funding the capital build of a car park in return for the issue of 3 C shares in Manchester Airport Car Park Limited. Manchester City Council holds 10% of the issued C shares in Manchester Airport Car Park Limited. As in 2019/20, the shareholding will be classed as a financial instrument and held at fair value on the Council's Balance Sheet. The Council's Shareholding in Manchester Airport Car Park Limited is valued at £5.7m.

### Private Finance Initiatives (PFI)

PFI's involve a private sector contractor building or improving buildings used in the provision of public services and operating and maintaining the asset for an agreed period of time.

As at 31 March 2021, the Miles Platting Housing, Plymouth Grove Housing, Brunswick Housing, Temple School, Wright Robinson Sports College and Street Lighting PFI schemes were ongoing. The Housing Energy Services PFI ended in 2019/20.

The schemes were funded as follows:

Scheme	Funding Source
Housing schemes	PFI grant and Housing Revenue Account (HRA)
Schools' schemes	PFI grant and Dedicated Schools Grant (DSG)
Street Lighting scheme	PFI grant and Council resources



*Further details on these schemes are shown in Note 11.*

#### Private Public Partnership (PPP) Schemes

The Council has developed the following PPP Schemes with private sector contractors to provide services to the Council and its residents:

- Manchester Working was responsible for undertaking repairs and maintenance of council houses managed by Northwards and the facilities management estate for the Council; the Council did not have a contract with Manchester Working in 2020/21.
- Indoor Leisure PPP – the renovation, maintenance and management of some indoor leisure facilities has been undertaken via a trust for more than ten years. A contract has again been awarded to Greenwich Leisure Ltd for the operation and maintenance of Leisure Buildings and Provision of Leisure Management Services.
- Wythenshawe Forum PPP – the Council has established a trust, which has responsibility for the renovation, maintenance and facilities management of Wythenshawe Forum.
- The joint venture with National Car Parks (National Car Parks (Manchester)) was first established in 2000, and this arrangement ceased at 31st December 2020. The City Council car park assets came back into the Council with effect from 1st January 2021 and are now managed and operated within the City Council.
- Eastlands Trust – the Council has established a trust which has responsibility for the management of the National Cycling Centre, the National Squash Centre, the National Taekwondo Centre, the Regional Athletics Centre, the Regional Tennis Centre, the Regional Gymnastics Centre and Belle Vue Leisure Centre / Regional Hockey Facility.

#### Events after the Balance Sheet Date

Events after the balance sheet date are those events that occur between the end of the reporting period (i.e., 31 March) and the date when the Statement of Accounts is authorised for issue. The Council is required to disclose any material events as a note to the accounts.

Manchester City Council Annual Statement of Accounts 2020/21

Post balance sheet events have been reviewed up to the date that the accounts have been authorised for issue by the Deputy Chief Executive and City Treasurer.

## Manchester City Council Annual Statement of Accounts 2020/21

## The Statement of Responsibilities for the Annual Statement of Accounts

### The Council's Responsibilities

The Council 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 Council, that officer is the Deputy Chief Executive and City Treasurer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the statement of accounts.

### The Deputy Chief Executive and City Treasurer's Responsibilities

The Deputy Chief Executive and City Treasurer is responsible for the preparation of the Council's and Group's statement of accounts in accordance with proper practices as set out in the CIPFA / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code) 2020/21.

In preparing this statement of accounts, the Deputy Chief Executive and City Treasurer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent; and
- complied with the local authority code.

The Deputy Chief Executive and City Treasurer has also:

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

The statement of accounts gives a true and fair view of the financial position of the Council and Group as at 31 March 2021 and their income and expenditure for the year ended 31 March 2021.

Carol Culley  
Deputy Chief Executive and City Treasurer  
26 July 2022

## Comprehensive Income and Expenditure Statement

This account summarises the resources that have been generated and consumed in providing services and managing the Council during the last year. It includes all day-to-day expenses and related income on an accruals basis, as well as transactions measuring the value of non-current assets actually consumed and the real projected value of retirement benefits earned by employees in the year. A full explanation is provided as part of the financial statements section of the narrative report.

Restated 2019/20 Gross Expenditure £000s	Restated 2019/20 Gross Income £000's	Restated 2019/20 Net Expenditure £'000's		Notes	2020/21 Gross Expenditure £000's	2020/21 Gross Income £000's	2020/21 Net Expenditure £000's
			<b>Continuing operations</b>				
272,674	(60,059)	212,615	Adults Social Care		284,455	(81,530)	202,925
36,318	(24,491)	11,827	Homelessness		48,438	(31,574)	16,864
567,681	(386,914)	180,767	Children's Services		553,971	(399,577)	154,394
332,904	(248,094)	84,810	Corporate Core		328,269	(244,023)	84,246
173,851	(54,805)	119,046	Neighbourhoods and Highways		178,980	(59,886)	119,094
86,058	(40,096)	45,962	Growth and Development		80,926	(40,178)	40,748
5,492	(11,152)	(5,660)	Corporate Items		7,001	(10,629)	(3,628)
8,276	0	8,276	Council - Wide Costs		4,775	0	4,775
64,537	(85,088)	(20,551)	Housing Revenue Account		70,459	(86,436)	(15,977)
<b>1,547,791</b>	<b>(910,699)</b>	<b>637,092</b>	<b>Net cost of services</b>		<b>1,557,274</b>	<b>(953,833)</b>	<b>603,441</b>
			<b>Other operating expenditure</b>				
52,586	(7,129)	45,457	(Gains) Losses on disposal of non-current assets	20	0	(10,483)	(10,483)
68,687	0	68,687	Levies		69,166	0	69,166
2,553	0	2,553	Payments to government housing capital receipts pool	38a(1)	2,566	0	2,566
<b>123,826</b>	<b>(7,129)</b>	<b>116,697</b>			<b>71,732</b>	<b>(10,483)</b>	<b>61,249</b>

Manchester City Council Annual Statement of Accounts 2020/21

Restated 2019/20 Gross Expenditure £000s	Restated 2019/20 Gross Income £000's	Restated 2019/20 Net Expenditure £'000's		Notes	2020/21 Gross Expenditure £000's	2020/21 Gross Income £000's	2020/21 Net Expenditure £000's
			Total other operating expenditure				
166,396	(246,068)	(79,672)	Financing and investment income and expenditure	13	154,828	(160,085)	(5,257)
44,150	(712,691)	(668,541)	Taxation and non-specific grant income and expenditure	14	40,757	(734,531)	(693,774)
1,882,163	(1,876,587)	5,576	(Surplus) or Deficit on provision of services		1,824,591	(1,858,932)	(34,341)
			Items that will not be subsequently classified in the Deficit of Provision of Services				
		(76,583)	(Surplus) on revaluation of property, plant and equipment assets	39a			(151,827)
		12,357	Impairment losses on non-current assets charged to the Revaluation Reserve	39a			7,996
		(335,501)	Re-measurements of the net defined benefit liability	41			297,623
			Items that will be subsequently classified in (Surplus) / Deficit of Provision of Services				
		980	Deficit from investments in equity instruments designated at fair value through other comprehensive income	39b			2,734
		(398,747)	Total other comprehensive income and expenditure				156,565
		(393,171)	Total comprehensive income and expenditure				122,164



## Manchester City Council Annual Statement of Accounts 2020/21

## Balance Sheet

The balance sheet shows the Council's balances on assets (non-current and current), liabilities (long and short-term) and net worth (usable and unusable reserves) at the end of the financial year.

31 March 2020 £000's		Note	31 March 2021 £000's
	<b>Non-current assets</b>		
2,011,114	Property, plant and equipment	19a	2,200,602
517,529	Infrastructure assets	19b	538,992
604,821	Heritage assets	22	635,802
475,227	Investment properties	28	476,130
324	Intangible non-current assets		260
136,951	Long-term investment in subsidiaries, associates and joint ventures	31	138,964
12,536	Other long-term investments	31	12,403
310,231	Long-term debtors	32	446,633
<b>4,068,733</b>	<b>Total non-current assets</b>		<b>4,449,786</b>
	<b>Current assets</b>		
20,098	Short-term investments	31	0
505	Inventories and long-term contracts		541
170,855	Short-term debtors	32	213,410
133,984	Cash and cash equivalents	46	49,265
9,474	Short-term assets held for sale	24	6,339
<b>334,916</b>	<b>Total current assets</b>		<b>269,555</b>
<b>4,403,649</b>	<b>Total assets</b>		<b>4,719,341</b>
	<b>Current liabilities</b>		
(32,904)	Short-term borrowing	37	(184,675)
(216,596)	Short-term creditors	33	(234,867)
(31,570)	Short-term provisions	36	(19,992)
(11,453)	Short-term deferred liabilities	35	(12,143)
<b>(292,523)</b>	<b>Total current liabilities</b>		<b>(451,677)</b>
<b>4,111,126</b>	<b>Total assets less current liabilities</b>		<b>4,267,664</b>
	<b>Long-term liabilities</b>		
(1,243)	Long-term creditors	33	(1,026)
(73,159)	Long-term provisions	36	(110,306)
(585,397)	Long-term borrowing	34	(578,556)
(155,196)	Long-term deferred liabilities	35	(144,269)
(9,743)	Capital grants receipts in advance	33	(9,420)
(689,573)	Pensions liability	41	(949,456)
<b>(1,514,311)</b>	<b>Total long-term liabilities</b>		<b>(1,793,033)</b>
<b>2,596,815</b>	<b>Net assets</b>		<b>2,474,631</b>
	<b>Financed by:</b>		
(694,571)	Usable reserves	38	(911,537)
(1,902,244)	Unusable reserves	39	(1,563,094)
<b>(2,596,815)</b>	<b>Total reserves</b>		<b>(2,474,631)</b>

Manchester City Council Annual Statement of Accounts 2020/21

Carol Culley

Deputy Chief Executive and City Treasurer 26 July 2022



## Movement In Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into "usable reserves" (i.e., those that can be applied to fund expenditure) and unusable reserves. The surplus on the Provision of Services includes accounting adjustments for such items as depreciation that would be a significant cost in a commercial organisation, but which do not need to be funded by Council Tax. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwelling rent setting purposes.

	Note	General Fund Reserves £000	Housing Revenue Account £000	Capital Receipts Reserves £000	Capital Grants Unapplied £000	Major Repairs Reserve £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Council Reserves £000
Balance at 1 April 2019		(353,784)	(104,452)	(81,860)	(57,516)	(2,913)	(600,525)	(1,603,119)	(2,203,644)
Movement in reserves during 2019/20									
Total comprehensive income and expenditure	CIES	21,059	(15,483)	0	0	0	5,576	(398,747)	(393,171)
Adjustments between accounting basis and funding basis under regulations	2b and 10	(49,070)	10,489	(14,989)	(46,538)	485	(99,622)	99,622	0
(Increase) or decrease in year		(28,011)	(4,993)	(14,989)	(46,538)	485	(94,046)	(299,125)	(393,171)
Balance at 31 March 2020		(381,795)	(109,445)	(96,849)	(104,055)	(2,427)	(694,571)	(1,902,244)	(2,596,815)
Re-classification of Dedicated Schools Grant (DSG) reserve		(4,281)	0	0	0	0	(4,281)	4,281	0
Restated Balance at 1 April 2020		(386,076)	(109,445)	(96,849)	(104,055)	(2,427)	(698,852)	(1,897,963)	(2,596,815)
Movement in reserves during 2020/21									
Total comprehensive income and expenditure	CIES	(26,372)	(7,968)	0	0	0	(34,341)	156,525	122,184

Manchester City Council Annual Statement of Accounts 2020/21

	Note	General Fund Reserves £000	Housing Revenue Account £000	Capital Receipts Reserves £000	Capital Grants Unapplied £000	Major Repairs Reserve £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Council Reserves £000
Adjustments between accounting basis and funding basis under regulations	2b and 10	(193,893)	6,247	2,893	10,050	(3,642)	(178,344)	178,344	0
(Increase) or decrease in year		(220,265)	(1,721)	2,893	10,050	(3,642)	(212,685)	334,869	122,184
Balance at 31 March 2021		(606,341)	(111,166)	(93,956)	(94,005)	(6,069)	(911,537)	(1,563,094)	(2,474,631)

## Cash Flow Statement

The Cash Flow Statement shows the reason for changes in the Council's cash balances (including investments for periods of less than three months) during the year. It shows whether that change is due to operating activities, investing or financing activities (such as repayment of borrowing or other long-term liabilities).

2019/20 £000s		Note	2020/21 £000s
(5,576)	Net (deficit) / surplus on the provision of services		34,341
246,318	Adjustments to net (deficit) / surplus on the provision of services for non-cash movements	47	61,016
(144,477)	Adjustments for items included in the net (deficit) / surplus on the provision of services that are investing and financing activities	48	(106,246)
96,265	Net cash flows from operating activities		(10,889)
(86,845)	Investing activities	50	(205,308)
20,087	Financing Activities	51	131,478
29,507	Net increase or (decrease) in cash and cash equivalents		(84,719)
104,477	Cash and cash equivalents at the beginning of the reporting period		133,984
133,984	Cash and cash equivalents at the end of the reporting period	46	49,265

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Note 1. Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows for each of the Council's directorates, a comparison of the net expenditure as per the revenue outturn reports to Executive and the net expenditure in the CIES and explains the differences between the two.

2019/20 Service	As reported to Members £000's	Adjustments to arrive at net amount chargeable to the general fund and HRA balances £000's Note 2a	Net expenditure chargeable to the general fund and HRA balances £000's	Adjustments between funding and accounting basis £000's Note 2b	Net expenditure in the Comprehensive Income and Expenditure Statement £000's
Adult Social Care	205,222	(1,091)	204,131	8,484	212,615
Homelessness	14,235	(3,828)	10,407	1,420	11,827
Children's Services	122,491	19,696	142,187	38,580	180,767
Corporate Core	66,814	3,186	70,000	14,810	84,810
Neighbourhoods and Highways	94,884	(21,556)	73,328	45,718	119,046
Growth and Development	7,826	14,964	22,790	23,172	45,962
Corporate Items	5,294	(10,958)	(5,664)	4	(5,660)
Council-Wide Costs	0	0	0	8,276	8,276
Housing Revenue Account	(4,993)	(5,068)	(10,061)	(10,490)	(20,551)
Net Cost of Services	511,773	(5,202)	507,118	129,974	637,092
Other Income and Expenditure	(516,074)	(24,047)	(540,121)	(91,395)	(631,516)
Deficit / (surplus) on Provision of Services	(4,301)	(28,702)	(33,003)	38,578	5,576

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2020/21 Service	As reported to Members £000's	Adjustments to arrive at net amount chargeable to the general fund and HRA balances £000's Note 2a	Net expenditure chargeable to the general fund and HRA balances £000's	Adjustments between funding and accounting basis £000's Note 2b	Net expenditure in the Comprehensive Income and Expenditure Statement £000's
Adult Social Care	239,298	(43,507)	195,791	7,134	202,925
Homelessness	25,200	(9,471)	15,729	1,135	16,864
Children's Services	133,911	(13,442)	120,469	33,925	154,394
Corporate Core	102,029	(30,613)	71,416	12,830	84,246
Neighbourhoods and Highways	127,646	(64,202)	63,444	56,650	119,094
Growth and Development	15,693	9,924	25,617	15,131	40,748
Corporate Items	7,685	(3,152)	4,533	(8,161)	(3,628)
Council-Wide Costs	0	0	0	4,775	4,775
Housing Revenue Account	(1,723)	(8,008)	(9,731)	(6,246)	(15,977)
Net Cost of Services	649,741	(162,471)	487,270	116,173	603,441
Other Income and Expenditure	(655,317)	(53,939)	(709,256)	71,474	(637,782)
Deficit / (surplus) on Provision of Services	(5,576)	(216,410)	(221,986)	187,644	(34,341)

Movement in General Fund and HRA Balance	2019/20	2020/21
Opening General Fund and HRA Reserves	458,237	495,521
Surplus on General Fund and HRA Reserves in year	33,003	221,986



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Movement in General Fund and HRA Balance	2019/20	2020/21
Closing General Fund and HRA Reserves at 31 March	491,240	717,507
Add new statutory accounting practices in relation to the treatment of local authorities' schools budget deficits	4,281	0
Re-stated Closing General Fund and HRA Reserves at 31 March	495,521	717,507

Adjustments to arrive at the net amount chargeable to the general fund and HRA balances (shown in note 2a) include those that have to be shown in different lines in the CIES from where they are reported in the outturn report (e.g. interest paid or received, expected credit losses), transfers to or from reserves that are shown in the MIRS but are included within the figures reported in the outturn and recharges between services that have to be excluded from the CIES.

Adjustments between funding accounting basis (shown in note 2b) are items excluded from the reported outturn as they are technical adjustments that net to nil across council services but are required to be shown within the CIES. These are classified as either capital, pensions, collection fund or other adjustments. Further detail is shown in note 10.

The split of the general fund and HRA reserves is shown in the movement in reserves statement.

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Note 2. Note to the Expenditure and Funding Analysis

a) Adjustments to arrive at net amount chargeable to the general fund and HRA balances

	Adjustments relating to other income and expenditure (i) £'000's	Adjustments relating to transfers to / from reserves (ii) £'000's	Adjustments relating to internal recharges (iii) £'000's	Restated Total Adjustments £'000's
2019/20				
Adults Social Care	(315)	1,805	(2,581)	(1,091)
Homelessness	0	183	(4,011)	(3,828)
Children's Services	2,022	17,629	45	19,696
Corporate Core	(3,734)	98	6,822	3,186
Neighbourhoods and Highways	(24,766)	7,002	(3,792)	(21,556)
Growth and Development	13,753	927	284	14,964
Corporate Items	(10,191)	(998)	231	(10,958)
Housing Revenue Account	(5,068)	0	0	(5,068)
Net Cost of Services	(28,299)	26,646	(3,002)	(4,655)
Other Income and Expenditure from the Expenditure and Funding Analysis	28,299	(55,348)	3,002	(24,047)
Difference between General Fund and HRA Surplus and Comprehensive Income and Expenditure Statement Deficit on the Provision of Services	0	(28,702)	0	(28,702)

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	Adjustments relating to other income and expenditure (i) £'000's	Adjustments relating to transfers to / from reserves (ii) £'000's	Adjustments relating to internal recharges (iii) £'000's	Adjustments relating to COVID grants (iv) £000's	Total Adjustments £'000's
2020/21					
Adults Social Care	(2,158)	(25,799)	(1,153)	(14,397)	(43,507)
Homelessness	(1,094)	22	(6,330)	(2,068)	(9,471)
Children's Services	414	(9,647)	(730)	(3,479)	(13,442)
Corporate Core	(2,579)	(12,128)	8,727	(24,633)	(30,613)
Neighbourhoods and Highways	(29,249)	(14,249)	(2,048)	(18,656)	(64,202)
Growth and Development	9,935	1,479	1,292	(2,783)	9,924
Corporate Items	(4,127)	525	451	0	(3,152)
Housing Revenue Account	(8,008)	0	0	0	(8,008)
Net Cost of Services	(36,866)	(59,798)	209	(66,017)	(162,471)
Other Income and Expenditure from the Expenditure and Funding Analysis	36,866	(156,612)	(209)	66,017	(53,939)
Difference between General Fund and HRA Surplus and Comprehensive Income and Expenditure Statement Surplus on the Provision of Services	0	(216,410)	0	0	(216,410)

- (i) Adjustments relating to other income and expenditure include levies, PFI grants, transactions relating to investment properties and service specific interest payments and receipts which are reported as part of service costs in the outturn report but are not included in net cost of services in the CIES.

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- (ii) Transfers to and from reserves which are included in the outturn report but are not shown within the CIES.
- (iii) Internal recharges between services are included in the outturn report but are not shown within the CIES.
- (iv) COVID grants were provided by Government in 2020/21 in response to the COVID 19 pandemic. This reflects service specific COVID grants recorded corporately in the outturn report and shown within the service area in the CIES.

b) Adjustments between Funding and Accounting Basis

	Adjustments for Capital Purposes (i) £000	Pension Adjustments (ii) £000	Collection Fund Adjustments (iii) £000	Other Adjustments (iv) £000	Restated Total Adjustments £000
2019/20					
Adults Social Care	1,316	7,160	0	8	8,484
Homelessness	0	1,418	0	2	1,420
Children's Services	15,994	22,462	0	124	38,580
Corporate Core	3,502	11,303	0	5	14,810
Neighbourhoods and Highways	38,020	7,690	0	8	45,718
Growth and Development	19,664	3,538	0	(30)	23,172
Corporate Items	0	0	0	4	4
Council-Wide Costs	2,450	5,826	0	0	8,276
Housing Revenue Account	(10,657)	167	0	0	(10,490)
Net Cost of Services	70,289	59,564	0	121	129,974
Other Income and Expenditure from the Expenditure and Funding Analysis	(116,625)	12,900	5,904	6,426	(91,395)

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	Adjustments for Capital Purposes (i) £000	Pension Adjustments (ii) £000	Collection Fund Adjustments (iii) £000	Other Adjustments (iv) £000	Restated Total Adjustments £000
2019/20					
Difference between General Fund and HRA Surplus and Comprehensive Income and Expenditure Statement Deficit on the Provision of Services	(46,336)	72,464	5,904	6,547	38,578

	Adjustments for Capital Purposes (i) £000	Pension Adjustments (ii) £000	Collection Fund Adjustments (iii) £000	Other Adjustments (iv) £000	Total Adjustments £000
2020/21					
Adults Social Care	1,564	5,567	0	1	7,134
Homelessness	0	1,131	0	4	1,135
Children's Services	16,989	15,643	0	1,293	33,925
Corporate Core	4,760	7,976	0	94	12,830
Neighbourhoods and Highways	50,122	5,516	0	13	55,651
Growth and Development	12,646	2,611	0	(126)	15,131
Corporate Items	(354)	(7,434)	0	(373)	(8,161)
Council-Wide Costs	4,100	675	0	0	4,775
Housing Revenue Account	(6,576)	330	0	0	(6,246)
Net Cost of Services	83,252	32,016	0	907	116,173
Other Income and Expenditure from the Expenditure and Funding Analysis	(140,567)	16,673	192,802	2,566	71,474

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2020/21	Adjustments for Capital Purposes (i) £000	Pension Adjustments (ii) £000	Collection Fund Adjustments (iii) £000	Other Adjustments (iv) £000	Total Adjustments £000
Difference between General Fund and HRA Surplus and Comprehensive Income and Expenditure Statement Deficit on the Provision of Services	(57,316)	48,689	192,802	3,473	187,644

- (i) Adjustments relating to capital include depreciation, amortisation of intangible assets impairment, revenue funded from capital under statute, movements in investment property valuations, gain / loss on disposal of non-current assets, capital grants and contributions, HRA PFI adjustments, minimum revenue provision and revenue contribution to capital outlay.
- (ii) Adjustments relating to pensions are the removal of employee pension costs for the Local Government Pension Scheme and their replacement with current service costs and past service costs plus the net interest on the defined pension liability.
- (iii) This represents the difference between what is chargeable under statutory regulations for council tax and NNDR i.e., the amount estimated in the preceding January and the actual income due on an accruals basis. This difference is held within the Collection Fund.
- (iv) Other adjustments include soft loans, employee benefit accruals and the payment to the housing capital receipts pool.

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**Note 3. Prior Period Restatement**

The prior period is restated so that 2019/20 is presented in a comparable way to 2020/21.

**Consolidated Income and Expenditure Statement (CIES)**

Expenditure and income on services are shown in the Comprehensive Income and Expenditure Statement in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom.

The Code requires that authorities present expenditure and income on services on the basis of its 'reportable segments'; these are based on the Council's internal management reporting structure.

The tables show how the net expenditure, gross expenditure and gross income have been restated.

	As reported in the 2019/20 CIES £000	Transfer of services between directorates £000	As restated 2019/20 £000
<b>Net Expenditure</b>			
<b>Directorate Line</b>			
Adults Social Care	212,615	0	212,615
Homelessness	11,827	0	11,827
Children's Services	180,767	0	180,767
Corporate Core	84,810	0	84,810
Neighbourhoods and Highways Growth and Development	121,418	(2,372)	119,046
Corporate Items	43,590	2,372	45,962
Council Wide Costs	(5,660)	0	(5,660)
Housing Revenue Account	8,276	0	8,276
	(20,551)	0	(20,551)
<b>Total Net Cost of Services</b>	<b>637,092</b>	<b>0</b>	<b>637,092</b>
Financing and Investment Income and Expenditure	(79,672)	0	(79,672)
Taxation and non-specific grant income and expenditure	(668,541)	0	(668,541)
<b>Total</b>	<b>(111,121)</b>	<b>0</b>	<b>(111,121)</b>

	As reported in the 2019/20 CIES £000	Transfer of services between directorates £000	Reported 2019/20 £000
<b>Gross Expenditure</b>			

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<b>Directorate Line</b>			
Adults Social Care	272,674	0	272,674
Homelessness	36,318	0	36,318
Children's Services	567,681	0	567,681
Corporate Core	332,904	0	332,904
Neighbourhoods and Highways	173,851	0	173,851
Growth and Development	86,058	0	86,058
Corporate Items	5,492	0	5,492
Council Wide Costs	8,276	0	8,276
Housing Revenue Account	64,537	0	64,537
<b>Total Net Cost of Services Gross Expenditure</b>	<b>1,547,791</b>	<b>0</b>	<b>1,547,791</b>
Financing and Investment Income and Expenditure	166,396	0	166,396
Taxation and non-specific grant income and expenditure	44,150	0	44,150
<b>Total</b>	<b>1,758,337</b>	<b>0</b>	<b>1,758,337</b>

	As reported in the 2019/20 CIES £000	Transfer of services between directorates £000	As restated 2019/20 £000
<b>Gross Income</b>			
<b>Directorate Line</b>			
Adults Social Care	(60,059)	0	(60,059)
Homelessness	(24,491)	0	(24,491)
Children's Services	(386,914)	0	(386,914)
Corporate Core	(248,094)	0	(248,094)
Neighbourhoods and Highways	(52,433)	(2,372)	(54,805)
Growth and Development	(42,468)	2,372	(40,096)
Corporate Items	(11,152)	0	(11,152)
Housing Revenue Account	(85,088)	0	(85,088)
<b>Total Net Cost of Services Gross Expenditure</b>	<b>(910,699)</b>	<b>0</b>	<b>(910,699)</b>
Financing and Investment Income and Expenditure	(246,068)	0	(246,068)
Taxation and non-specific grant income and expenditure	(712,691)	0	(712,691)
<b>Total</b>	<b>(1,869,458)</b>	<b>0</b>	<b>(1,849,458)</b>

**Group Accounts**

These amendments have also been reflected in the Group Accounts.



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None of the restatements in this note impact on the usable reserves of the Council or its Group.

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**Note 4. Impact of Accounting Changes Issued But Not Yet Adopted**

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the Council to disclose information relating to the expected impact of an accounting change, that will be required by a new standard, which has been issued, but is yet to be adopted by the 2020/21 Code.

The Code has introduced changes in accounting policies which will be required to be applied retrospectively unless transitional arrangements are specified, this would result in an impact on disclosures spanning across two financial years.

The changes introduced by the 2021/22 Code that will be adopted by the Council and its Group are:

- Definition of a business: amendments to IFRS3 Business Combinations
- Interest Rate Benchmark Reform: amendments to IFRS9, IAS39 and IFRS7
- Interest Rate Benchmark Reform Phase 2: amendments to IFRS9, IFRS37, IFRS4 and IFRS16

Definition of a business – these amendments were issued to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements to be a business.

Interest Rate Benchmark Reform – the Financial Reporting Council have announced a transition away from the London Interbank Offered Rate (LIBOR) to the Sterling Overnight Index Average (SONIA). As a result, amendments have been made to accounting standards to address issues resulting from this change in benchmark. Phase 1 of this change provided exemptions to specific hedge accounting requirements.

Interest Rate Benchmark Reform Phase 2 – this phase includes the potential reinstatement of hedge relationships that were discontinued solely due to changes directly required by this reform and a change in the basis of determining contractual cash flows.

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

**Note 5. Accounting Concepts and Policies**

The Statement of Accounts summarises the Council's transactions for the 2020/21 financial year and its position at the year-end 31 March 2021. The Council is required to prepare an Annual Statement of Accounts by the Accounts and Audit Regulations 2015 which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (The Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 21(2) of the Local Government Act 2003.

As local authorities need to reflect statutory conditions, specific statutory adjustments are complied with so that the Council's accounts present a true and fair view of the

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financial position and transactions of the Council. All accounting policies are disclosed where they are material.

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.

### 5.1. Underlying Assumptions

#### 5.1.1 Going Concern

The Accounting Code, (standard IAS 1) requires management to make an assessment of an entity's ability to continue as a going concern and to disclose any material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern. The authority discloses that the accounts have been prepared on a going concern basis and that the Council will continue in existence for the foreseeable future. The Council has based its considerations of Going Concern around the continuous provision of service.

The Council consolidates its investments in MAHL and DML in its Group financial statements. In considering the going concern of the Council and the Group the Council has taken into account the going concern of those two entities.

### 5.2. Accounting Policies

#### 5.2.1 Property, Plant and Equipment (PPE)

Property, Plant and Equipment assets have physical substance and are held for use in the provision of services, for rental to others or for administrative purposes and are expected to be used for more than one year (e.g., land and buildings).

Expenditure on the acquisition, creation and enhancement of property, plant and equipment has been capitalised on an accruals basis provided that it yields benefit to the Council, and the services it provides, for more than one financial year. Expenditure on repairs and maintenance is charged to revenue as it is incurred.

Capital expenditure is initially added to the value of an asset but if expenditure is not considered to increase the value of the asset the value is reduced by this expenditure.

In addition, all property, plant and equipment, where expenditure in excess of £500,000 has been incurred during 2020/21, have been considered by the Council's Valuers who have quantified the amount of impairment.

#### Measurement

Property, plant and equipment are initially shown on the Balance Sheet at cost, comprising the purchase price and all expenditure that is directly attributable to bringing the asset into working condition for its intended use. The Council does not capitalise borrowing costs incurred whilst the assets are under construction.

The Council's property, plant and equipment assets are valued on the balance sheet using methods of valuation on the basis required by CIPFA and in accordance with

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the statement of asset valuation principles and guidance notes issued by the Royal Institution of Chartered Surveyors (RICS).

Land and buildings and other operational assets are valued at current value, determined as the value that would be paid for the asset in its existing use. Where enough market evidence is not available, for example schools and leisure centres, current value is estimated at depreciated replacement cost, using the modern equivalent asset method.

Short life assets, such as vehicles, are held at depreciated historical cost as a proxy for current value on the grounds of materiality.

Council dwellings are valued at existing use value – social housing.

Community assets are measured at depreciated historical cost.

Assets under construction are held at historical cost and are not depreciated until brought into use.

Surplus assets are valued at fair value based on the highest or best use of the asset from a market participant's perspective. These are assets that are not in use by the Council but do not meet the definition of investment property or assets held for sale. Surplus assets mainly relate to land that is being held for regeneration purposes and future sale.

Council dwellings are revalued annually. Other assets included in the Balance Sheet at current or fair value are valued sufficiently regularly to ensure that their carrying amount is not materially different from their value at year end, but as a minimum every five years. Valuations are undertaken during the year by internal council Valuers and external valuers commissioned by the Council. The external valuers provide indexation factors for the percentage increase in value from the date of the last valuation to 31 March 2021 for each category of asset and these are applied to the assets where material.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Where the increase is reversing a previous loss charged to the Deficit / Surplus on the Provision of Services on the same asset, the increase in valuation is credited to the Comprehensive Income and Expenditure Statement.

Where decreases in value are identified and there is a balance of revaluation gains in the Revaluation Reserve relating to the asset, the value of the asset is written down against that balance (up to the amount of the accumulated gains). Where there is a nil or insufficient balance in the Revaluation Reserve the value of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

Where revaluation gains or losses are credited or charged to the Comprehensive Income and Expenditure Statement, they are reversed in the Movement in Reserves Statement to the Capital Adjustment Account.

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The Revaluation Reserve contains gains recognised since 1 April 2007 only, the date of its formal implementation. Revaluation gains arising before that date are included in the Capital Adjustment Account.

The land and building elements of all properties are valued separately and treated as separate assets for accounting purposes. In addition to this and subject to an appropriate materiality level, any individual component within buildings which has a cost that is significant in relation to the total cost of the building is accounted for separately unless the components have a similar useful life to the main building.

In considering assets for potential componentisation (i.e., the significant elements of the asset are valued separately) the Council has included all general fund buildings with a carrying value of more than £2m. Within each building the Council has set the threshold for recognition of components as 20% of the cost of the building. The following components have been valued separately in council dwellings – main building, roof, windows, external doors, kitchens, bathrooms, heating and electrical systems.

### 5.2.2 Depreciation on Property, Plant and Equipment

Depreciation has been calculated using a straight-line method (i.e., apportioned equally over each year of the life of the asset) for all assets. The estimated useful life of each property is determined by a qualified valuer. Land and assets not yet available for use (assets under construction) are not depreciated. Each component of property, plant and equipment that is significant in relation to the total cost of the asset is depreciated separately based on its estimated useful life.

Depreciation is charged to the service with a corresponding reduction in the value of the asset. The depreciation charge is reversed in the Movement in Reserves Statement and a transfer made to the Capital Adjustment Account. Residual values, useful lives and depreciation methods are reviewed at each financial year end.

Depreciation has been charged to the Housing Revenue Account (HRA) in accordance with proper practices and credited to the Major Repairs Reserve (MRR).

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

### 5.2.3 Derecognition of Property, Plant and Equipment

An item of property, plant or equipment is derecognised by disposal or when no future economic benefit or service potential is expected from its use.

The carrying amount of a replaced or restored part of an asset is derecognised with the carrying amount of the new component being recognised.

When an asset is disposed of the carrying amount of the asset in the Balance Sheet is written off to Other Operating Expenditure within the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Sale proceeds from disposals are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal.

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Any revaluation gains on the Revaluation Reserve, for assets disposed of or decommissioned, are transferred to the Capital Adjustment Account.

Income from an asset disposal in excess of £10,000 is classed as a capital receipt. Capital receipts from Right to Buy (RTB) sales of council dwellings are pooled between the Council and central government. The net RTB receipts received (after reduction of regional transaction costs and allowable debt) are split based on a share ratio provided by central government. If the government share of capital receipts, as calculated by the Office of Budget Responsibility, is exceeded the Council retains the remainder of the receipts to be used for the provision of new homes. If these receipts are not used within three years, they must be returned to the government (with interest at 4% above base rate). Non-RTB receipts are exempt from the capital pooling rules.

The balance of capital receipts is credited to the Capital Receipts Reserve and used to fund new capital expenditure or repay debt.

The written off value of disposals is reversed through the Movement in Reserves Statement to the Capital Adjustment Account.

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## 5.2.5 Highways Infrastructure Assets

The Council has determined in accordance with Regulation 30M of the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

Highways infrastructure assets include carriageways, footways and cycle tracks, structures (e.g. bridges), street lighting, street furniture and land which together form a single integrated network.

## Recognition

Expenditure on the acquisition or replacement of components of the network is capitalised on an accrual basis, provided that it is probable that the future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably.

## Measurement

Highways infrastructure assets are generally measured at depreciated historical cost. However, this is a modified form of historical cost – opening balances for highways infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April 1994, which was deemed at that time to be historical cost. Where impairment losses are identified, they are accounted for by the carrying amount of the asset being written down to the recoverable amount.

## Depreciation

Depreciation is provided on the parts of the highways network infrastructure assets that are subject to deterioration or depletion and by the systematic allocation of their depreciable amounts over their useful lives. Depreciation is charged on a straight-line basis. Annual depreciation is the depreciation amount allocated each year. Useful lives of the various parts of the highways network are assessed by the Highways Asset Manager using industry standards where applicable as follows:

Part of the highways network	Useful life
Carriageways	21 years
Footways and cycle track	40 years
Structures (bridges, tunnels and underpasses)	82 years
Street lighting	25 years
Street furniture	25 years
Public Realm	50 years

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**Disposals and derecognition**

When a component of the network is disposed of or decommissioned, the carrying amount of the component in the Balance Sheet is written off to the 'Other operating expenditure' line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement, also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal).

The written-off amounts of disposals are not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are transferred to the capital adjustment account from the General Fund Balance in the Movement in Reserves Statement.

**5.2.6 Private Finance Initiatives (PFIs) and Similar Contracts**

PFI and similar contracts (service concessions) are agreements to receive services where the responsibility for making available the property, plant and equipment needed to provide the services passes to the contractor. As the Council is deemed to control the services that are provided under the contract and as ownership of the property, plant and equipment will pass to the Council at the end of the contract for no additional charge, the Council holds the Property, Plant and Equipment used under the contracts on its Balance Sheet.

The original introduction of these assets onto the balance sheet is matched by the recognition of a deferred liability for amounts due to the operator to pay for the assets. Where the assets come into use at different stages the asset and matching liability are introduced in stages. For some PFI schemes the liability is written down by an initial capital contribution. This capital contribution was either in the form of a cash contribution or assets transferred to the contractor.

Property, Plant and Equipment relating to PFIs and similar contracts, recognised on the Balance Sheet, is revalued, depreciated and impaired in the same way as other property, plant and equipment owned by the Council.

The amounts payable to the operator each year are analysed as follows:

Value of the service received (including facilities management) during the year - debited to the relevant service line in the Deficit / Surplus on the Provision of Services in the Comprehensive Income and Expenditure Statement.

Interest cost based on the outstanding deferred liability - debited to the Financing and Investment Income and Expenditure line in the Deficit / Surplus on the Provision of Services.

Payment towards liability - debited to the deferred liability on the Balance Sheet thus reducing the liability. For non-HRA contracts this reduction in the charge in the Deficit / Surplus on the Provision of Services is replaced by an equivalent amount of Minimum Revenue Provision (MRP) in the Movement in Reserves Statement. For HRA



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contracts this reduction in unitary charge is reversed in the Movement in Reserves Statement to the Capital Adjustment Account.

Lifecycle replacement costs - these are posted to the Balance Sheet as a prepayment and then included as additions to Property, Plant and Equipment when the works are carried out. Where lifecycle costs can be identified as capital in nature they have been recognised as capital expenditure. This expenditure relates to enhancements or replacement of assets.

Government grants received towards the funding of general fund PFI related payments are shown within the Taxation and Non-specific Grant Income line in the Comprehensive Income and Expenditure Statement. HRA PFI related grants are shown within the HRA income line in the Comprehensive Income and Expenditure Statement.

### 5.2.7 Heritage Assets

Heritage assets are those assets that are intended to be preserved for future generations because of their cultural, environmental or historical associations. They are held by the Council in pursuit of its overall objectives in relation to the maintenance of heritage. Heritage assets include civic regalia, museum and gallery collections and works of art. Community assets (including parks and cemeteries) are not heritage assets, but are accounted for as property, plant and equipment.

Operational heritage assets (i.e., those that, in addition to being held for their heritage characteristics, are also used by the Council for other activities or to provide other services) are accounted for as operational assets rather than heritage assets and valued in the same way as other assets of that general type (e.g., buildings such as the Central Library).

Heritage assets are shown in the Balance Sheet at market value where this is available. For those assets where no market value is available the insurance valuation is used. Where a valuation is not available and cannot be obtained at a cost which is commensurate with the benefits to the users of the financial statements the assets are held at cost. Where the cost information is not available, they are not recognised in the balance sheet.

Depreciation is not provided for as these assets are considered to have infinite lives.

Any impairment is recognised and measured in accordance with the Council's general policies on impairment (policy 5.2.8). The proceeds of any disposals are accounted for in accordance with the Council's general provisions relating to the de-recognition of property, plant and equipment (policy 5.2.3).

### 5.2.8 Investment Properties

Investment Properties are those that are used solely to earn rentals and / or for capital appreciation. The definition is not met if the property is used in any way to provide services by the Council or is held for sale.

Investment Properties are initially measured at cost. After initial recognition they are measured at fair value - highest and best use. The fair value reflects market conditions at the balance sheet date. A gain or loss arising from a change in the fair value of

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investment property is recognised in the Financing and Investment Income and Expenditure line within the Comprehensive Income and Expenditure Statement.

Investment Properties are not depreciated but are revalued annually according to market conditions at year end.

An investment property is derecognised on disposal. Gains or losses arising from the disposal are recognised in the Financing and Investment Income and Expenditure line within the Comprehensive Income and Expenditure Statement.

Revaluation and disposal gains and losses are reversed in the Movement in Reserves Statement and posted to the Capital Adjustment Account and sale proceeds over £10,000 to the Capital Receipts Reserve.

Rentals received in relation to investment properties are credited to the Financing and Investment income line in the Other Comprehensive Income and Expenditure Statement.

### 5.2.9 Schools

In accordance with the Code of Practice on Local Authority Accounting the Council has assessed the legal framework underlying each school. The Council controls the non-current assets of community schools and foundation schools, vested with the governing body as a Trustee, as future economic benefits associated with the assets will flow to the Council and therefore the land and buildings of those schools are shown on the Council's balance sheet. The land and buildings of voluntary aided, voluntary controlled and foundation schools, where the trust is not the governing body are owned and controlled by the trustees of the schools or the foundation body and are therefore not shown on the balance sheet of the Council.

Any schools held on the balance sheet, which are transferred to academy status form part of the loss on disposal of non-current assets. This includes schools managed under a PFI contract.

Capital expenditure on schools shown on the Council's balance sheet is added to the value of those schools. Capital expenditure on schools not on the Council's balance sheet is treated as REFCUS (Revenue Expenditure Funded from Capital under Statute) expenditure and written off each year to the Comprehensive Income and Expenditure Statement as part of the Children's Services line. This is reversed out through the Movement in Reserves Statement and a transfer made to the Capital Adjustment Account.

All revenue income, expenditure, assets and liabilities of maintained schools, after the removal of transactions between schools and the Council, are included in the Council's single entity accounts.

Individual schools' balances are included in the balance sheet of the Council as any unspent delegated schools budget remains the property of the Council although these can only be spent by the school.

The Dedicated Schools Grant (DSG) is allocated between the central council budgets and budgets allocated to individual schools (delegated school budgets). Expenditure

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from central council budgets and delegated schools' budgets is charged to the Comprehensive Income and Expenditure Statement as part of the Children's Services line.

Accounting regulations were introduced relating to the Dedicated Schools Grant deficit balances for three years for accounting periods beginning 1 April 2020. The financial statements continue to be produced under IFRS with the DSG being accounted for in the normal way (through the CIES). A deficit must be carried forward to be funded from future DSG income. An accounting adjustment is then made via the MIRS to move any DSG deficit balances to an unusable reserve established for that purpose.

#### 5.2.8 Impairment

Assets are reviewed for impairment at the end of each reporting period. Examples of impairment include a significant reduction in a specific assets value and evidence of physical damage (e.g., fire damage).

The amount of impairment is charged to the Revaluation Reserve to the extent that the impairment does not exceed the amount in the Revaluation Reserve for the same asset. Thereafter the impairment is charged to the Deficit / Surplus on the Provision of Services.

This charge is reversed out through the Movement in Reserves Statement to the Capital Adjustment Account.

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

#### 5.2.10 Provision for Redemption of Debt

The Council is required to make provision for the repayment of an element of the accumulated General Fund capital expenditure, financed by borrowing, through a revenue charge, in accordance with the Minimum Revenue Provision (MRP) requirements. Regulations replaced the detailed formula for calculating MRP with a requirement to be prudent. The MRP policy (which details the basis of the provision) is agreed annually by the Council within the Treasury Management Strategy.

For all non-HRA capital expenditure funded by supported borrowing, otherwise known as supported capital expenditure, the Council's policy is to charge 2% of the capital financing requirement.

For all non-HRA unsupported borrowing MRP is calculated using the estimated life of the asset. Dependent upon the nature of the capital expenditure, a straight line (equal amount of MRP over the life of the asset) or annuity method (equal amount of MRP plus interest over the life of the asset) is used to link MRP to the future flow of benefits from the asset.

MRP starts in the year after the capital expenditure is incurred or in the case of new assets, in the year following the asset coming into use.

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MRP is provided for non-HRA PFI related assets on the Council's Balance Sheet. This equates to the amount of unitary charge charged against the deferred liability on the Balance Sheet.

MRP is provided for assets held under finance leases (including embedded leases) where the Council is the lessee. This equates to the amount of the lease payment charged against the deferred liability on the Balance Sheet.

There is no MRP charge to the Housing Revenue Account.

### 5.2.11 Revenue Expenditure Funded from Capital under Statute

Revenue Expenditure Funded from Capital under Statute (REFCUS) is expenditure of a capital nature that does not result in the creation of a non-current asset on the Balance Sheet. These are generally grants and expenditure on property not owned by the Council. Expenditure is charged to the Deficit / Surplus on the Provision of Services as it is incurred. This is reversed out through the Movement in Reserves Statement and a transfer made to the Capital Adjustment Account.

Details of the accounting policy relating to grants and external contribution funding of REFCUS expenditure is shown in policy 5.2.16c.

### 5.2.12 Non-Current Assets held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than its continued use it is reclassified as an asset held for sale. Before an asset can be classed as held for sale it must be available for immediate sale in its present condition, the sale must be highly probable, the asset must be actively marketed and the sale should be expected to be completed within one year of the date of classification. In situations where it is not necessary to carry out active marketing, for example because the Council is able to identify prospective purchasers willing to pay a reasonable price without marketing (such as transfers to a joint venture) or because a buyer initiates the transaction (such as right to buy sales), this test is not applicable. Where events or circumstances extend the period beyond one year and there is sufficient evidence that the Council remains committed to the plan to sell the assets they are classed as long-term assets held for sale.

The held for sale asset is carried at the lower of the carrying amount or the fair value less costs to sell. Where this results in a loss in value this loss is posted to Other Operating Expenditure in the Comprehensive Income and Expenditure Statement. Once an asset is classed as held for sale it is no longer depreciated.

If assets no longer meet the classification as assets held for sale they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale (adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classed as held for sale) or their recoverable amount at the date of the decision not to sell.

### 5.2.13 Accruals of Income and Expenditure

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

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Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.

Supplies are recorded as expenditure when they are consumed.

An impairment loss allowance is made for debts that are not considered to be collectable – referred to as impairment of financial assets. This allowance is calculated based on the expected amount that will not be collected for differing types of debt applied to the amount of outstanding debt. The balance of debtors on the Balance Sheet is reduced by the amount of allowance made.

Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet.

#### 5.2.14 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of no more than twenty-four hours. Cash equivalents are highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Cash and cash equivalents are shown net of bank overdrafts that form an integral part of cash management.

#### 5.2.15. Provisions

Provisions are made where an event has taken place that gives the Council an obligation that probably requires settlement by a transfer of economic benefits and a reliable estimate can be made of the amount of the obligation, but the timing of the transfer is uncertain. Examples include a legal case that will probably result in a payment of compensation.

Contributions to provisions are charged to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year the Council becomes aware of the obligation based on the best estimate of the likely settlement. When payments are made, they are charged to the provision. Estimated settlements are reviewed at the end of each financial year and where it becomes likely that a transfer of economic benefits will not be required the contribution to the provision is reversed and credited back to the service line.

Provisions are classified as either short or long-term depending on the likely date of settlement.

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### 5.2.16 Government Grants and Contributions

Government grants and contributions are not recognised until there is reasonable assurance that the Council will comply with the conditions attached to them and the grant or contribution will be received. Grants and contributions are credited to the Comprehensive Income and Expenditure Statement except where the grant or contribution has a condition that has not been met. Conditions are stipulations that must be satisfied, or the grant or contribution must be returned. Monies advanced as grants and contributions for which conditions are not yet met are carried in the Balance Sheet as receipts in advance.

#### a. Revenue Grants and Contributions

Revenue grants and contributions are credited to the relevant service line for specific grants and the Taxation and Non-Specific Grant Income line for grants that cover general expenditure (e.g., New Homes Bonus Grant) except where the grant or contribution has a condition that has not been met. When the specific grant has been recognised but the expenditure relating to it has not been incurred the Council has elected to make a contribution equivalent to the unspent amount of grant to an earmarked reserve. This reserve will be released in future financial years when the expenditure to which the grant relates is incurred.

#### b. Capital Grants and Contributions

Capital grants and contributions are credited to Taxation and Non-Specific Grant Income in the Comprehensive Income and Expenditure Statement except where the grant or contribution has a condition that has not been met. The amount of the grant or contribution that has been used to finance expenditure is transferred to the Capital Adjustment Account via the Movement in Reserves Statement. The balance of the grant or contribution that has not been used to finance expenditure is transferred to the Capital Grants Unapplied Reserve via the Movement in Reserves Statement. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account when they are used to fund capital expenditure.

#### c. Grants and Contributions attributable to Revenue Expenditure Funded from Capital under Statute (REFCUS)

These grants and contributions are credited to the relevant service line in the Comprehensive Income and Expenditure Statement except where the grant or contribution has a condition that has not been met. The amount of the grant or contribution that has been used to finance expenditure is transferred to the Capital Adjustment Account via the Movement in Reserves Statement. The balance of the grant or contribution that has not been used to finance expenditure is transferred to the Capital Grants Unapplied Reserve via the Movement in Reserves Statement. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account when they are used to fund expenditure.

### 5.2.17 Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred it is charged to the appropriate service in that year. The reserve is then appropriated

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back into the Movement in Reserves Statement so that there is no net charge for the expenditure on the General Fund balance.

Certain reserves are kept to manage specific accounting treatments and do not represent usable resources for the Council. These are shown as unusable reserves in the Movement in Reserves Statement and Balance Sheet.

### 5.2.18 Revenue Recognition

Revenue is a subset 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 is recognised when the performance obligations in a contract have been satisfied. This recognition can be over time when the service recipient simultaneously receives and consumes the benefits (e.g., home care services) or at a point in time.

### 5.2.19 Value Added Tax (VAT)

VAT is only included in expenditure, either revenue or capital, to the extent that it is not recoverable from HM Revenues and Customs. VAT receivable is excluded from income.

### 5.2.20 Leases

Leases are classified as either finance or operating leases based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or lessee. Whether the lease is a finance lease, or an operating lease depends on the substance of the transaction rather than the contract. Leases are classed as finance leases where the terms of the lease transfer the majority of the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Land and building elements of a lease are considered separately for the purpose of lease classification.

Arrangements that do not have the legal status of a lease but convey the right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific asset. This is referred to as an embedded lease.

#### Finance Leases

##### **Lessee**

Property, Plant and Equipment held under finance leases are recognised on the Balance Sheet at the commencement of the lease at its current value at the time of inception (or the present value of the minimum lease payments if lower). The asset recognised is matched by a deferred liability for the obligation to pay the lessor.

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Lease payments are apportioned between a charge for the acquisition of the interest in the property, plant or equipment which is applied to write down the deferred liability and a finance charge which is recognised in the Financing and Investment Income and Expenditure line within the Comprehensive Income and Expenditure Statement.

These property, plant and equipment recognised are subject to depreciation. The MRP on these assets equates to the amount of the lease payment that is applied to write down the deferred liability.

The deferred liabilities are classified as either short or long-term in line with the lease repayments.

### Operating Leases

#### Lessee

Leasing payments for operating leases are charged to revenue on a straight-line basis over the term of the lease even if this does not match the pattern of payments (e.g., there is a rent-free period at the commencement of the lease) and are shown within service expenditure in the Comprehensive Income and Expenditure Statement.

#### Lessor

Rental income from operating leases is recognised on a straight-line basis over the period of the lease even if this does not match the pattern of payments (e.g., there is a premium paid at the commencement of the lease) and is shown in the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Assets held for use as operating leases are recorded as assets in the Council's Balance Sheet.

#### 5.2.21 Benefits Payable during Employment

Short-term employee benefits are those due to be settled within twelve months of the year end. They include such benefits as wages and salaries, paid annual leave, flexi time leave and paid sick leave for current employees. They are recognised as an expense for services in the year in which employees undertake the service for the Council. An accrual is made for the cost of holiday entitlement (including flexi time leave), earned by employees but not taken before the year end, which employees can carry forward into the next financial year. The accrual is made at the wages and salary rates applicable in the following financial year, being the period in which the employee takes the benefit and includes employer national insurance and pension contributions.

The accrual is charged to the Deficit / Surplus on the Provision of Services but then reversed through the Movement in Reserves Statement to the Short-Term Accumulated Absences Account so that holiday absences are charged against Council Tax or Housing Rents in the financial year in which the absence occurs.

#### 5.2.21 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 severance and are shown on an accruals basis in the Deficit / Surplus on the Provision of Services in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the



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offer or when it recognises the costs for a restructuring that involves termination benefits.

Where the employee makes the decision, the liability is recognised at the earlier of when the employee accepts the offer or when a restriction on the Council's ability to withdraw the offer takes effect.

### 5.2.22 Post-Employment Benefits

#### a. Teachers' Pension Scheme

The payment of statutory pensions to former teachers is administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE). Contributions from teachers together with the employer's contribution are paid by the Council. The arrangements for this scheme mean that liabilities for benefits cannot be identified to the Council. The scheme is therefore accounted for as a defined contribution scheme – no liability for future payments of benefits is recognised in the Balance Sheet and the Children's Services line within the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable in the year.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the Teachers' scheme. These benefits are fully accrued in the pension liability.

#### b. National Health Service (NHS) Pension Scheme

Under the arrangements for Public Health, staff performing public health functions who were compulsorily transferred from the Primary Care Trusts to local authorities and had access to the NHS Pension Scheme on 31 March 2013 retained access to that Scheme on transfer at 1 April 2013.

The NHS pension scheme is an unfunded, defined benefit scheme that covers NHS employers and is a multi-employer defined benefit scheme. This means that liabilities for benefits cannot be identified to the Council. The scheme is therefore accounted for as a defined contribution scheme – no liability for future payments of benefits is recognised in the Balance Sheet and the Adult Social Care line within the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable in the year.

#### c. Local Government Pension Scheme

The Council pays an employer's contribution into the Greater Manchester Pension Fund, which is a fully funded defined benefits scheme administered by Tameside Metropolitan Borough Council from whom an Annual Report is available.

The liabilities of the Greater Manchester Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method, 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 projected earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on a basket of high-quality corporate bonds, government gilts and other factors.

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

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

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

The current service cost (the increase in the liability as a result of pension earned by Council employees in the year) is charged to the net cost of services.

Past services costs (the increase in the liability arising from current year decisions whose effect relate to years of service earned in earlier years) are shown within council wide items as they are costs that are not attributable to a particular service. An example of when past service costs would occur is where there was a change in the basis of up-rating annual pensions.

Gains and losses on settlements and curtailments (the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees) are shown as council wide items.

The effect of business combinations and disposals and liabilities following the transfer of former Northwards staff back to the Council are also shown as council wide items.

The net interest on the net defined benefit liability, i.e., net interest expenses for the period that arises from the passage of time, is shown within the Financing and Investment Income and Expenditure line.

Re-measurements comprising:

- The return on plan assets excluding amounts included in net interest on the defined benefit liability;
- change in demographic assumptions re-measurements; and
- actuarial gains and losses on changes in financial assumptions – changes in the net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because actuaries have updated their financial assumptions (such as percentage increase in salaries)

are shown within Other Comprehensive Income and Expenditure.

In relation to retirement benefits, statutory provisions require the General Fund and HRA balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at

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the year end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund and HRA of being required to account for retirement benefits based on the cash flows rather than as benefits are earned by employees. The balance will be presented differently as a result of the upfront payment as set out below:

#### Upfront pension payment

The Council is liable to make contributions towards the cost of post-employment benefits. For the three-year period 2020/21 – 2022/23. The Council previously agreed with the Greater Manchester Pension Fund (GMPF) that the employer's contribution to the Local Government Pension Scheme could be paid as a single up-front payment. The Council made this payment in order to make a budget saving. In line with the Council's accounting policies, the amounts paid each year are offset against the pension liability on the balance sheet. These amounts will then be reflected in the pensions reserve in the years to which they relate. In the final year of the triennial period all amounts will have been reflected in the pension reserve to align to the pension liability.

#### Financial Instruments

##### 5.2.23 Financial Assets

Financial Assets e.g., investments and debtors are classified into three types – amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVPL).

The categorisation of financial assets into these types is dependent on the reason for holding these assets (to collect cash flows, to sell assets or achieve objectives by other means).

Financial assets are brought onto the balance sheet at fair value when the Council becomes a party to contractual provisions.

##### Amortised Cost

These assets relate to financial instruments where the amounts received relating to them are solely principal and interest and they are held to generate cash flows (e.g., investments of surplus cash with the government's debt management office or loans to third parties).

The interest received on these assets is spread evenly over the life of these instruments.

Any gain or loss in the value of these assets is recognised in the net surplus / deficit on the net provision of services at the point of de-recognition (disposal) or reclassification.

##### Fair Value through Other Comprehensive Income (FVOCI)

These assets relate to financial instruments where the amounts received relating to them are solely principal and interest, but they are held to collect cash and sell the assets (e.g., money market funds).

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The interest received on these assets is spread evenly over the life of these instruments.

Changes in the fair value of these assets are charged to Other Comprehensive Income and Expenditure. Cumulative gains and losses are charged to the surplus / deficit on provision of services when they are disposed of.

Under capital accounting regulations where these assets were treated as capital expenditure the gain or loss is reversed to an unusable reserve - the Financial Instruments Revaluation Reserve.

#### Fair Value through Profit and Loss (FVPL)

These assets relate to financial instruments where the amounts received relating to them are not principal and interest (e.g., equity investments).

Dividends received are accounted for at the point they are declared.

Charges in fair value are charged to the surplus / deficit on the net provision of services as they occur.

Under capital accounting regulations where these assets were treated as capital expenditure the gain or loss is reversed through the Movement in Reserves Statement and charged to an unusable reserve - the Capital Adjustment Account.

An equity instrument that has been classed as FVPL can be designated as FVOCI if it is not held for trading (e.g., a strategic investment). Once this designation has been made it cannot be reversed. This designation would mean that any gains and losses would be held in the Financial Instruments Revaluation Reserve.

#### Credit loss

The Council will recognise a loss allowance for expected credit losses, if applicable, on assets where cash flows are solely principal and interest (i.e., financial instruments measured at amortised cost or FVOCI unless they have been designated as such). This does not apply where the counterparty is central government or another local authority.

At each year end the loss allowance for a financial instrument is calculated as equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

If at year end the credit risk has not increased significantly since initial recognition the loss allowance is measured at an amount equal to twelve month expected credit losses.

Where the financial asset was treated as capital expenditure any losses will be reversed via the Movement in Reserves Statement to the Capital Adjustment Account.

The Council has made several loans to individuals at less than market rates of interest (these are known as soft loans). When the loans are made the amount of interest foregone over the life of the loan is charged to the Comprehensive Income and Expenditure Statement (debited to the appropriate service line) and the outstanding principal is reduced on the Balance Sheet. This represents the present value of the

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interest that will be foregone over the life of the loan agreement. Statutory provisions require that the impact of the soft loans on the General Fund balance is the interest receivable in the year, so the amount of foregone interest charged is managed by a transfer from the Financial Instruments Adjustment Account to the Movement in Reserves Statement.

#### 5.2.24 Embedded Derivatives

The Council has given equity mortgages and loans to individuals to assist with the purchase and improvement of properties. The repayments of these are based on a proportion of the value of the property in a number of years. This type of loan is classed as an embedded derivative as the amount of repayment is linked to future property values. When these mortgages and loans are granted, long-term debtors and deferred capital receipts are written onto the balance sheet. At the end of each financial year the long-term debtors and deferred capital receipt are adjusted in line with the change in property values.

#### 5.2.25 Financial Liabilities

Financial liabilities (e.g., borrowings and creditors) are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Council. For instance, when the Council takes out a loan, the advance of cash from the lender initiates the obligation to repay at some future date, and the loan would be recognised as a liability on the Balance Sheet when the advance is received.

Charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability multiplied by the effective rate of interest for the instrument. (The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised).

For many of the borrowings that the Council has, this means that the amount shown in the Balance Sheet is the outstanding principal repayable plus accrued interest, and the amount charged to the Comprehensive Income and Expenditure Statement is the amount payable per the loan agreement.

For Lender Option Borrower Option (LOBO) loans the effective interest rate has been calculated over the life of the loan. This is an average and differs from the amounts actually paid in the year. The difference between the calculated interest charge and interest paid has been adjusted in the carrying amount of the loan on the balance sheet. The amount charged in the Comprehensive Income and Expenditure Statement is the effective interest rate for the life of the loan rather than the amount payable per the loan agreement.

Where the Council is in receipt of loans that are interest free or at less than prevailing market interest rates if material, the effective interest rate is calculated so that the value of the financial assistance to the Council by the lender is separated from the financial cost of the transaction. This gain is calculated by working out the net present

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value of all future cash payments using the interest rate for a similar loan taken by the Council. This results in a lower figure for the fair value of the loan with the difference from the loan received treated as a government grant. This gain is reversed out in the Movement in Reserves Statement to the Financial Instruments Adjustment Account.

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

Where premiums and discounts (amounts paid or received on the rescheduling of a loan) have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact of premiums on the General Fund balance to be spread over the longer of the outstanding period of the replaced loan or the period of the replacement loan or any other shorter period that the Council wishes to choose. Discounts are required to be credited to revenue over a maximum period equal to the outstanding term of the replaced loan or ten years (if shorter). The difference between the amount charged to the Comprehensive Income and Expenditure Statement and the net charge against the General Fund balance is transferred to or from the Financial Instruments Adjustment Account in the Movement of Reserves Statement.

Following the HRA debt settlement there are no outstanding HRA premiums and discounts.

#### 5.2.26 Contingent Assets and Liabilities

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts (as applicable) where it is probable that there will be an inflow of economic benefits or service potential.

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts as applicable.

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### 5.2.27 Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in estimation techniques are accounted for prospectively (i.e., in the current and future years affected by the change) and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless otherwise stated) by adjusting opening balances and comparative amounts for the prior period.

### 5.2.28 Material Items of Income and Expenditure

Where items of income and expenditure are material, their nature and amount are 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.

### 5.2.29 Events after the Balance Sheet Date

Events after the balance sheet date are those events that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue.

Where these provide evidence of conditions in existence at the balance sheet date, the amounts recognised in the accounts are adjusted (e.g., settlement of a court case that confirms the amount of obligation at the balance sheet date). Where these are indicative of conditions that arose after the balance sheet date the amounts in the accounts are not adjusted (e.g., significant decline in market investments after 31 March). This is known as a non-adjusting event and is disclosed as a note to the accounts.

Events identified after the date of authorisation for issue are not reflected in the Statement of Accounts.

### 5.2.30 Interests in Companies and Other Entities

The Council has material interests in companies and other entities and therefore group accounts have been prepared for the Council and its material interest in subsidiaries, associates and joint ventures. Inclusion in the Council group is dependent upon the extent of the Council's interest and power to influence an entity. The determining factor for assessing the extent of interest, power or power to influence is either through ownership of an entity, a shareholding in an entity or representation on an entity's board of directors. An assessment of all the Council's interests has been carried out during the year, in accordance with the Code of Practice, to determine the relationships that exist and whether they should be included in the Council's group accounts. In the Council's single entity accounts the Council's interests in those companies included in its group accounts are recorded as long-term investments at cost.

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**5.2.31 Joint Operations**

Joint Operations are arrangements where the parties are bound by a contractual arrangement, have joint control of the arrangement and have rights to the assets and obligations for the liabilities relating to the arrangement. The Council recognises its share of the assets, liabilities, income and expenditure of the joint operation in its single entity accounts.

**5.2.32 Local Taxation**

The Council, as a billing authority act as an agent, collecting Council Tax and national non-domestic rates (NNDR) on behalf of the major preceptors and, as principals, collecting Council Tax and NNDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e., the Collection Fund) for the collection and distribution of amounts due in respect of Council Tax and NNDR. 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 NNDR collected could be less or more than predicted.

The Council Tax and NNDR 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 NNDR 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 Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item 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 NNDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

**5.2.33 Fair Value Measurement**

The Council measures some of its assets and liabilities at fair value at the balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The Council uses Valuers to provide a valuation of its assets and liabilities in line with the highest and best use definition within the accounting standard. The highest and best use of the asset or liability being valued is considered from the perspective of a market participant.

Inputs to the valuation techniques in respect of the Council's fair value of its assets and liabilities are categorised within the fair value hierarchy as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date



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- Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability.

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**Note 6. Critical Accounting Judgements**

In applying the accounting policies set out in section 1 the Council has to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

**6.1 Schools Non-Current Assets**

The Council has assessed the legal framework underlying each type of school.

Community schools' property, plant and equipment are owned by the Council and remain on the balance sheet as future economic benefits associated with the assets will flow to the Council.

The plant, property and equipment of voluntary aided, voluntary controlled and foundation schools are owned and controlled by the religious body or the trustees of the schools and are therefore not shown on the balance sheet of the Council unless the trustees are the governing body.

The Council does not control the schools' property, plant and equipment owned by the religious bodies or the trustees, there has been no past events which have transferred the ownership or control of the property, plant and equipment to the Council and any future benefits from the property, plant and equipment would be for the benefit of the religious body or trustee and not the Council.

An asset must be controlled by the Council for that asset to be recognised in the single entity accounts. Usage of the asset does not demonstrate control in form or substance without rights that are either legal or substantive.

The religious bodies or trustees own the assets, there has not been a reassignment of those assets to the Council and the rights to the asset are still maintained by the religious body or the trust. The religious bodies or trustees have a legal right to take back these assets.

The religious bodies or trustees have provided a licence for the Council to use the asset however these licenses are not provided in a written form. These licences do not create control of the asset by the Council. The religious bodies or trustees assert their continued control over the asset by permitting the asset to be used for precisely the purpose that the school wishes by the objectives of the religious bodies or trustees being the same as the governing bodies.

The religious bodies or trustees have decided that their asset is to be used as a school and therefore continue to have the rights to the resources in the asset. The continued agreement to permit the schools to use the asset means that the religious bodies or trustees are perpetually reasserting their control, and this has not been passed to the school

The right of termination of the arrangement at any time by the religious body or trust provides evidence that the risks and rewards of ownership of the asset have not transferred to the Council.

Details of the value of schools' land and building assets are shown in the notes to the accounts.

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**6.2 PFI and Similar Arrangements**

The Council is deemed to control the services provided via its PFI arrangements and to control the residual value of the assets at the end of the contract. The accounting policy for PFIs and similar contracts has been applied to these arrangements and the assets are valued at £227.89m (£217.077m in 2019/20) are recognised as Property, Plant and Equipment in the Council's Balance Sheet.

The operators' models were examined to identify the service element of the unitary charge. Where that charge could not be clearly separated the relevant costs were obtained from the models and a margin was applied to the costs to provide an amount for the service costs. The margin used was based on advice received from expert external advisors. The service element of the unitary charge is inflated annually by an agreed indicator (e.g., RPI) as per the contract.

The implicit interest rate (IIR) was calculated by discounting the non-service element of the unitary charge at a rate that brings it back to the fair value of the asset. The fair value of the asset is taken as the construction or refurbishment costs of the scheme. The IIR calculated is compared to the closing swap rate in the financial model to check the reasonableness of the assumptions made.

**6.3 Investment Properties**

The Council has reviewed all assets to ensure they meet the accounting policy for investment properties (i.e. they are solely used to earn rentals and / or for capital appreciation) and as a result, assets valued on that basis total £476.130m (£475.227m in 2019/20) are recognised as Investment Properties in the Council's Balance Sheet.

**6.4 Classification of Financial Assets**

Under IFRS9 (Financial Instruments) the valuation method of the Council's equity holdings would be Fair Value through Profit and Loss because the payments received are not solely payments of principal and interest. However, it is the Council's view that the majority of its equity instruments are strategic investments (i.e., are not held for trading) and designating these at Fair Value through Other Comprehensive Income results in a reasonable and reliable accounting policy for the investment.

**6.5 Pooled Budgets**

The new Pooled Budget arrangements commenced on 1 April 2021. The accounting arrangements for the Pool are dependent on whether the Council, has control of the fund. The agreement with the Manchester Clinical Commissioning Group (CCG) states that relevant decisions must have unanimous agreement, all members of the fund hold providers to account for delivery of services and risks are borne in line with the agreement. The Council's view is that the Pool should be accounted for as a joint operation and as a result account for its share of the fund's assets, liabilities, expenditure and income.

**6.6 Lender Option Borrower Option (LOBO) loans**

The Council has £314.750m of LOBO loans. These loans contain options which allow, on specific dates, the lender to alter the interest rate on the loan, and the Council then has an option to decide to either accept the new rate or repay the loan without penalty. These loans have a fixed rate of interest, but the options mean it could change over

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the life of the loan. This means that there cannot be any certainty as to whether the loans will be paid early, and therefore the Council has treated these loans as fixed loans which will run to their existing maturity.

### 6.7 Composition of the Council's Group

The Council undertakes its activities through a variety of undertakings, either under ultimate control or in partnership with other organisations. Those considered to be material are included in the group accounts. Profit and loss, net worth and value of non-current assets for each organisation are considered as a percentage of the Council's single entity accounts to determine those that are material. Turnover, assets and liabilities (including the pension liability) are assessed individually. An entity could be material but still not consolidated (if all of its business is with the Council and eliminated on consolidation) – i.e., the consolidation would mean that the group accounts are not materially different to the single entity accounts. The assessment of materiality also considers qualitative factors such as whether the Council depends significantly on these entities for the continued provision of its statutory services or where there is concern about the level to which the Council is exposed to commercial risk.

### Note 7. Key Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2021 for which there is a risk of adjustment in the following financial year are:

#### 7.1 Revaluation of Property, Plant and Equipment (PPE)

Property, plant and equipment (with the exception of community assets, assets under construction and small value items of vehicles, plant and equipment) are revalued on a periodic basis and tested annually for indicators of impairment. Judgements are required to make an assessment as to whether there is an indication of impairment. This includes examination of capital expenditure incurred in the financial year to ascertain whether or not it has resulted in an increase in value of an asset. Advice has been provided by valuers employed by the Council. If the actual results differ from the assumptions the value of PPE will be over or understated.

The total PPE carrying value of £2,201m includes the following categories of assets that are subject to revaluation: operational land and buildings,

#### 7.2 Revaluation of Investment Property

Investment properties are initially measured at cost. After initial recognition they are measured at fair value – highest and best use. The fair value reflects market conditions at the balance sheet date.

It is estimated that the carrying value of investment property of £476.130m would increase by £4.7m for every 1% increase in valuation.

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### 7.3 Provision for Business Rate Appeals

The Council has made a provision for a reduction in business rate income due to appeals made against rateable values set by the Valuation Office Agency (VOA) of £115.911m. This is based on percentage reductions in rateable values for hereditaments where there was an outstanding appeal on 31 March 2021. This provision includes the estimated impact on 2020/21 income of appeals anticipated to be lodged in future. The percentages used for appeals against the 2010 valuation list are based on information from the VOA on the percentage reductions, per category of property and type of appeal, to the valuation list following previously settled appeals. Appeals raised against hereditaments with larger RVs have been considered separately. The percentage used for the reduction in the 2017 valuation list is based on the percentage that the 2010 list has fallen by adjusted by the reduction in value that has already occurred as a result of the check, challenge, and appeal process.

An increase of 1% in the percentage reduction would have the effect of adding £2.157m to the total provision required (Council's share £2.135m at 99%).

### 7.4 Pensions Liability

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the expected rate of price inflation, the rate at which salaries and pensions are expected to increase, mortality rates and rate of commutation of pensions. A firm of actuaries are engaged by the Pension Fund to provide expert advice about the assumptions to be applied and have calculated this as £949.456m. The effects on the net pension liability of changes in individual assumptions can be measured.

For instance, a 0.1% decrease in the real discount rate assumption would result in an increase in the pension liability of £81.812m, a 1-year increase in life expectancy being £178.685m, a 0.1% increase in the salary increase rate would result in a £7.711m increase in the pension liability and a 0.1% increase in the assumed pension rate increase would result in a £378.471m increase in the pension liability.

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## Note 8. Significant items warranting additional disclosure

The following items of material expenditure occurred during the year:

**Impairment including downward revaluation and reversal of past impairment**  
Impairment and revaluation of property plant and equipment and revaluation of investment properties of £67,402,000 (£42,030,000 in 2019/20) has been included within the surplus / deficit on provision of services:

Significant items warranting additional disclosure	2019/20 £000s	2020/21 £000s
Adults Social Care	174	36
Children's Services	3,507	1,768
Corporate Core	0	450
Neighbourhoods and Highways	3,438	23,391
Growth and Development	431	11,800
Council Wide Costs	1,230	3,394
Housing Revenue Account	5,149	674
Investment properties	28,101	25,889
<b>Total</b>	<b>42,030</b>	<b>67,402</b>

## Note 9. Expenditure and Income Analysis

The Council's expenditure and income is analysed as follows:

Expenditure and Income Analysis	2019/20 £000	2020/21 £000
<b>Expenditure</b>		
Employee Benefit Expenses	543,083	541,625
Other Service Expenses	890,110	898,907
Business Rates Tariff	40,398	39,534
Capital Charges including Depreciation and impairment	150,229	157,145
Interest Payments	38,511	34,738
Pensions Interest Costs	96,006	80,909
Precepts and Levies	68,687	69,166
Payments to Housing Capital Receipts Pool	2,553	2,566
Loss on Disposal of Non-current Assets	52,586	0
<b>Total Expenditure</b>	<b>1,882,163</b>	<b>1,824,591</b>
<b>Income</b>		
Fees, Charges and Other Service Income	(259,837)	(228,848)
Interest and Investment Income	(97,355)	(35,053)

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Expenditure and Income Analysis	2019/20 £000	2020/21 £000
Return on Pension Assets	(72,570)	(64,178)
Capital Charges related income	(170,552)	(52,652)
Income from Council Tax	(161,477)	(172,577)
Business Rates Income	(330,268)	(161,520)
Government Grants and		
Contributions	(777,399)	(1,133,622)
Gain on Disposal of Fixed Assets	(7,129)	(10,483)
<b>Total Income</b>	<b>(1,876,587)</b>	<b>(1,858,932)</b>
<b>Deficit /(Surplus) on the Provision of Services</b>	<b>5,576</b>	<b>(34,341)</b>

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Note 10. Adjustments Between Accounting and Funding Basis Under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice, to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure. It shows the technical items that are removed that do not impact on the funded position and replaces them with other items that are funded.

The table shows the adjustments made in 2019/20:

	Usable Reserves £000's					Total Usable Reserves	Unusable Reserves £000's
	General Fund Reserves	Housing Revenue Account Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve		Total Unusable Reserves
Reversal of items debited or credited to the comprehensive income and expenditure statement:							
Depreciation	(59,002)	0	0	0	(18,107)	(77,109)	77,109
Amortisation of intangible assets	(85)	0	0	0	0	(85)	85
Impairment / revaluation losses charged to the comprehensive income and expenditure statement	(8,780)	(5,150)	0	0	0	(13,929)	13,929
Movement in fair value of investment property	25,194	0	0	0	0	25,194	(25,194)
Financing of capital expenditure on council dwellings	0	0	0	0	18,593	18,593	(18,593)
Capital grants and contributions	106,041	4	0	(35,329)	0	70,716	(70,716)
Revenue expenditure funded from capital under statute	(19,745)	(48)	0	(11,211)	0	(31,004)	31,004
Gain / (loss) on disposal of non-current assets	(52,586)	7,129	0	0	0	(45,457)	45,457
Reversal of items relating to retirement benefits debited or credited to CIES	(130,159)	(301)	0	0	0	(130,460)	130,460
Employers pension contributions and direct payments to pensioners payable in year	57,856	134	0	0	0	57,990	(57,990)
Private finance initiative charges to the HRA	0	8,570	0	0	0	8,570	(8,570)



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	Usable Reserves £000's					Total Usable Reserves	Unusable Reserves £000's
	General Fund Reserves	Housing Revenue Account Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve		Total Unusable Reserves
Reversal of items debited or credited to the comprehensive income and expenditure statement:							
Differences between statutory accounting and amounts recognised as income and expenditure in relation to financial instruments	(4,386)	0	0	0	0	(4,386)	4,386
Amount by which council tax and business rates income adjustment included in the comprehensive income and expenditure statement is different from the amount taken to the general fund in accordance with regulation	(5,904)	0	0	0	0	(5,904)	5,904
Statutory provision for the repayment of debt - minimum revenue provision	23,018	0	0	0	0	23,018	(23,018)
Statutory provision for the repayment of debt - private finance initiatives	3,974	0	0	0	0	3,974	(3,974)
HRA capital receipts to housing central pool	(2,553)	0	2,553	0	0	0	0
Revenue contribution to finance capital	15,305	151	0	0	0	15,456	(15,456)
Premiums and discounts charged to revenue	549	0	0	0	0	549	(549)
Principal repayment of ex-GMC debt	2,370	0	0	0	0	2,370	(2,370)
Capital receipts received	0	0	(19,737)	0	0	(19,737)	19,737
Use of capital receipts reserve to finance capital expenditure	0	0	19,729	0	0	19,729	(19,729)
Write down of long-term debtor	(24)	0	0	0	0	(24)	24
Capital receipts for long term debtors	0	0	(17,534)	0	0	(17,534)	17,534
Transfer to short term accumulated absences account	(155)	0	0	0	0	(155)	155
<b>Total adjustments</b>	<b>(49,070)</b>	<b>10,489</b>	<b>(14,989)</b>	<b>(46,540)</b>	<b>486</b>	<b>(99,623)</b>	<b>99,623</b>

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The table shows the adjustments made in 2020/21:

	Usable Reserves 000's					Total Usable Reserves	Unusable Reserves 000's
	General Fund Reserves	Housing Revenue Account Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve		
Reversal of items debited or credited to the comprehensive income and expenditure statement:							Total Unusable Reserves
Depreciation	(57,954)	0	0	0	(19,558)	(77,512)	77,512
Amortisation of intangible assets	(64)	0	0	0	0	(64)	64
Impairment / revaluation losses charged to the comprehensive income and expenditure statement	(40,839)	(674)	0	0	0	(41,513)	41,513
Movement in fair value of investment property	13,878	0	0	0	0	13,878	(13,878)
Financing of capital expenditure on council dwellings	0	0	0	0	15,916	15,916	(15,916)
Capital grants and contributions	74,213	1,207	0	23,411	0	98,831	(98,831)
Revenue expenditure funded from capital under statute	1,194	(2)	0	(13,360)	0	(12,168)	12,168
Gain / (loss) on disposal of non-current assets	7,989	2,494	0	0	0	10,483	(10,483)
Reversal of items relating to retirement benefits debited or credited to the CIES	(103,552)	(704)	0	0	0	(104,256)	104,256
Employer's pension contributions and direct payments to pensioners payable in year	55,193	375	0	0	0	55,568	(55,568)
Private finance initiative charges to the HRA	0	3,397	0	0	0	3,397	(3,397)
Differences between statutory accounting and amounts recognised as income and expenditure in relation to financial instruments	(1,049)	0	0	0	0	(1,049)	1,049

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	Usable Reserves 000's					Total Usable Reserves	Unusable Reserves 000's
	General Fund Reserves	Housing Revenue Account Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve		
Reversal of items debited or credited to the comprehensive income and expenditure statement:							
Amount by which council tax and business rates income adjustment included in the comprehensive income and expenditure statement is different from the amount taken to the general fund in accordance with regulation	(192,802)	0	0	0	0	(192,802)	192,802
Statutory provision for the repayment of debt - minimum revenue provision	25,662	0	0	0	0	25,662	(25,662)
Statutory provision for the repayment of debt - private finance initiatives	4,022	0	0	0	0	4,022	(4,022)
HRA capital receipts to housing central pool	(2,566)	0	2,566	0	0	0	0
Revenue contribution to finance capital	18,636	154	0	0	0	18,790	(18,790)
Premiums and discounts charged to revenue	533	0	0	0	0	533	(533)
Principal repayment of ex-GMC debt	2,516	0	0	0	0	2,516	(2,516)
Capital receipts received	0	0	(18,278)	0	0	(18,278)	18,278
Use of capital receipts reserve to finance capital expenditure	0	0	21,449	0	0	21,449	(21,449)
Write down of long-term debtor	(24)	0	0	0	0	(24)	24
Capital receipts for long term debtors	0	0	(2,844)	0	0	(2,844)	2,844
Transfer to short term accumulated absences account	(903)	0	0	0	0	(903)	903
Reclassification of Dedicated School Grant (DSG)	2,024	0	0	0	0	2,024	(2,024)
<b>Total adjustments</b>	<b>(193,893)</b>	<b>6,246</b>	<b>2,893</b>	<b>10,051</b>	<b>(3,642)</b>	<b>(178,344)</b>	<b>178,344</b>



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Note 11. Private Finance Initiatives (PFI) and Service Concessions

Undischarged obligations arising from PFI and service concession transactions as at 31 March 2021 were as follows:

Scheme	Liability Repayment £000	Lifecycle Costs £000	Interest Charges £000	Service Charges* £000	Total £000	Indexation	Contract Expiry	Scheme Details
Miles Platting Housing						RPI	2037	Miles Platting – housing refurbishment, maintenance and estate management - services commenced in 2006/07. Total obligation as at start of contract of £496,894,000 to be met from PFI Grant and the Housing Revenue Account.
Payments within 1 year	1,891	3,476	2,578	8,433	16,378			
Payments within 2 to 5 years	8,508	13,902	9,112	36,620	68,142			
Payments within 6 to 10 years	12,665	17,378	8,273	53,297	91,613			
Payments within 11 to 15 years	14,607	17,378	4,199	63,456	99,640			
Payments within 16 to 20 years	4,999	3,476	302	11,628	20,405			
	42,670	55,610	24,464	173,434	296,178			
Plymouth Grove Housing						RPI	2033	Plymouth Grove – housing refurbishment, maintenance and estate management - services commenced in 2003/04. Total obligation as at start of contract of £145,785,000 to be met from PFI Grant
Payments within 1 year	747	730	1,470	2,582	5,529			
Payments within 2 to 5 years	3,322	2,918	5,090	11,524	22,854			
Payments within 6 to 10 years	6,242	3,648	4,002	16,491	30,383			
Payments within 11 to 15 years	3,660	1,459	604	7,082	12,805			
	13,971	8,755	11,166	37,679	71,571			

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Scheme	Liability Repayment £000	Lifecycle Costs £000	Interest Charges £000	Service Charges* £000	Total £000	Indexation	Contract Expiry	Scheme Details
								and the Housing Revenue Account.
Temple School						RPI	2026	Temple School – design, build and maintenance of Temple Primary School – services commenced in 2001/02. Total obligation as at start of contract of £14,617,000 to be met from PFI Special Grant and Dedicated Schools Grant (DSG).
Payments within 1 year	283	0	179	301	763			
Payments within 2 to 5 years	1,541	0	401	1,281	3,223			
	1,824	0	580	1,582	3,986			
Wright Robinson Sports College						RPI	2032	Wright Robinson Sports College - design, build and maintenance of sports college - services commenced in 2007/08. Total obligation as at start of contract of £116,428,000 to be met from PFI Special Grant and
Payments within 1 year	1,224	461	1,221	1,775	4,681			
Payments within 2 to 5 years	5,740	1,844	4,041	7,674	19,299			
Payments within 6 to 10 years	9,522	2,305	2,704	10,995	25,526			
Payments within 11 to 15 years	2,427	488	166	2,552	5,633			
	18,913	5,098	8,132	22,996	55,139			

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Scheme	Liability Repayment £000	Lifecycle Costs £000	Interest Charges £000	Service Charges* £000	Total £000	Indexation	Contract Expiry	Scheme Details
								Dedicated Schools Grant (DSG).
Public Lighting						RPI	2030	Public Lighting – refurbishment and maintenance of street lighting and illuminated street signage – services commenced in 2004/05. Total obligation as at start of contract of £164,300,000 to be met from PFI Special Grant and council resources.
Payments within 1 year	2,212	620	1,246	2,707	6,785			
Payments within 2 to 5 years	10,195	2,479	3,715	11,628	28,017			
Payments within 6 to 10 years	10,588	2,014	1,253	10,616	24,471			
	22,995	5,113	6,214	24,951	59,273			
Brunswick Housing						RPIX	2038	Brunswick – housing refurbishment, maintenance and estate management - services commenced in 2013/14. Total obligation as at start of contract of £258,236,000 to be met from PFI Grant
Payments within 1 year	1,556	0	4,206	2,415	8,177			
Payments within 2 to 5 years	7,467	0	15,379	10,326	33,172			
Payments within 6 to 10 years	7,518	0	16,277	14,322	38,117			
Payments within 11 to 15 years	16,652	0	11,380	16,310	44,342			
Payments within 16 to 20 years	15,368	0	2,699	9,899	27,966			

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Scheme	Liability Repayment £000	Lifecycle Costs £000	Interest Charges £000	Service Charges* £000	Total £000	Indexation	Contract Expiry	Scheme Details
	48,561	0	49,941	53,272	151,774			and the Housing Revenue Account.
Refuse Vehicles Service Concession						Various	2023	Refuse vehicles utilised in the provision of refuse collection services to the Council. The service contract commenced in 2015 and the purchase of new vehicles to be utilised in the contract commenced in 2016.
Payments within 1 year	766	0	69	15,012	15,847			
Payments within 2 to 5 years	3,125	0	162	60,102	63,389			
Payments within 6 to 10 years	933	0	933	46,581	48,447			
<b>Total</b>	<b>153,758</b>	<b>74,576</b>	<b>101,661</b>	<b>435,609</b>	<b>765,604</b>			

\*The service charge included above excludes inflation applied annually using the relevant index.

\*The service charge shown assumes no deductions will be made for poor performance.

The Brunswick Housing liability is being introduced onto the balance sheet as the work is undertaken.

The Refuse Vehicle Service Concession liability is being introduced onto the balance sheet as assets are purchased.



Note 11a:

The Council has six PFI Schemes and one Service Concession as follows:

- Miles Platting, HRA (Housing) Services PFI Scheme
- Plymouth Grove, HRA (Housing) Services PFI Scheme
- Temple Primary School, Children's Services PFI Scheme
- Wright Robinson, Children's Services PFI Scheme
- Street Lighting, Neighbourhood Services PFI Scheme
- Brunswick, HRA (Housing) Services PFI Scheme
- Refuse Vehicles Service Concession

Each PFI Scheme specifies the start dates for the contractor to begin the work as well as improvement dates for cyclical planned maintenance. The contractor makes the property, plant and equipment needed to provide the services available to the Council for the length of the contract. At the end of the contract the ownership of the property, plant and equipment passes to the Council at no extra charge. The management and maintenance contract with the contractor expires at the end of the PFI Scheme, the contractor does not have an automatic right to renew the contract for a further period but is entitled to re-tender for the contract. If the Council defaults on the terms, the contractor can terminate the PFI Scheme. The Council is entitled to terminate the contract if the contractor defaults.

**HRA (Housing) PFI Schemes**

In each of the Housing PFI Schemes (Miles Platting, Plymouth Grove, Brunswick) the contractor is contracted to improve a specified group of properties in an area to specified standards (the actual number may be affected by demolitions and tenants exercising their Right to Buy (RTB)).

Each Housing PFI Scheme sets out a minimum specification for the standard of maintenance and service provision to the individual properties by the contractor. There are clauses which set out the financial deductions to be applied if these standards are not met.

**Children's Services PFI Schemes**

The School PFI Schemes oblige the contractor to construct, fit out and equip new school buildings and facilities as defined and specified in each of the contracts. The contractor is then obliged to manage and maintain the new facilities for the duration of the life of the PFI Scheme.

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The School PFI Schemes have minimum specifications for service provision/availability. If these are breached (e.g., unavailability of a sports pitch), then financial penalties are payable by the contractor.

Work to increase the number of pupil places at Temple Primary School has been completed. The Council funded the capital works at the school. The PFI contract has been amended to include the management and maintenance of the new facility.

Temple Primary School transferred to academy status during 2018/19.

Wright Robinson Sports College transferred to academy status during 2019/20

### Neighbourhoods PFI Scheme

The Street Lighting PFI Scheme specified that 41,698 streetlights were certified to be replaced during the Initial Apparatus Replacement Programme, plus others to be replaced at others expense (e.g., housing developers). The Scheme also includes an Annual Apparatus Replacement Programme where the contractor is required to replace streetlights on a cyclical basis.

Changes to the Street Lighting PFI contract were negotiated in 2017/18. These related to the procurement and installation of low energy LED street lighting technology and a management system for centralised control. The equipment is designed to deliver long term sustainable benefits and revenue savings, whilst providing high quality lighting to recognised standards.

### Refuse Vehicles Service Concession

The contract to provide refuse collection service to the Council stipulates that new vehicles will be purchased by the contractor to provide these services. The nature of the contract means that it must be classified under the IFRIC12 standard as a Service Concession and the vehicles capitalised on the Council's balance sheet.



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**Note 12. National Health Services Act 2006 Pooled Funds**

Section 75 of the National Health Services Act 2006 enables the establishment of joint working arrangements between NHS bodies and local authorities. Pooled funds enable health bodies and local authorities to work together to address specific health issues.

Manchester Health & Care Commissioning (MHCC), a partnership between Manchester City Council and Manchester Clinical Commissioning Group, was formed as the single commissioner for health, public health and adult social care in April 2017. MHCC has been formed as a committee in common with Manchester CCG in 2018, underpinned by a S75 agreement which delegates commissioning responsibilities from both parties and establishes a single pooled budget, planning, delivery and assurance process. The pooling of the Better Care Fund forms part of these arrangements. The total MHCC Pooled budget for both health and social care is £1.631bn.

MHCC Pooled funding and Expenditure:	2019/20 £000s	2020/21 £000s
<b>Funding</b>		
Manchester City Council	(193,845)	(230,449)
Manchester CCG	(1,021,780)	(1,400,968)
<b>Total Funding</b>	<b>(1,215,625)</b>	<b>(1,631,417)</b>
<b>Expenditure</b>		
Manchester City Council	200,961	225,383
Manchester CCG	1,021,780	1,400,888
<b>Total Expenditure</b>	<b>1,222,741</b>	<b>1,626,271</b>
<b>Overspend/ (Underspend)</b>	<b>7,116</b>	<b>(5,146)</b>

**Better Care Fund**

The Better Care Fund has been established by the Government to provide funds to local areas to support the integration of health and social care. It was a requirement of the Better Care Fund that Manchester Clinical Commissioning Group (CCG) and the Council establish a pooled fund from 1 April 2015 for this purpose.

Better Care Fund	2019/20 £'000's	2020/21 £'000's
<b>Funding</b>		
Manchester City Council	(49,606)	(50,613)
Manchester CCG	(78,219)	(80,064)
<b>Total Funding</b>	<b>(127,825)</b>	<b>(130,677)</b>
<b>Expenditure</b>		

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Better Care Fund	2019/20 £'000's	2020/21 £'000's
New Delivery Models of Integrated Care	86,968	87,317
Protection of Adult Social Care	13,789	14,424
Reablement	18,328	18,550
Care Act Responsibilities	1,590	1,902
Capital Expenditure	7,476	3,921
Total Expenditure	128,151	126,114
Overspend / (Underspend)	326	(4,563)

The underspend of £4.563m is due to Covid restrictions and the impact of the delivery of disabled adaptations against the Disabled Facilities Grant (DFG) of £8.483m. Protocols were put in place during the year to ensure disabled adaptations could still be delivered to those in need, with full protective and social distancing measures and the most vulnerable were supported in their own homes.

The Council is the local Social Services Authority for Manchester within the meaning of the Local Authority Social Services Act 1970 and a commissioner and provider of health and social care services to people of all ages in Manchester. The aims and benefits of the partners in entering into this agreement are to:

- i. give the Council and the CCG greater transparency and control over the use of funding to support local integration of health and care services
- ii. realise benefits from integration in terms of efficiencies in how services are delivered, reducing reactive unplanned health and social care activity and improving long term health outcomes for people
- iii. deliver reform of the local health and care system based on agreed strategic objectives for the Locality Plan and national conditions for use of the Better Care Fund
- iv. protect health and / or social care as relevant to the partners in so far as this delivers the Better Care Fund national conditions.

Further detail can be found in the report to the Manchester Health and Wellbeing Board dated 25 March 2015. The Manchester Health and Wellbeing Board adopted a refreshed version of the Locality Plan on 14 March 2018 and received an update on 31 October 2018 for the Better Care Fund guidance released in July 2018.

The Better Care Fund plan continues to align to the Manchester Locality Plan which has been supported previously by the Health and Wellbeing Board. The locality plan describes the core schemes Local Care Organisation (LCO), Single Commissioning Function and Single Hospital Services which together will bring major transformational change in how the needs of people of Manchester are met.

The Improved Better Care Fund (IBCF) is subject to national conditions. The IBCF will have a focus on the following key areas for the Manchester system:

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- The development of new models of home care, residential and nursing care homes, acknowledging the pressures upon the care market, and the development of reformed models of care that deliver a step change in outcomes and experience for citizens, which offers attractive employment opportunities and scope for career development; and supports the delivery of wider system benefits
- Review and reform (where applicable) adult social care direct provision in readiness for a safe transfer of services to the LCO, recognising the phased approach of services therefore conducting a review of those services that will be retained but transfer to the LCO in later phases.
- Develop an appropriate and effective finance, performance and contract management system infrastructure required to support the delivery of new models of social care delivery
- Short term improvements/here and now pressures, focussing upon high-cost provision, and addressing the system pressures and demand challenges resulting in delayed transfers of care (DTC);

The fundamental ambition behind pooling of resources is to support transformational change. Financial arrangements will support integration and be very different from previous experience, in particular: -

- access to the GM transformation fund, together with pooled resources, will enable investment in the initial phase of implementing new care models for the future.
- investment into the new care models will be tracked in terms of impact on activity levels particularly in the acute sector and in residential care.
- a transition will happen over a four-year period so that existing models of care are gradually replaced with the new integrated models of care.

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Note 13. Financing and Investment Income and Expenditure

The table analyses the figures included in the Comprehensive Income and Expenditure Statement.

Financing and Investment Income and Expenditure:	Re-stated Gross Expenditure 2019/20 £000's	Gross Income 2019/20 £000's	Gross Expenditure 2020/21 £000's	Gross Income 2020/21 £000's
Interest payable on debt	22,442	0	23,241	0
Interest payable on PFI unitary payments	12,317	0	11,497	0
Interest income / expense on the defined benefit pension scheme	96,006	(72,570)	80,909	(64,178)
Investment interest income	0	(26,294)	0	(34,673)
Rentals received on investment properties	0	(22,840)	0	(21,125)
Expenses incurred on investment properties	2,858	0	2,779	0
Change in fair value of investment properties	28,101	(53,295)	25,888	(39,766)
Dividends receivable	0	(71,061)	0	(380)
Impairment loss allowance on debtors	4,672	0	10,286	0
Impairment of financial assets	0	0	228	0
(Gain) / Loss on trading accounts	0	(8)	0	37
<b>Total</b>	<b>166,396</b>	<b>(246,068)</b>	<b>154,828</b>	<b>(160,085)</b>

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**Note 14. Taxation and non-specific grant income**

The table analyses the figure included in the taxation and non-specific grant income line of the Comprehensive Income and Expenditure Statement.

Taxation and non-specific grant income:	2019/20 £000	2020/21 £000	
Council Tax Income	(161,477)	(172,577)	a
Business Rates Income	(330,268)	(161,520)	b
Business Rates Tariff	40,398	39,534	c
Business Rates Section 31 Grants	(27,228)	(172,117)	d
Enterprise Zone Relief Grant	(1,926)	(911)	e
Tax Income Guarantee	0	(19,219)	f
Education Services Grant	(1,260)	(1,251)	
New Homes Bonus Grant	(8,202)	(8,864)	g
Housing Benefit and Council Tax Support Administration Grant	(3,716)	(4,283)	
Winter Pressures Grant	(2,666)	0	h
Returned Business Rates Levy Share	(600)	0	
Returned Business Rates Growth from GMCA	(4,750)	(3,831)	i
Waste Reserves Refund	(5,901)	0	
Private Finance Initiative Grant (General Fund)	(6,580)	(6,580)	
Improved Better Care Fund	(28,149)	(30,816)	j
Children's and Adults Social Care Grant	(4,555)	(17,564)	k
COVID-19 Emergency Funding	(18,589)	(46,582)	l
COVID-19 Sales, Fees & Charges	0	(12,422)	m
COVID New Burdens Grant	0	(396)	n
Other Revenue Grants	(779)	(179)	
Adjustment on concessionary interest loan	3,752	1,223	o
Capital Grants and contributions	(106,045)	(75,420)	p
<b>Total taxation and non-specific grant income</b>	<b>(668,541)</b>	<b>(693,774)</b>	

a. Council Tax Income has increased due to an increase in the Council Tax Base and amount payable including for social care and hardship funding allocating £150 to accounts for the most vulnerable residents.

b. The introduction of Expanded Retail Discount, which offered 100% relief to retail, hospitality and leisure businesses, resulted in an additional relief award of £148.471m in 2020/21 which reduced collection. In addition, the 2020/21 collection rate reduced by 9.86%, from 97.77% in 2019/20 to 87.91% in 2020/21.

c. Business Rates Tariff is the amount paid to government to adjust income from business rates and bring it into line with the government's assessment of baseline funding level required.

d. Business Rates Section 31 grants are paid by government to compensate authorities for loss of business rates income due government policy announcements.



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These include the extension small business rates relief, capping the increase in business rates to 2% along with other measures announced in the Government's Budget Statements. The introduction of expanded retail and nursery relief in 2020/21 has resulted in an additional Section 31 grants being received.

e. The government refunds the costs of business rate discounts awarded within the Enterprise Zones.

f. The Tax Income Guarantee scheme was introduced in 2020/21, where Government fund 75% of council tax and business rates losses by comparing budgeted collection to actual collection with adjustments.

g. New Homes Bonus (NHB) grant is based on a rolling four years of legacy payments. The total has increased as achievement in the additional year added in 2020/21 was higher than the earliest year in 2019/10 which has fallen out.

h. Winter Pressures Grant to help local areas ease winter pressure on the NHS and reduce delayed transfers of care ended due to the pandemic. This has been rolled into the Improved Better Care Grant and £2.666m was received in 2020/21.

i. Returned Business Rates growth from Greater Manchester Combined Authority (GMCA). A share of the 100% rates retention benefit is passed to GMCA each year of the pilot. This represents the return of unspent funds from the prior year, which are returned to the Council.

j. The Improved Better Care Fund is allocated to local authorities to fund social care. From 2017 the Spending Review made available social care funds for local government. The Council's allocation in 2020/21 was £30.816m and includes £2.666m of Winter Pressures Grant.

k. The Children's and Adults Social Care Grant was announced in the October 2018 budget with the stated aim of reducing demand on the NHS and improving the social care offer for older people, people with disabilities and children. In 2021/21 £1bn of additional grant was made available for both adult and children's social care giving the Council an allocation of £17.564m.

l. COVID Emergency Funding to support local authorities in responding to the COVID19 pandemic. The Council's allocation was £46.582m in 2020/21, made up of £15.167m tranche 2, £7.085m tranche 3 and £24.330m tranche 4 (tranche 1 of £18.589m was received in March 2020)

m. COVID Sales, Fees and Charges income loss funding was provided by Government to cover 71.25% of estimated income lost (75% grant to cover 95% of estimated income loss due to the pandemic).

n. New Burdens funding to implement and administer business support grants, business rates relief of £338k and Council Tax hardship allocations of £58k

o. The Council has received interest free loans of £8.5m from the Homes England repayable in 2024 and £20.1m from Salix repayable until 2025. This amount represents the write back of the total saving recorded at the time the interest free loan was taken out.

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p. The Capital Grants and Contributions include Basic Need Grant (to fund additional school places), Schools Capital Maintenance Funding, Disabled Facilities Grant for adaptations to homes, Arts Council England grant funding for the Factory project and contributions from developers.

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**Note 15. Revenue grants credited to the Comprehensive Income and Expenditure Statement**

The table analyses the revenue grants credited to Net Cost of Services in the Comprehensive Income and Expenditure Statement

Revenue grants credited to the Comprehensive Income and Expenditure Statement:	2019/20 £000s	2020/21 £000s	
Dedicated Schools Grant	(312,022)	(320,642)	
Pupil Premium	(24,285)	(23,735)	
Housing and Council Tax Support	(191,853)	(180,009)	(a)
Private Finance Initiative Grant (Housing Revenue Account)	(23,586)	(23,374)	
Education and Skills Funding Agency Grants	(10,364)	(7,796)	(b)
Asylum Seekers Grant	(7,843)	(7,670)	
Universal Free School Meals Grant	(4,692)	(4,866)	
Sixth Form Funding Grant	(550)	(417)	
Troubled Families Grant	(2,106)	(3,044)	
Independent Living Fund	(1,984)	(1,984)	
Youth Justice Board Grants	(1,261)	(1,257)	
Department for Education - (Inherited Staff Liabilities)	(1,045)	(966)	
Homelessness Grant	(4,584)	(4,090)	
Home Office Grants – Elections	(1,892)	(319)	(c)
Home Office Grants - Arena Enquiry	(1,676)	0	
Home Office Grant – Prevent Strategy	(856)	(1,158)	
PE and Sports Grant	(1,916)	(2,092)	
Teachers Pay Grant	(2,271)	(2,552)	
Talk English Grant	(2,629)	(215)	(d)
Additional School Grant including Teacher Pension grant for maintained schools and COVID emergency support for schools	(4,576)	(11,177)	(e)
COVID 19 Grants	0	(38,710)	(f)
Business Support Grant	0	(22,041)	(g)
Other Grants	(2,726)	(3,551)	(h)
<b>Total revenue grants credited to the Comprehensive Income and Expenditure Statement</b>	<b>(604,717)</b>	<b>(661,665)</b>	

(a) Housing and Council Tax Support has reduced in line with reduced expenditure.

(b) Education and Skills Funding Agency Grant reflected in 2019/20 included £2.173m carried forward from previous year as this relates to academic year rather than financial. The reduction in 2020/21 is due to the removal of Coordination Funding and one-off Education and Skills Funding Agency Adult Education Grant which totalled £426k in 2019/20.

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- (c) Elections Grant reduced due to postponed and cancelled elections
- (d) Talk English Grant reflected in 2019/20 included £0.727m carried forward from the previous year as this relates to academic year rather than financial. In 2020/21 the funding arrangements for Talk English were revised and authorities were to bid individually to MHCLG, where previously the Council facilitated the national Talk English project, which explains the reduction in funding.
- (e) Additional School Grant includes £7.864m Teacher Pension Grant which reflects a full year grant (2019/20 reflects only 2 academic terms), £2.943m COVID support for schools and £370k other school grants
- (f) COVID 19 grants – a breakdown of these grants is shown in the narrative report.
- (g) Business Support Grant to provide support to businesses impacted by local restrictions and national lockdowns
- (h) Other Grants includes European grants for climate change initiatives (Zero Carbon Cities and Grow Green) at £0.618m and other Government grants totalling £4.091m

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Note 16. Officers' Emoluments and Senior Employees' Remuneration

Employee Remuneration

The Accounts and Audit Regulations require the disclosure of employees' remuneration in excess of £50,000 excluding the remuneration details of the Council's senior employees, which are disclosed separately.

Non-schools based staff

The 4 staff who are shown separately as having received severance or other related payments left as part of the operation of an Efficiency Early Release Scheme. Budget cuts have required the deletion of circa 160 posts and an Efficiency Early Release Scheme was offered to non-schools based staff (on a voluntary basis) as part of achieving this reduction - 4 of the staff leaving under the scheme were in receipt of remuneration in excess of £50,000 and are therefore disclosed separately within this note

The number of non-schools based staff in each salary band over £50,000 split between those staff who have not received severance or other related payments and those who have is shown in the table.

Non-schools based staff Emoluments	2019/20 Staff Who Have Not Received Severance or Other Related Payments	2019/20 Staff Who Have Received Severance or Other Related Payments	2019/20 Total	2020/21 Staff Who Have Not Received Severance or Other Related Payments	2020/21 Staff Who Have Received Severance or Other Related Payments	2020/21 Total
£50,000 - £54,999	91	0	91	104	0	104
£55,000 - £59,999	27	0	27	53	1	54
£60,000 - £64,999	23	0	23	20	0	20
£65,000 - £69,999	14	0	14	19	0	19
£70,000 - £74,999	23	0	23	24	0	24
£75,000 - £79,999	17	1	18	10	0	10
£80,000 - £84,999	10	1	11	20	0	20
£85,000 - £89,999	6	0	6	7	0	7
£90,000 - £94,999	2	0	2	3	0	3
£95,000 - £99,999	4	0	4	5	0	5
£100,000 - £104,999	1	0	1	5	1	6

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Non-schools based staff Emoluments	2019/20 Staff Who Have Not Received Severance or Other Related Payments	2019/20 Staff Who Have Received Severance or Other Related Payments	2019/20 Total	2020/21 Staff Who Have Not Received Severance or Other Related Payments	2020/21 Staff Who Have Received Severance or Other Related Payments	2020/21 Total
£105,000 - £109,999	3	0	3	4	0	4
£115,000 - £119,999	0	0	0	1	0	1
£125,000 - £129,999	1	0	1	0	0	0
£130,000 - £134,999	1	0	1	1	0	1
£140,000 - £145,999	1	0	1	0	0	0
£145,000 - £149,999	0	0	0	1	0	1
£155,000 - £159,999	0	0	0	0	1	1
£165,000 - £169,999	0	0	0	0	1	1
<b>Total</b>	<b>224</b>	<b>2</b>	<b>226</b>	<b>277</b>	<b>4</b>	<b>281</b>

Schools based staff

The number of schools-based staff in each salary band over £50,000 split between those staff who have not received severance or other related payments and those who have is shown in the table.

Schools based staff Emoluments	Staff Who Have Not Received Severance or Other Related Payments 2019/20	Staff Who Have Received Severance or Other Related Payments 2019/20	Total 2019/20	Staff Who Have Not Received Severance or Other Related Payments 2020/21	Staff Who Have Received Severance or Other Related Payments 2020/21	Total 2020/21
£50,000 - £54,999	62	0	62	76	0	76
£55,000 - £59,999	39	0	39	41	0	41
£60,000 - £64,999	19	0	19	24	0	24
£65,000 - £69,999	18	0	18	16	0	16

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Schools based staff Emoluments	Staff Who Have Not Received Severance or Other Related Payments 2019/20	Staff Who Have Received Severance or Other Related Payments 2019/20	Total 2019/20	Staff Who Have Not Received Severance or Other Related Payments 2020/21	Staff Who Have Received Severance or Other Related Payments 2020/21	Total 2020/21
£70,000 - £74,999	35	0	35	12	0	12
£75,000 - £79,999	5	0	5	15	1	16
£80,000 - £84,999	9	0	9	2	0	2
£85,000 - £89,999	3	0	3	10	0	10
£90,000 - £94,999	3	0	3	4	0	4
£95,000 - £99,999	1	0	1	1	0	1
£100,000 - £104,999	1	0	1	0	0	0
£105,000 - £109,999	2	0	2	3	0	3
£110,000 - £114,999	1	0	1	1	0	1
£125,000 - £129,999	1	0	1	0	0	0
£130,000 - £134,999	0	0	0	1	0	1
<b>Total</b>	<b>199</b>	<b>0</b>	<b>199</b>	<b>206</b>	<b>1</b>	<b>207</b>

**Note 16a. Senior Employees' Remuneration**

The following Council employees are classed as senior employees as they received a salary in excess of £150,000 (disclosed by name) or received a salary in excess of £50,000 and are part of the Council's Strategic Management Team or are in a designated post that is required to be disclosed (disclosed by job title).

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Senior Employees' Remuneration	Salary, Fees or Allowances		Expenses Allowance		Employer's Contribution to Pension		Employer's Contribution to Early Retirement Costs		Severance Payments	
	2019/20 £	2020/21 £	2019/20 £	2020/21 £	2019/20 £	2020/21 £	2019/20 £	2020/21 £	2019/20 £	2020/21 £
Chief Executive, Joanne Roney	202,878	208,457	0	0	38,750	38,565	0	0	0	0
Deputy Chief Executive and City Treasurer (Section 151 Officer), Carol Culley	153,000	157,208	0	0	29,223	29,083	0	0	0	0
City Solicitor (Monitoring Officer)	127,357	136,312	0	0	24,325	25,218	0	0	0	0
Strategic Director (Neighbourhoods)	126,013	130,859	0	0	24,068	24,209	0	0	0	0
Strategic Director of Children and Education Services	142,582	146,503	0	0	27,233	27,103	0	0	0	0
Executive Director of Adult Social Services	124,126	130,859	0	0	23,708	24,209	0	0	0	0
Director of Education	123,797	123,769	0	0	23,645	22,897	0	0	0	0
Director of Population, Health and Wellbeing (Director of Public Health)	104,157	108,853	0	0	14,978	15,653	0	0	0	0
Strategic Director (Development) (a)	142,582	46,393	272	0	27,233	0	0	0	0	0
Strategic Director (Development) (b)	0	113,540	0	0	0	21,005	0	0	0	0



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- (a) The previous post holder left the Council on 31 August 2020
- (b) The new post holder commenced on 22 June 2020

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**Note 17. Exit Packages**

The number of agreed exit packages and the total cost of these within each band is shown in the table. Budget cuts have required the deletion of circa 160 posts and an Efficiency Early Release Scheme was offered to non schools-based staff (on a voluntary basis) as part of achieving this reduction. The table includes staff departing under this scheme and their associated exit costs.

The total cost figures shown include severance and compensation for loss of office payments that have been agreed and accepted at the year end. There were no compulsory redundancies during the financial years 2019/20 and 2020/21.

Exit Packages bands:	2019/20 Number of Staff Departures Agreed	2019/20 Total Cost of Exit Packages £000s	2020/21 Number of Staff Departures Agreed	2020/21 Total Cost of Exit Packages £000s
£0 - £20,000	84	498	95	879
£20,001 - £40,000	4	104	47	1,316
£40,001 - £60,000	0	0	23	1,142
£60,001 - £80,000	1	67	9	597
£80,001 - £100,000	1	89	6	525
<b>Total</b>	<b>90</b>	<b>758</b>	<b>180</b>	<b>4,459</b>

The figures include both schools and non-schools staff.

**Note 18. Audit Fees**

The following amount of fees have been incurred for work carried out by the external auditors:

Audit Fees	2019/20 £000	2020/21 £000
Fees payable to Mazars with regard to external audit services carried out by the appointed auditor	219	159

The Council has incurred an additional audit fee in relation to the external audit of the Statement of Accounts by the Council's External Auditor Mazars LLP for 2019/20; the additional fee has now been approved by Public Sector Appointments Limited.

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Note 19a. Property Plant and Equipment

Movements on property, plant and equipment during 2020/21 were as follows:

	Property, Plant and Equipment						
	Council Dwellings £000s	Other Land and Buildings £000s	Vehicles, Plant, and Equipment £000s	Community Assets £000s	Assets Under Construction £000s	Surplus Assets £000s	Total £000s
Movement in 2020/21 :							
Gross book value brought forward	568,262	1,149,582	113,242	33,814	114,256	138,909	2,118,065
Accumulated depreciation and impairment brought forward	(101)	(48,749)	(53,205)	(853)	0	(4,043)	(106,951)
Net book value carried forward as at 1 April 2020	568,161	1,100,833	60,037	32,961	114,256	134,866	2,011,114
Additions	13,576	16,757	6,419	259	109,568	14,423	161,002
Revaluations recognised in revaluation reserve	83,610	35,869	0	0	0	11,623	131,102
Downward Revaluations recognised in deficit on the provision of services	(675)	(37,408)	0	0	0	(3,393)	(41,476)
Derecognition - disposals	0	(2,812)	0	0	0	0	(2,812)
Transferred (to) held for sale assets	(2,950)	0	0	0	0	2,045	(905)
Other transfers	159	10,586	(95)	4	(7,062)	1,326	4,918
Other movements in cost or valuation - newly recognised leased / PFI assets	(11,416)	0	100	0	12,558	0	1,242
Depreciation	(19,274)	(25,423)	(10,148)	0	0	(706)	(55,551)

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	Property, Plant and Equipment						
	Council Dwellings £000s	Other Land and Buildings £000s	Vehicles, Plant, and Equipment £000s	Community Assets £000s	Assets Under Construction £000s	Surplus Assets £000s	Total £000s
Movement in 2020/21 :							
Impairments charged to the deficit on the provision of services	0	0	(36)	0	0	0	(36)
Impairments covered by the revaluation reserve	(7,996)	0	0	0	0	0	(7,996)
Net book value carried forward as at 31 March 2021	<b>623,195</b>	<b>1,098,402</b>	<b>56,277</b>	<b>33,224</b>	<b>229,320</b>	<b>160,184</b>	<b>2,200,602</b>
Gross book value carried forward	623,171	1,157,178	119,666	34,077	229,320	163,044	2,326,456 4
Accumulated depreciation and Impairment carried forward as at 31 March 2021	24	(58,776)	(63,389)	(853)	0	(2,860)	(125,854)
Net book value carried forward as at 31 March 2021	<b>623,195</b>	<b>1,098,402</b>	<b>56,277</b>	<b>33,224</b>	<b>229,320</b>	<b>160,184</b>	<b>2,200,602</b>

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Movements on property, plant and equipment during 2019/20 were as follows:

	Property, Plant and Equipment						
	Council Dwellings £000's	Other Land and Buildings £000's	Vehicles, Plant, and Equipment £000's	Community Assets £000's	Assets Under Construction £000's	Surplus Assets £000's	Total £000's
Movement in 2019/20:							
Gross book value brought forward	576,037	1,182,498	103,446	32,249	81,602	142,871	2,118,703
Accumulated depreciation and impairment brought forward	(25,653)	(47,476)	(45,720)	(853)	0	(9,644)	(129,346)
Net book value carried forward as at 1 April 2019	550,384	1,135,022	57,726	31,396	81,602	133,227	1,989,357
Additions	18,428	11,888	9,549	1,511	56,682	4,412	102,470
Revaluations recognised in revaluation reserve	26,894	44,187	231	0	0	(1,152)	70,160
Downward Revaluations recognised in the deficit on the provision of services	(5,031)	(6,810)	0	0	0	(1,230)	(13,071)
Derecognition - disposals	0	(50,219)	0	0	0	0	(50,219)
Transferred (to) held for sale assets	(7,461)	0	0	0	0	(4,880)	(12,341)
Other transfers	(2,885)	(2,458)	(239)	53	(24,028)	5,161	(24,396)
Other movements in cost or valuation - newly recognised leased / PFI assets	16,447	0	2,069	0	0	0	18,516
Depreciation	(17,822)	(28,384)	(9,272)	0	0	(673)	(56,151)
Impairments charged to the deficit on the provision of services	0	(828)	(29)	0	0	0	(857)

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	Property, Plant and Equipment						
	Council Dwellings £000's	Other Land and Buildings £000's	Vehicles, Plant, and Equipment £000's	Community Assets £000's	Assets Under Construction £000's	Surplus Assets £000's	Total £000's
Movement in 2019/20:							
Impairments covered by the revaluation reserve	(10,793)	(1,564)	0	0	0	0	(12,357)
Net book value carried forward as at 31 March 2020	568,161	1,100,833	60,037	32,961	114,256	134,865	2,011,114
Gross book value carried forward	568,262	1,149,582	113,242	33,814	114,256	138,909	2,118,065
Accumulated depreciation and impairment carried forward as at 31 March 2020	(101)	(48,749)	(53,205)	(853)	0	(4,043)	(106,951)
Net book value carried forward as at 31 March 2020	568,161	1,100,833	60,037	32,961	114,256	134,866	2,011,114

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**Note 19b. Infrastructure assets**

In accordance with the temporary relief offered by the Update to the Code on Infrastructure Assets this note does not disclose gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resulting information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

The Council has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

The Council has determined that in accordance with the new Regulation 30M of the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

	£000s
<b>Net book value as at 1 April 2020</b>	<b>517,529</b>
<b>Movement in 2020/21</b>	
Additions	45,542
Transferred (to) held for sale assets	(628)
Other transfers	(1,488)
Depreciation	(21,963)
<b>Net book value carried forward at 31 March 2021</b>	<b>538,992</b>

	£000s
<b>Net book value as at 1 April 2019</b>	<b>480,588</b>
<b>Movement in 2019/20</b>	
Additions	51,978
Other transfers	5,922
Depreciation	(20,959)
<b>Net book value carried forward at 31 March 2020</b>	<b>517,529</b>

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**Note 20. Disposal of Assets**

The note shows the value of assets disposed of and the gain and loss on disposal.

	2019/20 £000	2020/21 £000
<b>Disposals of Assets</b>		
Held for Sale - Council dwellings (right to buy)	7,461	2,950
Held for Sale - General Fund	7,515	1,646
Academy Disposals	50,219	2,812
<b>Total</b>	<b>65,195</b>	<b>7,408</b>

**(Gains) and Losses on Disposal of Non-current Assets**

	2019/20 £000	2020/21 £000
<b>(Gains) and Losses on Disposal of Non-current Assets</b>		
Held for Sale - Council dwellings (right to buy)	(3,629)	(1,656)
HRA Other	(3,500)	(838)
Held for Sale General Fund	3,974	408
Academy Disposals	50,219	2,812
Other General Fund Disposals and other Capital Receipts	(1,607)	(11,209)
<b>Total</b>	<b>45,457</b>	<b>(10,483)</b>

**Note 21. Accounting for Local Government Schools**

The Council has the following maintained schools:

Maintained Schools:	Community	Voluntary Controlled	Voluntary Aided	Foundation
Number of schools at 31 March 2021	53	14	43	2
Value of land and buildings 31 March 2021	£324,167,000	N/A	N/A	£16,893,000
Value of land and buildings at 31 March 2020	£325,834,000	N/A	N/A	£17,327,000

**Non-Current assets**

The treatment of land and buildings for each type of school is based on the legal framework underlying each type of school. The Council controls the non-current assets of community schools and foundation schools that are vested with the governing body and therefore the land and buildings of those schools are shown on the Council's balance sheet. The land and buildings of voluntary aided, voluntary



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controlled and foundation schools that are vested with an external trust are owned and controlled by the trustees of the schools or the foundation body and are therefore not shown on the balance sheet of the Council.

Capital expenditure on community and foundation schools vested with the governing body schools is added to the balances for those schools as reported in property, plant and equipment (note 19). Capital expenditure on voluntary aided, voluntary controlled and foundation schools vested with an external trust is treated as REFCUS (Revenue Expenditure Funded from Capital under Statute) expenditure and written off each year to the Comprehensive Income and Expenditure Statement within the Children's Services line.

### Revenue Funding

Dedicated Schools Grant (DSG) is a ring-fenced government grant used to fund the running costs of schools and is credited to the Comprehensive Income and Expenditure Statement within gross income on the Children's Services line based on amounts due from the Department for Education. The running costs of all categories of schools, apart from academies, are shown within the Comprehensive Income and Expenditure Statement.

The DSG is allocated between central council budget and budgets allocated to individual schools (delegated school budgets). Expenditure from central council budgets and delegated schools' budgets is charged to the Comprehensive Income and Expenditure Statement under the Children's Services line.

Individual schools' balances, for all categories of schools apart from academies are included in the balance sheet of the Council within usable reserves (note 38).

Included within the Council's Comprehensive Income and Expenditure Statement and Balance Sheet are the following amounts relating to each category of school.

	Community £000s	Voluntary Controlled £000s	Voluntary Aided £000s	Foundation £000s	Total £000s
Opening schools' reserves	9,553	2,284	3,614	542	15,993
Funding, including DSG	162,204	32,522	103,030	6,555	304,311
Net expenditure incurred by schools	(159,585)	(32,230)	(100,773)	(6,238)	(298,826)
Closing schools' reserves	12,172	2,576	5,871	859	21,478

### PFI Schemes

The Council no longer has schools subject to PFI contracts. Wright Robinson Sports College transferred to academy status during 2019/20 so the buildings are no longer shown on the Council's balance sheet. The related liability is shown on the balance sheet.

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## Note 22. Heritage Assets

Movements on heritage assets during 2020/21 were as follows:

	Fine Art Works	Civic Plate	Monuments Statues Fountains Buildings and other Civic Regalia	Town Hall Sculptures	Total
	£000's	£000's	£000's	£000's	£000's
Cost or valuation					
Balance at 1 April 2020	594,788	2,959	4,112	2,962	604,821
Additions/ Donations	0	0	40	0	40
Revaluations	17,170	0	3,629	0	20,799
Reclassifications	0	0	10,142	0	10,142
Balance at 31 March 2021	611,958	2,959	17,923	2,962	635,802

Movements on heritage assets during 2019/20 were as follows:

	Fine Art Works	Civic Plate	Monuments Statues Fountains Buildings and other Civic Regalia	Town Hall Sculptures	Total
	£000's	£000's	£000's	£000's	£000's
Cost or valuation					
Balance at 1 April 2019	588,700	2,959	4,082	2,962	598,703
Additions/ Donations	0	0	30	0	30
Revaluations	6,088	0	0	0	6,088
Balance at 31 March 2020	594,788	2,959	4,112	2,962	604,821

## a) Heritage Assets Nature and Scale of Assets Held

Manchester City Galleries (Manchester Art Gallery and Platt Hall) currently holds around 46,000 objects in trust on behalf of the People of Manchester. The collection comprises of approximately 13,600 items of fine art, 10,200 items of decorative art, and 22,200 items of costume.

Manchester City Galleries' (MCG) collections are covered by the Greater Manchester Act 1981 whereby financially motivated disposal is prohibited by the Act.

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In addition to the MCG collections, the Libraries, Information and Archives Service holds a collection of rare books, records and archives that have heritage significance relating to Manchester but are also of national significance.

Heritage furniture, civic plate and Lord Mayor's regalia, sculpture, paintings from the Town Hall collection (and also some paintings from the MCG collection) are displayed in appropriate public spaces, selected offices and meeting rooms.

Further details can be found in the following documents:

- Manchester Art Gallery Collection Development Policy 2016
- Resource and Governance Overview and Scrutiny Committee 17 November 2011 – Heritage Assets Report

### b) Heritage Asset Management and Preservation

#### Manchester City Galleries Collection

The management and care of the collection is overseen by the Deputy Director, in partnership with the Senior Curator, Senior Registrar and Senior Conservator.

Public access to the collections and collection information is delivered in a variety of ways:

- Gallery displays and temporary exhibitions at Manchester Art Gallery and Platt Hall.
- Education and outreach activities.
- Web-based information, including the galleries website with searchable database, social networking sites, and the Art UK website.
- Access in store to researchers and interested individuals/groups by arrangement.
- Loans out to UK and international museums and galleries, or other venues.

The collections are assessed and conserved in the conservation studios at Queens Park by highly specialised, fully trained conservators.

The condition of the art works is maintained through a programme of effective collection care to reduce damage and deterioration by reducing risk from physical damage (including handling), theft and vandalism, fire and water/flood, inappropriate relative humidity, light and pollutants.

Further details can be found in the following documents:

- Manchester City Galleries Constitution
- Manchester Art Gallery Strategic Plan 2016-2020
- Manchester City Galleries Procedures Manual 2016
- Manchester City Galleries Collections Development Policy 2016-19 (Amended July 2017)
- Manchester City Galleries Loans Policy 2016-2019
- Manchester City Galleries Conservation and Collection Care Policy 2016 - 2019
- Manchester City Galleries Handling Guidelines 2016

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- Manchester City Galleries Collection Information Policy 2016-2019

#### Fine Art Works and Civic Plate, Lord Mayors Regalia, Model of HMS Manchester, Town Hall Sculptures, Furniture

Management of the collection is assisted with advice from Manchester City Galleries. Database records are currently held by MCG on a Ke Emu electronic collection database. Viewing of the items is via a combination of both public display and pre-arranged access to storage areas.

Items in the collection are stored and displayed in a manner which will aid their preservation. Specialised cleaning is performed as and when necessary.

#### c) Heritage Assets Accounting Policies

##### Manchester City Galleries Collections

Specified items (those valued over £100,000) are included in the balance sheet at market valuation.

In the case of loss or damage the recoverable amount may be less than the full market valuation as works over £200,000 are insured at 75% of market value up to a threshold cap of £7,000,000.

Non-specified works are grouped. Where they have a market valuation, they are included in the balance sheet at that value, otherwise the insurance valuation has been used.

Over the course of the year the valuations of works which are due to go out on loan are checked and amended if necessary. Valuations are also updated on an incidental basis if a curator becomes aware that a particular work may have increased or decreased in value based on comparative works sold at auction. Changes in value during 2020/21 resulted in an increase in value of £17,170,000 (2019/20 £6,088,000).

##### Civic Plate / Lord Mayors Regalia / Model of HMS Manchester

These items are included in the balance sheet at insurance valuation.

##### Sculptures

The sculptures are deemed to have indefinite lives; hence the Council does not consider it appropriate to charge depreciation.

##### Furniture

These items are included in the balance sheet at a nominal value until a more detailed and appropriate valuation can be obtained. The assets within this category are deemed to have indeterminate lives; hence the Council does not consider it appropriate to charge depreciation.

The majority of the heritage furniture, paintings and social history material (including civic gifts) from the Town Hall have been moved to an offsite storage location during the Town Hall restoration project. A selection of furniture and the Lord Mayor's regalia has been retained for use in the Lord Mayor's rooms in Central Library. The Town Hall sculpture collection has been relocated to various venues within the Council's Estate, or on loan to other venues in the city.

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**Statues and Monuments in the Public Realm**

These items are included in the balance sheet at a nominal value plus some relocation and enhancement costs.

The assets will be included at this value until a more detailed and appropriate valuation can be obtained.

The assets within this category are deemed to have indefinite lives; hence the Council does not consider it appropriate to charge depreciation.

**d) Heritage Assets carried as other asset types****Listed Buildings**

Manchester has 84 listed buildings and related assets such as the Town Hall, Central Library, Heaton Hall, bridges and areas of parks. The Council also has custody of scheduled ancient monuments including the City Centre Hanging Bridge and the moated sites to Clayton Hall and Peel Hall in addition to a number of other monuments, statues and fountains.

Listed buildings, such as the Town Hall complex, are actively used in the delivery of Council services. In accounting terms, they have been classified as operational assets and reported and valued as Property, Plant and Equipment in the same way as other assets of this type.

**Statues / Fountains**

Statues and Fountains situated in open spaces are classified as street furniture. As no insurance valuation is available and cannot be obtained at a cost which is commensurate with the benefits to users of the financial statements these assets have not been recognised in the balance sheet.

**Rare Books, Records and Archives**

Rare books, records and archives that have heritage significance relating to Manchester. As no insurance or market valuation is available and cannot be obtained at a cost which is commensurate with the benefits to users of the financial statements these assets have not been recognised in the balance sheet.

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**Note 23. Valuation of Property, Plant and Equipment**

The Council's non-current assets are valued on the balance sheet in accordance with the statement of asset valuation principles and guidance notes issued by the Royal Institution of Chartered Surveyors (RICS):

- plant and machinery is included in the valuations of buildings when it is an integral part of the building
- properties classified as operational, excluding council dwellings, were valued on the basis of net realisable value in existing use or, where a market did not exist, on the basis of depreciated replacement cost
- council dwellings were valued at existing use value - social housing
- community assets have been valued at historic cost net of depreciation
- assets under construction are held at historic cost until brought into use.
- surplus assets have been valued on the basis of market value for the highest or best use

Depreciation has been calculated using a straight-line method (i.e., apportioned equally over each year of the life of the asset) for all assets. The estimated useful life of each property is determined by a qualified valuer and updated at each valuation. Land and assets not yet available for use (assets under construction) are not depreciated.

Council dwellings are valued annually. All other assets, with the exception of those valued at historic cost net of depreciation, are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their value at year end, but as a minimum every five years. Valuations have been undertaken during the year by internal Council valuers, Jacobs and Capita, for council dwellings, external valuers commissioned by the Council. Jacobs have provided indexation factors for the percentage increase in value from the date of the last valuation to 31 March 2021 for each category of asset. This is based on comparable evidence of market transactions of similar transactions nearby.

The Valuers have determined the appropriate method of valuation having regard to the assets' physical and economic characteristics. Assets are valued using the depreciated replacement cost approach where there is no active market for the asset being valued, that is, where there is no relevant evidence of recent sales transactions due to specialist nature of the asset. Where recent transactions can be identified, the Valuer has adopted the existing use value method, where rental value is capitalised at a rate determined by the type, quality and location of the asset. The assumptions made by the valuer include the application of an appropriate rental value and capitalisation rate. This is based on comparable evidence of market transactions of similar assets nearby.

A large proportion of the Council's property, plant and equipment (PPE) asset value is comprised of properties valued using the Depreciated Replacement Cost (DRC) method of valuation.

Inspections of PPE were carried out in 2020/21 as part of the Council's revaluation process. As a result of these inspections the Council recognised revaluations of PPE

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in the revaluation reserve of £131,102,000 reflecting the revaluation movement since the last revaluation of these assets.

The Council also performed impairment reviews where there were impairment indicators, such as a change in use or capital expenditure in excess of £500,000 during the year. Downward valuations were charged against the revaluation reserve to the extent there was a credit balance in the reserve for the individual asset. Amounts in excess of the credit balance in the reserve were charged to the Comprehensive Income and Expenditure Statement. This has resulted in £41,476,000 in relation to PPE being charged to the Comprehensive Income and Expenditure Statement.

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The following table lists the value of each type of property, plant and equipment with the year of their last valuation:

	Council Dwellings £000s	Other Land and Buildings £000s	Vehicles, Plant and Equipment £000s	Community Assets £000s	Assets Under Construction £000s	Surplus Assets £000s	Total £000s
Historical Cost	0	0	55,791	33,224	229,320	0	318,335
Valuation in Year:							
2015/16	0	492	0	0	0	0	492
2016/17	0	17,231	0	0	0	7,593	24,824
2017/18	0	9,164	0	0	0	7,242	16,406
2018/19	0	242,098	136	0	0	21,247	263,480
2019/20	0	684,780	349	0	0	11,674	696,803
2020/21	623,195	144,637	0	0	0	112,430	880,263
<b>Total</b>	<b>623,195</b>	<b>1,098,402</b>	<b>56,277</b>	<b>33,224</b>	<b>229,320</b>	<b>160,185</b>	<b>2,200,602</b>

### Surplus Assets

#### Fair Value Hierarchy

Details of the Council's surplus properties and information about the fair value hierarchy as at 31 March is as follows:

		31 March 2020 £000s	31 March 2021 £000s
<b>Surplus Assets</b>			
Other significant inputs*	Level 2	21,917	13,249
Significant unobservable inputs*	Level 3	112,949	146,935
<b>Total</b>		<b>134,866</b>	<b>160,184</b>

\*see fair value hierarchy categorisation at the end of note for additional information.

All surplus property has been valued in accordance with IFRS13 under the fair value hierarchy. The fair value measurement requires the valuer to determine:

- the highest and best use of the asset and whether it is used in combination with other assets or on a stand-alone basis
- what is legally, physically and financially feasible
- the market in which an orderly transaction would take place for the asset



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- the appropriate valuation technique to use maximising the use of relevant observable inputs (market data such as market rents and yields or actual information about transactions such as lease details or covenant strength) and minimising observable inputs (these are inputs where market data is not available and are developed using the best information available about the assumptions market participants would use when pricing the asset such as comparable land or property values. Where such evidence is not available the use of sales values and cost of development to produce a residual value has been used).

The fair value of surplus assets has been measured using the market valuation technique and has taken account of the following factors - market evidence of capital values, location, size, layout, knowledge of planning requirements and potential development costs. As the future use of these assets is yet to be determined, the current use cannot be assumed to be highest and best, however in estimating the fair value of surplus properties, the highest and best use of the properties has been adopted in accordance with the Code.

There have been transfers between the levels of the fair value hierarchy that have been deemed to be occurred: totalling £12,962,000 between the levels of fair value hierarchy from level 2 to level 3 during 2020/21. These included: Land at Water Street / New Elm Street and land adjacent to Beetham Tower.

These assets were previously held at level 2 of the fair value hierarchy (quoted prices other than quoted prices in level 1 that are observable for the asset or liability, either directly or indirectly) as they were carried at acquisition cost.

Subsequent revaluation of these as at 31 March 2021 were based on level 3 inputs (level 3 inputs are unobservable inputs for an asset or liability that are used to measure fair value in circumstances where market data is not available as there is little, if any, market activity for the asset or liability at the measurement date). This move between levels is due to the lack of observable, comparable market data.

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## Reconciliation of Fair Value Measurements Categorised within Level 3 of the Fair Value Hierarchy

	2019/20 £000	2020/21 £000
<b>Reconciliation of Fair Value Measurements:</b>		
Balance at 1 April	106,235	112,949
Transfers to surplus assets	5,292	3,373
Transfers between levels	300	11,017
Total (losses) included in deficit on provision of services resulting from changes in the fair value	(796)	(3,154)
Total gains / (losses) included in other comprehensive income and expenditure	(1,152)	11,623
	<b>109,879</b>	<b>135,808</b>
Additions	3,743	11,833
Depreciation	(673)	(706)
<b>Balance at 31 March</b>	<b>112,949</b>	<b>146,935</b>

Total losses included in deficit on provision of services resulting from changes in the fair value are shown within council wide costs in the Comprehensive Income and Expenditure Statement.

## Fair Value Hierarchy

## Level 1

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the balance sheet date. A quoted market price in an active market provides the most reliable evidence of fair value.

## Level 2

Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset, either directly or indirectly.

Level 2 inputs include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in markets that are not active

Inputs other than quoted prices that are observable for the asset or liability, for example:

- Interest rates and yield curves

## Level 3

Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data,

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taking into account all information about market participant assumptions that is reasonably available.

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**Note 24. Assets Held For Sale**

Assets are categorised as held for sale when an asset is available for immediate sale in its present condition, the sale is highly probable, it is being actively marketed (if applicable) and the sale is expected to be within one year of classification as held for sale.

Movements on assets held for sale during the year were as follows:

Assets Held For Sale	£000s
Net book value at 31 March 2019	11,773
Movement in 2019/20	
Reclassifications	12,341
Disposals	(14,975)
Revaluations	335
Net book value carried forward at 31 March 2020	9,474
Movements in 2020/21	
Reclassifications	1,534
Disposals	(4,596)
Revaluations	(73)
Net book value carried forward at 31 March 2021	6,339

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Note 25. Assets Recognised Under PFI and Similar Arrangements

Movements on PFI and similar arrangements assets and liabilities during the year were as follows:

	Energy Services £000s	Temple Primary School £000s	Plymouth Grove Housing £000s	Miles Platting Housing £000s	Brunswick Housing £000s	Public Lighting £000s	Wright Robinson Sports College £000s	Refuse Vehicles Service Concession £000s	Total £000s
Net book value at 31 March 2019	78	0	25,686	56,421	39,830	61,175	40,683	4,131	228,004
Movement in 2019/20									
Expenditure	0	0	149	0	0	8,118	0	0	8,267
Newly recognised assets	0	0	0	0	16,447	0	0	2,069	18,516
Disposals	0	0	0	0	0	0	(40,258)	0	(40,258)
Reclassifications	0	0	(578)	(571)	(550)	0	0	0	(1,699)
Depreciation	(7)	0	(774)	(1,865)	(1,274)	(2,772)	(425)	(694)	(7,811)
Revaluations	0	0	3,942	9,162	(957)	0	0	0	12,147
Impairments	0	0	(89)	0	0	0	0	0	(89)
Net book value carried forward at 31 March 2020	71	0	28,336	63,147	53,496	66,521	0	5,506	217,077
Movement in 2020/21									
Expenditure	0	0	240	0	0	726	0	0	966
Newly recognised assets	0	0	0	0	1,142	0	0	0	1,142
Reclassifications	0	0	(41)	(190)	(223)	0	0	0	(454)
Depreciation	(8)	0	(1,036)	(2,206)	(1,455)	(2,690)	0	(782)	(8,177)
Revaluations	0	0	1,920	11,719	3,556	0	0	100	17,295
Net book value carried forward as at 31 March 2021	63	0	29,419	72,470	56,516	64,557	0	4,824	227,849

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Wright Robinson Sports College transferred to Academy status during 2019/20.

	Energy Services £000s	Temple Primary School £000s	Plymouth Grove Housing £000s	Miles Platting Housing £000s	Brunswick Housing £000s	Public Lighting £000s	Wright Robinson Sports College £000s	Refuse Vehicles Service Concession £000s	Total £000s
Deferred liability brought forward	241	2,292	15,294	47,043	38,715	27,038	21,144	4,131	155,898
Movement in 2019/20									
Additional liability	0	0	0	0	16,447	0	0	2,089	18,536
Write down of liability	(241)	(219)	(633)	(2,552)	(5,535)	(1,957)	(1,080)	(714)	(12,931)
Deferred liability carried forward as at March 2020	0	2,073	14,661	44,491	49,627	25,081	20,064	5,506	161,503
Movement in 2020/21									
Additional liability	0	0	0	0	1,142	0	0	100	1,242
Write down of liability	0	(249)	(690)	(1,822)	(2,208)	(2,086)	(1,150)	(782)	(8,987)
Deferred liability carried forward as at March 2021	0	1,824	13,971	42,669	48,561	22,995	18,914	4,824	153,758

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## Note 26. Assets Held as Lessee

## Operating Leases

The Council has obtained the right to use printers and multi-functional devices by entering into operating leases.

The Council has entered into a number of leases relating to offices and land. The leases vary in length from short-term leases to those with terms over 600 years.

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

	31 March 2020 £000s	31 March 2021 £000s
Not later than one year	5,536	5,391
Later than one year and not later than five years	19,083	17,461
Later than five years	71,663	68,542
<b>Total</b>	<b>96,282</b>	<b>91,394</b>

## Lease payments made:

	2019/20 £000s	2020/21 £000s
Minimum lease payments	5,146	5,246
<b>Total</b>	<b>5,146</b>	<b>5,246</b>

The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

	2019/20 £000s	2020/21 £000s
Corporate Core	356	430
Growth and Development	4,790	4,816
<b>Total minimum lease payments</b>	<b>5,146</b>	<b>5,246</b>

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## Note 27. Assets Held as Lessor

## Operating Leases

The Council has leased out a number of offices, industrial premises and land to various organisations for both community use and economic development purposes. The leases vary in length and are all classed as operating leases.

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

	31 March 2020 £000s	31 March 2021 £000s
Not later than one year	16,794	16,071
Later than one year and not later than five years	60,977	60,038
Later than five years	861,161	931,273
<b>Total minimum lease payments</b>	<b>938,932</b>	<b>1,007,382</b>

The large increase in operating lease income later than 5 years is due to a new lease to Manchester Airport Holdings Ltd.

The minimum lease payments do not include rents that are contingent on events taking place after the lease has been entered into, such as adjustments following rent reviews.



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**Note 28. Investment Properties**

The value of income generating investment properties classed as operating leases is £474,469,000 (£474,880,000 in 2019/20). The balance of investment properties are held for capital appreciation purposes.

These assets are classed as investment properties because they are held to solely earn rentals during the year and are not used by the Council in delivering its services. As these assets are classed as investment properties no depreciation charge has been made in 2019/20 or 2020/21.

	2019/20 £000s	2020/21 £000s
Rental income from investment property	(22,840)	(21,125)
Direct operating expenses arising from investment property	2,858	2,779
<b>Net gain</b>	<b>(19,982)</b>	<b>(18,346)</b>

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

	Investment Properties £000s
<b>Net book value carried forward as at 1 April 2019</b>	<b>422,814</b>
Movement in 2019/20	
Expenditure	8,746
Reclassifications	18,473
Movement in fair value of investment property	25,194
<b>Net book value carried forward as at 31 March 2020</b>	<b>475,227</b>
Movement in 2020/21	
Expenditure	599
Reclassifications	(13,574)
Movement in fair value of investment property	13,878
<b>Net book value carried forward as at 31 March 2021</b>	<b>476,130</b>

**Fair Value Hierarchy**

All properties within the Council's investment portfolio have been value assessed as Level 2 on the fair value hierarchy for valuation purposes (accounting policy 5.2.33 provides an explanation of the fair value levels).

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

The fair value of investment property has been measured using a market approach, which takes into account quoted market prices for similar assets in active markets, existing lease terms and rentals, research into market evidence including market rentals and yields, covenant strength for existing tenants and data and market knowledge gained in managing the Council's investment asset portfolio. Market

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conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised as level 2 on the fair value hierarchy.

There has been no change in the valuation techniques used during the year for investment properties.

#### Highest and Best Use

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

#### Valuers

The investment properties were valued in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS) by Jacobs, external valuers engaged by the Council.

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## Note 29. Capital Expenditure and Capital Financing

	2019/20 £000s	2020/21 £000s
Opening Capital Financing Requirement	1,528,528	1,496,477
<b>Expenditure</b>		
Property, plant and equipment	102,470	161,002
Infrastructure	51,978	45,542
Investment properties	8,746	599
Heritage assets	30	40
Revenue expenditure funded from capital under statute*	31,004	12,168
Intangible assets	57	0
Long term debtors	59,342	112,166
Investment in share capital	1,870	4,230
	255,497	335,747
Assets acquired under finance lease / PFI arrangements	18,516	1,242
Novation of long-term debtors	(154,577)	0
<b>Funding Resources</b>		
Revenue contributions	(15,456)	(18,791)
Capital Receipts	(19,729)	(21,449)
Major Repairs Reserve	(18,594)	(15,916)
Government grants	(42,658)	(63,340)
External contributions	(28,059)	(35,490)
Minimum Revenue Provision	(26,991)	(29,684)
	(151,487)	(184,670)
Closing Capital Financing Requirement	1,496,477	1,648,796
HRA	298,095	299,237
Non HRA	1,198,382	1,349,559
Closing Capital Financing Requirement	1,496,477	1,648,796
<b>Explanation of Movement in Year</b>		
Minimum Revenue Provision	(26,991)	(29,684)
Increase in underlying need to borrow	131,001	180,761
Assets acquired under finance lease / PFI arrangements	18,516	1,242
Novation of long-term debtors	(154,577)	0
	(32,051)	152,319

The novation of long-term debtors relates to the transfer to the Greater Manchester Combined Authority (GMCA) of investments made using Housing Investment Fund and City Deal Receipts funding, following the novation of the associated debt to the GMCA. With both the debt and the associated investments being novated, the CFR requires an adjustment to reflect this.

\* Legislation allows some expenditure to be classed as capital expenditure even though it does not result in the recognition of a non-current asset on the Council's

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balance sheet (i.e., grants and expenditure on property not owned by the Council). This enables the expenditure to be funded by capital resources, rather than charging the General Fund and impacting upon the year's council tax.

Further analysis of the capital expenditure incurred is shown in the narrative report.

### Note 30. Contracted Capital Commitments

Many capital schemes take two or more years to complete. At the Balance Sheet date the main contractual commitments relating to ongoing schemes for the enhancement of assets were as follows:

	2020 £000s	2021 £000s
Housing	10,680	14,919
Education	244	8,933
Indoor Leisure	382	19,475
The Factory	65,866	41,470
Our Town Hall	12,799	210,462
Street Lighting	1,649	380
Alexandra House	5,936	385
Highways Investment Programme	4,752	3,535
Gorton Health Hub	107	20
Carbon Reduction Programme	2,344	1,953
Civic Quarter Heat Network	7,788	159
<b>Total</b>	<b>112,547</b>	<b>301,691</b>

There are no contracted capital commitments related to the acquisition of property, plant and equipment.

In 2020/21 the Our Town Hall Project entered into the major contracts for the main construction phase.

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## Note 31. Investments

The Council has the following long-term investments:

	31 March 2020 £000s	31 March 2021 £000s
<b>Investments in organisations included in the group statements</b>		
Manchester Airports Holdings Ltd Share Capital	112,354	112,354
Manchester Airports Holdings Ltd (C Shares)	1,870	5,700
Destination Manchester Ltd Share Capital	10,200	10,200
<b>Other long-term investments</b>		
<b>Investments in subsidiaries not included in the group statements</b>		
Manchester Mortgage Corporation Plc Share Capital	146	142
<b>Investments in associates and joint ventures not included in the group statements</b>		
National Car Parks (Manchester) Ltd Share Capital	2,147	0
Eastlands Development Company Limited	1,155	1,155
Matrix Homes Ltd	5,079	5,413
Mayfield Developments	4,000	4,000
	<b>136,951</b>	<b>138,964</b>
<b>Total other long-term investments</b>	<b>12,536</b>	<b>12,403</b>
<b>Total Long-Term Investments</b>	<b>149,487</b>	<b>151,367</b>

The investments in Manchester Airports Holdings Ltd (apart from the C shares, which relate to a car park investment) and Destination Manchester Ltd are shown at cost.

All other investments are held at fair value, either at quoted price or based on the Council's share of reserves of the company.

The joint venture with National Car Parks (National Car Parks (Manchester) Ltd ended in December 2020. The Council car park assets came back into the Council with effect from 1 January 2021 and are now managed and operated within the Council.

The Council still holds a stake in the Joint venture, but due to adverse trading conditions during the pandemic the Company was entered into administration on 5 July 2021.

At 31 March 2021 the Council had no short-term investments; 31 March 2020, £20.098m with Bank of Scotland (£5.010m), HSBC (£5.087m), Nat West (£0.001m)

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and Rotherham Metropolitan Borough Council (£10.000m). These are classed as short-term investments as they have been invested for a period greater than three months but less than twelve months.

The table shows summarised financial information for the Council's joint venture for 2019/20 and 2020/21. These figures show the Council's share of the joint venture's results:

	2019/20 £000s	2020/21 £000s
<b>Council's share of Manchester Airports Holdings Ltd</b>		
Total current assets as at 31 March	298,626	219,994
Total long-term assets as at 31 March	1,496,112	1,534,275
Total current liabilities as at 31 March	154,851	86,052
Total long-term liabilities at 31 March	1,162,164	1,312,897
Total income	315,737	63,403
Total expenditure	264,830	203,025

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**Note 32. Debtors and Payments in Advance**

As the balance sheet date represents the position at the end of the financial year, there are monies owed to the Council at that date which are yet to be received in cash. The following analysis shows the amounts owed to the Council which had not been received at 31 March.

The Council also makes impairment loss allowance for outstanding monies which it is anticipated will not be recovered. These amounts are then deducted from the total value of debtors shown in the accounts. An analysis of this impairment of debt is shown in the table:

	31 March 2020 £000s	31 March 2021 £000s
<b>Short term debtors and payments in advance</b>		
<b>Debtors included in the Financial Instruments note</b>		
Government departments	30,211	69,210
Other local authorities	35,687	27,833
NHS bodies	7,358	8,795
Public corporations	1,503	0
Housing rents	7,599	8,450
Destination Manchester Ltd / Manchester Central Ltd	750	750
All other bodies (external to government) - trade organisations and individuals	123,455	133,408
	206,562	248,446
<b>Impairment of Debt</b>		
Housing rents	(6,356)	(6,663)
Other	(63,369)	(71,709)
	136,837	170,074
<b>Debtors not included in the Financial Instruments note</b>		
HM Revenue and Customs	6,657	8,103
Government departments payments in advance	0	117
Council tax	61,502	72,993
Business rates	28,914	56,367
All other bodies (external to government) payments in advance	7,400	6,324
<b>Impairment of Debt</b>		
Council tax	(47,203)	(55,119)
Business rates	(23,253)	(45,450)
<b>Total</b>	<b>170,855</b>	<b>213,410</b>

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a. The collection rate of both council tax and business rates reduced in 2020/21. Council tax was down by 2.65% from 92.80% in 2019/20 to 90.15% in 2020/21; and business rates down by 9.86%, from 97.77% to 87.91% in 2020/21; as a result, there has been an increase in the impairment allowance for non-collection.

An analysis of business rates and council tax debtors outstanding for over 30 days not impaired is shown in the table.

	31 March 2020 £000s	31 March 2021 £000s
Less than three months	902	1,196
Three to six months	1,003	1,364
Six months to one year	2,105	2,758
More than one year	15,950	23,473
<b>Total</b>	<b>19,960</b>	<b>28,791</b>

## Long Term Debtors

These are amounts which are owed to the Council which are being repaid over various periods longer than one year. Long-term debt which has become due in less than twelve months has been reclassified as short-term debt.

	31 March 2020 £000s	31 March 2021 £000s	
<b>Amounts falling due after one year:</b>			
<b>Debtors included in the Financial Instruments note</b>			
Former Greater MC debt	24	0	(a)
Private Sector Housing Loans	10,842	11,349	(b)
Equity Mortgages	2,952	2,163	(c)
Matrix Homes	8,889	9,561	(d)
Biffa Municipal	4,379	3,974	(e)
Manchester Quays Riverside	4,288	4,287	(f)
Manchester College	17,596	19,378	(g)
Manchester Airports Holdings Ltd	218,713	356,098	(h)
Destination Manchester Ltd / Manchester	16,407	15,657	(i)
Other	2,985	2,766	(j)
	<b>287,075</b>	<b>425,233</b>	
<b>Debtors not included in the Financial Instruments note</b>			
PFI prepayments	23,156	21,400	(k)
<b>Total</b>	<b>310,231</b>	<b>446,633</b>	



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a - This debtor relates to loan advances in respect of undertakings transferred to the former Greater Manchester Council and are repayable by the Greater Manchester Metropolitan Debt Administration Fund.

b - These debtors relate to loans to individuals given to carry out works to their properties or to provide relocation assistance following compulsory purchase orders. These loans are accounted for as embedded derivatives or soft loans. The amount relating to embedded derivatives is an estimate of the amount to be repaid based on the amount of loans outstanding adjusted by the Land Registry House Pricing Index. The amount relating to soft loans is based on the amount to be repaid reduced by the amount of foregone interest as these loans are offered at below market rates of interest.

c - These debtors relate to the balance due to the council from the mortgagee 10 years after the granting of equity mortgages.

d - This debtor relates to a technical loan for the grant of long-term leases to Matrix Homes and includes accrued long-term interest.

e - This debtor relates to a loan made to the company to purchase equipment to provide services to the Council.

f - This debtor relates to a loan made to Manchester Quays Riverside Ltd in connection with the St John's development.

g - This debtor relates to a loan made to Manchester College

h - These debtors relate to long-term loan advances made to Manchester Airports Holdings Ltd to assist in the financing of approved capital works. A loan of £83.168m was renegotiated during 2009/10 and includes debt that was previously the responsibility of the Greater Manchester Debt Administration Fund. Advances totalling £124.25m have been made during 2018/19 and £106.451m in 2020/21. These loans are to contribute towards capital works at Manchester and Stansted Airports. This long-term debtor includes accrued interest of £42.228m.

i - This debtor relates to loans made to the company.

j - This debtor relates to loans made to other organisations.

k - These debtors relate to amounts paid to contractors as part of the unitary charge where works will take place at a later date.

### Note 33. Creditors and Receipts in Advance

As the Council's Balance Sheet represents the financial position at the end of the financial year, these are monies owed by the Council at that date which have yet to be paid. There are also amounts which the Council has received before the end of the financial year which relates to services which have not yet been provided. This

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analysis shows the amounts owed which had not yet been paid and the amounts received in advance as at 31 March.

	31 March 2020 £000s	31 March 2021 £000s
<b>Short Term Creditors and Receipts in Advance:</b>		
<b>Creditors classed as Financial Instruments</b>		
Government departments	7,514	49,838
Other local authorities	28,083	12,350
NHS bodies	535	2,486
Public corporations	1	128
Financial institutions	1,447	643
Housing rents	2,653	2,783
Other bodies (external to government) - trade organisations and individuals	102,406	126,952
	142,638	195,180
<b>Creditors not classed as Financial Instruments</b>		
Government departments receipts in advance	34,816	2,572 (a)
Other local authorities receipts in advance	201	815
NHS bodies receipts in advance	87	218
Other bodies (external to government) receipts in advance	7,165	4,601
HM Revenue and Customs	8,083	10,071
Council tax	7,986	10,316
Business rates	15,620	11,094
<b>Total</b>	<b>216,596</b>	<b>234,867</b>

(a) The decrease in government department receipts in advance mainly relates to the 2020/21 section 31 business rates grants (£29m) which were paid in March 2020 by central government to assist councils with cash flow during the COVID19 pandemic.

These are amounts which are owed by the Council which are being repaid over various periods longer than one year. Long-term creditors which have become due in less than twelve months have been reclassified as short-term creditors.

	31 March 2020 £000s	31 March 2021 £000s
<b>Amounts falling due after one year</b>		
<b>Creditors classed as Financial Instruments</b>		
Equity mortgages - share of proceeds	1,004	736
Homes and Communities Agency re Matrix Homes	239	290
<b>Total</b>	<b>1,243</b>	<b>1,026</b>

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## Capital Grants Receipts in Advance

	31 March 2020 £000s	31 March 2021 £000s
Capital Grants Receipts in Advance:		
Carrington Reinstatement Deposit	801	801
Contributions from Private Developers	8,942	8,619
<b>Total</b>	<b>9,743</b>	<b>9,420</b>

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Note 34. Analysis of Long-term Borrowing

a. To Balance Sheet Date

The table shows the outstanding long-term borrowing at 31 March:

	31 March 2020 £000s	Range of Interest Rates Payable		Average Interest %	31 March 2021 £000s
		From %	To %		
<b>Analysis of loans by type</b>					
Public Works Loans Board	150,000	2.4300	2.4700	2.4500	150,000
Market Loans	412,102	0.1000	6.8438	3.3109	408,990
Government Debt	22,437	0.0000	0.0000	0.0000	18,708
Stocks	858	4.0000	4.0000	4.0000	858
<b>Total Outstanding</b>	<b>585,397</b>				<b>578,556</b>
<b>Analysis of loans by maturity</b>					
1-2 years	9,663				11,884
2-5 years	23,537				15,319
5-10 years	1,431				749
after 10 years	550,766				550,604
<b>Total by maturity</b>	<b>585,397</b>				<b>578,556</b>

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**b - To Maturity**

The table includes the outstanding long-term borrowing at the balance sheet date (as per the table above) plus interest due to the date of maturity of the outstanding loans. This provides details of future commitments if the loans are held to the date of maturity.

	31 March 2020 £000s	Range of Interest Rates Payable		Average Interest %	31 March 2021 £000s
		From %	To %		
<b>Analysis of loans by type</b>					
Public Works Loans Board	289,112	2.4300	2.4700	2.4500	285,437
Market Loans	1,119,395	0.1000	6.8438	3.3109	1,098,497
Government Debt	22,437	0.0000	0.0000	0.0000	18,707
Stocks	1,890	4.0000	4.0000	4.0000	1,856
<b>Total Outstanding</b>	<b>1,432,834</b>				<b>1,404,497</b>
<b>Analysis of loans by maturity</b>					
1-2 years	31,134				33,133
2-5 years	86,856				78,409
5-10 years	106,541				105,860
after 10 years	1,208,303				1,187,095
<b>Total by maturity</b>	<b>1,432,834</b>				<b>1,404,497</b>

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**Note 35. Deferred Liabilities**

The note shows the amounts owed by the Council, split between short term (amounts owed in less than 12 months) and long term (amounts owed in more than 12 months) on the balance sheet.

Deferred Liabilities:	31 March 2020 £000s	Short Term 31 March 2020 £000s	Long Term 31 March 2021 £000s	Repaid in year £000s	Additions in year £000s	31 March 2021 £000s	Short Term 31 March 2021 £000s	Long Term 31 March 2021 £000s
Ex GMC debt	5,146	2,503	2,643	(2,492)	0	2,654	2,654	0
Private Finance Initiatives	155,997	8,205	147,792	(8,205)	1,142	148,934	8,723	140,211
Service Concession	5,506	745	4,761	(782)	100	4,824	766	4,058
<b>Total</b>	<b>166,649</b>	<b>11,453</b>	<b>155,196</b>	<b>(11,479)</b>	<b>1,242</b>	<b>156,412</b>	<b>12,143</b>	<b>144,269</b>

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Note 36. Provisions

Provisions are established to meet liabilities or losses which are likely or certain to be incurred, but the amounts or timings are uncertain.

These have been split between short term (amounts owed in less than 12 months) and long term (amounts owed in more than 12 months) on the balance sheet.

The Council has established the following provisions:

Provision type:	31 March 2020 £000s	Transfers in year £000s	Amounts used in year £000s	Contributions in year £000s	Amounts released in year £000s	31 March 2021 £000s	Short Term 31 March 2021 £000s	Long Term 31 March 2021 £000s
Compensation provisions	9,541	4,675	4,866	3,194	(2,462)	10,273	6,194	4,079
Insurance provision (including HRA)	3,413	1,380	2,033	1,603	(1,774)	3,242	2,682	560
Provision for business rate appeals	90,999	24,872	66,127	39,952	(15,039)	115,911	10,377	105,534
Various other provisions	776	643	133	169	(73)	872	739	133
<b>Total</b>	<b>104,729</b>	<b>31,570</b>	<b>73,159</b>	<b>44,918</b>	<b>(19,348)</b>	<b>130,298</b>	<b>19,992</b>	<b>110,306</b>

a - The compensation provisions have been set up to compensate claimants for claims received by the Council as at 31 March 2021. These claims will be paid as the amount of compensation is agreed for each case. The amounts of the provisions have been calculated based on an estimate of the likely settlement of the claims. There is no expected reimbursement to fund these claims.

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b - The insurance provision includes amounts in relation to Municipal Mutual Insurance. In January 1994, the Council's then insurer, Municipal Mutual insurance (MMI) made a Scheme of Arrangement with its creditors. Under this scheme, claims are initially paid out in full, but if the eventual winding up of the company results in insufficient assets to meet all liabilities, a clawback clause will be triggered, which could affect claims already paid.

On 13 November 2012, the Directors of MMI triggered the Scheme of Arrangement. This was because solvent run off could not be foreseen and there was no alternative to insolvent liquidation.

A Levy Notice was issued on 1 January 2014 by the Scheme Administrator at a rate of 15% on established scheme liabilities exceeding £50,000 in aggregate. A further levy notice was issued on 1 April 2016 stating that the levy should now be set at 25%.

The rate of Levy may be adjusted by the Scheme Administrator if, following a review of the financial position of MMI, he determines that the rate requires to be increased or decreased. Any such adjustment would be applied to the carried forward gross payments at that time.

Based on the most recent insurance data, £4.064m claims had already been paid with outstanding claims of £0.851m. This gives a total of £4.915m for which a provision of £1.229m (25%) has been made at 31 March 2021.

c - Following the partial localisation of business rates from 1 April 2013 the Council is required to make a provision for its share of the estimated settlement value of appeals against business rates. For the 2010 list this provision has been estimated using information received from the Valuation Office Agency (VOA) on appeals settled and outstanding. For the 2017 rating list the assumption has been made that the reduction in income due to appeals will be a similar percentage to the prior lists. The Council cannot be certain as to when these appeals will be settled as it is dependent on the timing of their settlement by the VOA. This provision has been determined on the assumption that current outstanding appeals will be settled in line with previous experience. The Council's share of the provision is 99% as a result of the Council participating in the 100% rates retention pilot (the remaining 1% is attributable to the GMCA fire and rescue element). Settled appeals will be charged to the provision once determined by the VOA.



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**Note 37. Financial Instruments**

The Council's treasury management policy complies with the CIPFA Code of Practice on Treasury Management (Revised November 2009). This was adopted by the Council on 7 March 2012. In accordance with best practice, the City Treasurer has undertaken a review of the policy and is satisfied that the policy is relevant and complete.

The Council's treasury management activities are managed through a central loans and investment account. Operating a central loans and investment account enables the Council to borrow on advantageous terms, minimise administration costs and dampen the effects of large interest rate changes. In 2020/21 the average net rate of interest paid and received was 3.02% (3.24% in 2019/20).

A financial instrument is any contract that results in a financial asset in one entity and a financial liability or equity shareholder in another.

**Financial Instruments Balances**

	Long-Term		Current		Total	
	31 March 2020 £000s	31 March 2021 £000s	31 March 2020 £000s	31 March 2021 £000s	31 March 2020 £000s	31 March 2021 £000s
<b>Financial Liabilities at Amortised Cost:</b>						
Borrowings	585,397	578,556	32,904	184,675	618,301	763,231
Deferred Liabilities	155,196	144,269	11,453	12,143	166,649	156,412
Creditors	1,243	1,026	142,638	195,180	143,881	196,205
<b>Total Financial Liabilities</b>	<b>741,836</b>	<b>723,851</b>	<b>186,995</b>	<b>391,998</b>	<b>928,831</b>	<b>1,115,848</b>
<b>Financial Assets</b>	Long-Term		Current		Total	
	31 March 2020 £000s	31 March 2021 £000s	31 March 2020 £000s	31 March 2021 £000s	31 March 2020 £000s	31 March 2021 £000s
Amortised cost	287,075	425,233	290,919	219,338	577,994	644,572
Designated Fair value through other comprehensive income - designated	25,363	26,859	0	0	25,363	26,859
Fair value through profit and loss	1,570	1,954	0	0	1,570	1,954
<b>Total Financial Assets</b>	<b>314,008</b>	<b>454,046</b>	<b>290,919</b>	<b>219,338</b>	<b>604,927</b>	<b>673,384</b>

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The Council's treasury management strategy during the year was to undertake short-term borrowing when cash was required, due to the significant market uncertainty. Therefore, in the table above, current borrowings have increased.

Assets that are classed as fair value are valued at a quoted market value where this is available (level 1 of the fair value hierarchy). Where investments are not quoted the value of that investment has been taken as the Council's share of the reserves of the company invested in (level 2 of the fair value hierarchy).

## Fair Value of Assets and Liabilities

	Carrying Amount		Fair Value	
	31 March 2020 £000s	31 March 2021 £000s	31 March 2020 £000s	31 March 2021 £000s
<b>Liabilities</b>				
Public Work Loans Board	150,614	150,604	149,939	164,471
Market debt	442,256	589,355	646,772	837,393
Government debt	24,564	22,403	23,422	21,712
Stocks	867	867	1,178	1,204
<b>Total Borrowings</b>	<b>618,301</b>	<b>763,229</b>	<b>821,311</b>	<b>1,024,780</b>
Ex GMC debt	5,146	2,654	5,146	2,654
PFI and service concessions liabilities	161,503	153,758	161,503	153,758
Trade creditors	143,881	196,206	143,881	196,205
<b>Total Financial Liabilities</b>	<b>928,831</b>	<b>1,115,847</b>	<b>1,131,841</b>	<b>1,377,397</b>
	Carrying Amount		Fair Value	
	31 March 2020 £000s	31 March 2021 £000s	31 March 2020 £000s	31 March 2021 £000s
<b>Assets</b>				
Cash and cash equivalents	133,984	49,265	133,984	49,265
Long term investments	26,932	28,813	26,933	28,813
Short term investments	20,098	0	20,098	0
Trade debtors	423,912	595,307	446,690	623,922
<b>Total Financial Assets</b>	<b>604,925</b>	<b>673,385</b>	<b>627,705</b>	<b>702,000</b>

For the purposes of the notes to the accounts, all assets and liabilities are given a fair value, although this is only shown in the balance sheet for fair value through profit and loss and fair value through other comprehensive income assets. For many financial instruments the fair value will be the same as the outstanding principal amount, but for others there could be a significant difference.

Fair value is the price that would be received to sell an asset or paid to transfer a liability at the measurement date in the principal market for the asset or liability or in the absence of a principal market, the most advantageous market.

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The fair values for PWLB, market and Government debt were determined by reference to new loan rates on the Gilt market as at the balance sheet date as there is no active market for similar assets at this time and include accrued interest as this provides a sound approximation for the fair value for these instruments (level 2). By way of comparison, if the fair values were calculated with reference to PWLB redemption rules and prevailing PWLB redemption rates, they would be £209,350,000 for PWLB debt, £22,350,000 for Government debt and £1,005,810,000 for market debt.

Fair value for PFI, service concessions and finance leases cannot be obtained as there is no comparable information available and has therefore been shown at the carrying amount.

## Income, expense, gains and losses

	2019/20		2020/21	
Income, expense, gains and losses:	Deficit on the provision of services £000s	Other comprehensive income and expenditure £000s	Surplus on the provision of services £000s	Other comprehensive income and expenditure £000s
<b>Net (gains)/losses on:</b>				
Financial assets measured at fair value through profit or loss	534	0	(384)	0
Financial assets measured at amortised cost	547	0	228	0
Investments in equity instruments designated at fair value through other comprehensive income	0	980	0	2,734
<b>Total net (gains)/losses</b>	<b>1,081</b>	<b>980</b>	<b>(156)</b>	<b>2,734</b>
Interest income	(26,294)	0	(34,673)	0
Interest expense	34,759	0	34,738	0

The increase in interest income is due to a loan advanced, and classed a long-term debtor, to Manchester Airport Group during 2020/21.

## Nature and extent of risk arising from Financial Instruments and the management of those risks

## Key Risks

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

Credit Risk - the possibility that other parties might fail to pay amounts due to the Council.

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Liquidity Risk - the possibility that the Council might not have funds available to meet its commitments to make payments.

Refinancing Risk - the possibility that the Council might be required to renew financial instruments on maturity at a disadvantageous interest rate or terms.

Market Risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements.

### Overall Procedures for Risk

The Council's overall risk management procedures focus on the unpredictability of financial markets and implementing restrictions 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 in the maturity structure of its debts.
  - Its maximum and minimum exposures in the maturity structure of its debts.
  - Its maximum and minimum 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 counter parties with Government Guidance.

These are required to be reported and approved annually before the start of the year to which they relate. These items are reported with the annual Treasury Management Strategy and actual performance is also reported semi-annually to Members.

The annual Treasury Management Strategy was approved by Council on 6 March 2020. The strategy is available on the Council's website.

### 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 managed through the Annual Investment Strategy which was approved by full Council on 5 March 2021. This strategy is available on the Council's website. Some of the key areas of the strategy are as follows:

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Specified Investments are investments in sterling denomination, with maturities up to a maximum of one year. All specified investments meet the minimum “high” ratings criteria where applicable. Examples of the investments used are:

- Term deposits – Other Local Authorities
- Term deposits – Banks and building societies
- Money Market Funds

Non-specified investments are any other type of investment than specified. The Council does not make use of this type of investment.

#### Investment Limits

The financial investment limits of banks and building societies are linked to their Fitch (or equivalent) long-term ratings, as follows:

#### Banks and Building Societies

Fitch or Equivalent AA+ and above	£20 million
Fitch or Equivalent AA/AA-	£15 million
Fitch or Equivalent A+/A	£15 million
Fitch or Equivalent A-	£10 million
Fitch or Equivalent BBB+	£10 million

#### Other

Debt Management Office	£200 million
Greater Manchester Combined Authority	£200 million
Other local authorities	£20 million

Credit quality of counter parties (issuers and issues) and investment schemes will be determined by reference to credit ratings published by Fitch, Moody's and Standard and Poor's rating agencies. The Council's minimum long-term, short-term and other credit rating criteria, which are considered sufficient for each category of investment, will be adhered to at all times. Since the 2009/10 financial year, in response to the continuing economic uncertainty and financial difficulties faced by some banks the Council has restricted fixed deposits to UK banks and building societies and has limited fixed deposits to a time period of 3 months. The Council continued to rely on market intelligence as well as credit ratings, credit outlooks and additional information to alert it to institutions possibly facing financial difficulties.

As at the balance sheet date, the amounts included within the cash and cash equivalents figure above held with banks and financial institutions (excluding other local authorities) can be analysed by potential credit loss:

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Deposit	Fitch Short Term rating	Moody's Short-Term rating	S&P short term rating	Amount at 31 March 2021 £000's	Assessed Risk of Default	Estimated value at risk £000's
Bank of Scotland	F1	P-1	A-1	15,000.0	0.02%	3
NatWest Bank	F1	P-2	A-2	1.0	0.05%	0
Barclays Bank	F1	P-1	A-1	12,400.0	0.02%	2

The Council does not expect any losses from these investments.

#### Monitoring of credit ratings

A - All credit ratings will be monitored on a continual basis and reviewed weekly. The Council is alerted by Link Asset Services (formerly Capita), its external Treasury Management advisors, to changes in the Fitch, Moodys and Standard and Poor's rating agencies ratings daily.

B - If a downgrade results in the counter party/investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.

C - If a counter party/investment scheme is upgraded so that it fulfils the Council's criteria, the Deputy Chief Executive and City Treasurer will have the discretion to include it on the lending list.

For all financial assets held at amortised cost the Council has reviewed the creditworthiness of each relevant organisation to ascertain the likely 12-month impairment. For those with indications of financial distress the Council has provided for lifetime impairment losses.

The trade debtor amount is £673,679,000 and the estimated exposure to default is £78,372,000.

#### Liquidity Risk

The Council has ready access to borrow from the money markets to cover any day-to-day cash flow need, and from 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 Council manages its liquidity risk position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system as required by the CIPFA Code of Practice, this seeks to ensure that cash is available when it is needed.

The maturity analysis of financial assets, net of any impairment, is as follows:

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Maturity analysis of financial assets:	31 March 2020 £000	31 March 2021 £000
Less than 1 year	290,170	218,589
Between 1 year and 2 years	2,340	2,318
Between 2 and 3 years	2,290	6,618
More than 3 years	310,125	445,859
Total	604,925	673,385

### Refinancing and Maturity Risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures listed 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 placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the central treasury management team address the operational risks within the approved parameters. This includes: monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer-term investments provide stability of maturities and returns in relation to the longer-term cash flow needs.

The Council has £314,750,000 lender option borrower option (LOBO) loans. These have fixed rates of interest, but the lender may seek to increase interest rates at which point the Council has the option to repay the loan. As there is no certainty as to whether these loans will be repaid early, the Council has treated these loans as fixed loans which will run to maturity.

The maturity analysis of financial liabilities is as follows:

Maturity analysis of financial liabilities:	31 March 2020 £000	31 March 2021 £000
Less than 1 year	185,853	391,187
Between 1 year and 2 years	20,975	20,914
Between 2 and 5 years	52,861	46,186
Between 5 and 10 years	51,168	48,218
More than 10 years	617,974	609,340
Total	928,831	1,115,846

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**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 Comprehensive Income and Expenditure Statement will rise.
- borrowings at fixed rates – the fair value of the borrowing liability will fall.
- investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise.
- investments at fixed rates – the fair value of the assets will fall.

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 Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Comprehensive Income and Expenditure Statement and effect the General Fund Balance.

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

The Council tries to maximise its income on temporary investment and minimise its interest costs on temporary and long-term borrowing.

The maximum interest rate increase that could be expected in the current climate is assessed at 0.50%. This would only apply to the net short-term investments. The Council also has a number of LOBO loans that can be called at periods. There is the risk that these may have to be refinanced at a higher rate.

- LOBO risk (loans potentially subject to call £104,750,000 @ 0.5%) = £523,750.

**Price Risk**

The Council, excluding the pension fund, does not generally invest in equity shares but does have shareholdings at a cost of £151,367,000 in a number of organisations including those within its group. Whilst these holdings are generally illiquid, the Council is exposed to losses arising from movements in the prices of the shares or



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

**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.

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Note 38. Usable Reserves

The Council maintains a number of reserves on the Balance Sheet. Some are held for statutory reasons, some are needed to comply with proper accounting practice, and others have been set up voluntarily to earmark resources for future spending plans.

Movements on the Council's usable reserves in 2019/20 were as follows:

2019/20	31 March 2019 £000s	IFRS9 Transition £000s	Transfers between reserves £000s	Transfers to reserves £000s	Transfers from reserves £000s	31 March 2020 £000s	
<b>a) Reserves Held for Capital Purposes</b>							
Capital Receipts Reserve	(81,860)	0	0	(37,271)	22,282	(96,849)	a(1)
Major Repairs Reserve	(2,913)	0	0	(18,107)	18,593	(2,427)	a(2)
Capital Grants Unapplied Reserve	(57,516)	0	0	(117,256)	70,717	(104,055)	a(3)
<b>Total Reserves Held for Capital Purposes</b>	<b>(142,289)</b>	<b>0</b>	<b>0</b>	<b>(172,634)</b>	<b>111,592</b>	<b>(203,331)</b>	
<b>Reserves Held for Revenue Purposes</b>							
<b>b) Schools Reserves</b>							
Local Management of Schools	(25,358)	0	0	0	13,646	(11,712)	b(1)
<b>Total reserves held for schools</b>	<b>(25,358)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13,646</b>	<b>(11,712)</b>	
<b>c) Statutory Reserves</b>							
Bus Lane Enforcement Reserve	(11,742)	0	0	(5,020)	4,164	(12,598)	c(1)
On-street Parking Reserve	(2,819)	0	0	(6,114)	4,676	(4,257)	c(2)
Ancoats Square Reserve	(2,850)	0	0	(4)	27	(2,827)	c(3)
Highways Commuted Sums Reserve	(371)	0	(702)	(1,649)	0	(2,722)	c(4)
Other smaller reserves under £1.0m	(2,706)	0	0	(171)	274	(2,603)	
<b>Total Statutory Reserves</b>	<b>(20,488)</b>	<b>0</b>	<b>(702)</b>	<b>(12,958)</b>	<b>9,141</b>	<b>(25,007)</b>	
<b>d) Reserves held for PFIs</b>							
Public Lighting PFI Reserve	(401)	0	0	(3)	260	(144)	d(1)
Temple School PFI Reserve	(677)	0	0	(11)	64	(624)	d(2)
Wright Robinson Sports College PFI Reserve	(1,311)	0	0	(40)	0	(1,351)	d(3)

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	31 March 2019 £000s	IFRS9 Transition £000s	Transfers between reserves £000s	Transfers to reserves £000s	Transfers from reserves £000s	31 March 2020 £000s	
2019/20							
Total Reserves held for PFIs	<b>(2,389)</b>	<b>0</b>	<b>0</b>	<b>(54)</b>	<b>324</b>	<b>(2,119)</b>	
e) Small specific reserves							
Other smaller reserves under £1.0m	(3,510)	0	0	(1,077)	318	(4,269)	e(1)
Total small specific reserves	<b>(3,510)</b>	<b>0</b>	<b>0</b>	<b>(1,077)</b>	<b>318</b>	<b>(4,269)</b>	
f) Reserves held to smooth risk / assurance							
Insurance Fund Reserve	(17,590)	0	0	(998)	0	(18,588)	f(1)
Crime and Disorder Reserve	(1,500)	0	0	0	420	(1,080)	f(2)
Investment Estate Reserve	(1,524)	0	0	0	291	(1,233)	f(3)
Collections Initiative Reserve	(5,891)	0	0	0	5,891	(0)	f(4)
Manchester International Festival Reserve	(600)	0	(439)	(672)	176	(1,535)	f(5)
Adult Social Care Reserve	(1,993)	0	0	0	500	(1,493)	f(6)
Transformation Reserve	(7,145)	0	0	(6,440)	2,490	(11,095)	f(7)
Airport Dividend Reserve	(9,235)	0	0	(248)	0	(9,483)	f(8)
Planning Income Reserve	(47,077)	0	0	(55,806)	47,077	(55,806)	f(9)
Budget Smoothing Reserve	(2,195)	0	0	(991)	0	(3,186)	f(10)
Children's Services Reserve	(2,500)	0	0	(10,651)	2,500	(10,651)	f(11)
Other smaller reserves under £1.0m	(3,044)	0	702	(1,545)	209	(3,678)	f(12)
Total reserves held to smooth risk / assurance	<b>(100,294)</b>	<b>0</b>	<b>263</b>	<b>(77,351)</b>	<b>59,554</b>	<b>(117,828)</b>	
g) Business Rates Reserve							
Business Rates Reserve	(19,189)	0	0	(8,761)	2,490	(25,460)	g(1)
Total Business Rates Reserve	<b>(19,189)</b>	<b>0</b>	<b>0</b>	<b>(8,761)</b>	<b>2,490</b>	<b>(25,460)</b>	
h) Revenue reserves held to support capital schemes							
Capital Fund Reserve	(65,510)	0	0	(14,111)	12,522	(67,099)	h(1)
Capital Financing Reserve	(29,730)	0	0	(5,000)	0	(34,730)	h(2)

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2019/20	31 March 2019 £000s	IFRS9 Transition £000s	Transfers between reserves £000s	Transfers to reserves £000s	Transfers from reserves £000s	31 March 2020 £000s	
English Institute of Sport Reserve	(4,779)	0	0	(4,796)	7,491	(2,084)	h(3)
Investment Reserve	(13,370)	0	0	0	443	(12,927)	h(4)
<b>Total revenue reserves held to support capital schemes</b>	<b>(113,389)</b>	<b>0</b>	<b>0</b>	<b>(23,907)</b>	<b>20,456</b>	<b>(116,840)</b>	

2019/20	Balance 31 March 2019 £000s	IFRS9 Transition £000s	Transfers between reserves £000s	Transfers to reserves £000s	Transfers from reserves £000s	31 March 2020 £000s	
i) Reserves held for economic growth and public sector reform							
Clean and Green Places Reserve	(1,457)	0	0	0	1,023	(434)	i(1)
Social Care Reserve	(18,028)	0	0	(2,904)	6,701	(14,231)	i(2)
Our Manchester Reserve	(5,141)	0	615	(819)	1,669	(3,676)	i(3)
Town Hall Reserve	(11,445)	0	0	(2,400)	2,514	(11,331)	i(4)
Supporting Families Reserve	(1,283)	0	439	(347)	41	(1,150)	i(5)
<b>Total reserves held for economic growth and public sector reform</b>	<b>(37,354)</b>	<b>0</b>	<b>1,054</b>	<b>(6,470)</b>	<b>11,948</b>	<b>(30,822)</b>	
j) Grants and contributions used to meet commitments over more than one year (shown as reserves due to the required accountancy treatment)							
English Partnership Reserve	(1,519)	0	0	0	485	(1,034)	
Other Grants and Contributions Reserve	(750)	0	0	(8)	200	(558)	
Integration Reserve	(6,190)	0	(615)	(440)	4,593	(2,652)	
Other smaller reserves under £1.0m	(1,309)	0	0	(3,261)	629	(3,941)	

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2019/20	Balance 31 March 2019 £000s	IFRS9 Transition £000s	Transfers between reserves £000s	Transfers to reserves £000s	Transfers from reserves £000s	31 March 2020 £000s	
Total grants and contributions used to meet commitments over more than one year	<b>(9,768)</b>	<b>0</b>	<b>(615)</b>	<b>(3,709)</b>	<b>5,907</b>	<b>(8,185)</b>	j(1)
k) COVID-19 Grants and contributions used to meet commitments over more than one year (shown as reserves due to the required accountancy treatment)							
COVID 19 Reserve	0	0	0	(18,200)	0	(18,200)	k(1)
Total COVID-19 grants and contributions used to meet commitments over more than one year	<b>0</b>	<b>0</b>	<b>0</b>	<b>(18,200)</b>	<b>0</b>	<b>(18,200)</b>	
Total reserves held for revenue purposes	<b>(331,738)</b>	<b>0</b>	<b>0</b>	<b>(152,487)</b>	<b>123,784</b>	<b>(360,442)</b>	
l) General Fund Reserve							
General Fund Reserve	(22,045)	0	0	0	692	(21,353)	l(1)
Total all general fund reserves	<b>(353,783)</b>	<b>0</b>	<b>0</b>	<b>(152,487)</b>	<b>124,476</b>	<b>(381,795)</b>	
m) Housing Revenue Account Reserve							
Housing Revenue Account Reserve	(104,452)	0	0	(4,993)	0	(109,445)	m(1)
Total All Usable Reserves	<b>(600,524)</b>	<b>0</b>	<b>0</b>	<b>(330,114)</b>	<b>236,068</b>	<b>(694,571)</b>	

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Movements on the Council's usable reserves in 2020/21 were as follows:

2020/21	31 March 2020 £000s	Transfer DSG to Unusable £000s	Re-stated 1 April 2020 £000s	Transfers between reserves £000s	Transfers to reserves £000s	Transfers from reserves £000s	31 March 2021 £000s	
<b>a) Reserves Held for Capital Purposes</b>								
Capital Receipts Reserve	(96,849)	0	(96,849)	0	(21,122)	24,015	(93,956)	a(1)
Major Repairs Reserve	(2,427)	0	(2,427)	0	(19,557)	15,916	(6,069)	a(2)
Capital Grants Unapplied Reserve	(104,055)	0	(104,055)	0	(88,780)	98,830	(94,005)	a(3)
<b>Total Reserves Held for Capital Purposes</b>	<b>(203,331)</b>	<b>0</b>	<b>(203,331)</b>	<b>0</b>	<b>(129,459)</b>	<b>138,761</b>	<b>(194,030)</b>	
<b>Reserves Held for Revenue Purposes</b>								
<b>b) Schools Reserves</b>								
Local Management of Schools	(11,712)	(4,281)	(15,993)	0	(5,486)	(0)	(21,479)	b(1)
<b>Total reserves held for schools</b>	<b>(11,712)</b>	<b>(4,281)</b>	<b>(15,993)</b>	<b>0</b>	<b>(5,486)</b>	<b>(0)</b>	<b>(21,479)</b>	
<b>c) Statutory Reserves</b>								
Bus Lane Enforcement Reserve	(12,598)	0	(12,598)	0	(2,035)	4,172	(10,461)	c(1)
On-street Parking Reserve	(4,257)	0	(4,257)	0	(2,007)	4,731	(1,533)	c(2)
Ancoats Square Reserve	(2,827)	0	(2,827)	0	0	60	(2,767)	c(3)
Highways Commuted Sums Reserve	(2,722)	0	(2,722)	0	(425)	104	(3,043)	c(4)
Other smaller reserves under £1.0m	(2,603)	0	(2,603)	0	(294)	448	(2,449)	
<b>Total Statutory Reserves</b>	<b>(25,007)</b>	<b>0</b>	<b>(25,007)</b>	<b>0</b>	<b>(4,761)</b>	<b>9,515</b>	<b>(20,253)</b>	
<b>d) Reserves held for PFIs</b>								
Public Lighting PFI Reserve	(144)	0	(144)	0	(66)	0	(210)	Appendix 3, Item 13
Temple School PFI Reserve	(624)	0	(624)	0	(10)	76	(558)	
Wright Robinson Sports College PFI Reserve	(1,351)	0	(1,351)	0	(85)	0	(1,436)	
<b>Total Reserves held for PFIs</b>	<b>(2,119)</b>	<b>0</b>	<b>(2,119)</b>	<b>0</b>	<b>(161)</b>	<b>75</b>	<b>(2,204)</b>	
<b>e) Small specific reserves</b>								

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2020/21	31 March 2020 £000s	Transfer DSG to Unusable £000s	Re-stated 1 April 2020 £000s	Transfers between reserves £000s	Transfers to reserves £000s	Transfers from reserves £000s	31 March 2021 £000s	
Other smaller reserves under £1.0m	(4,269)	0	(4,269)	0	(405)	409	(4,265)	e(1)
<b>Total small specific reserves</b>	<b>(4,269)</b>	<b>0</b>	<b>(4,269)</b>	<b>0</b>	<b>(405)</b>	<b>409</b>	<b>(4,265)</b>	
<b>f) Reserves held to smooth risk / assurance</b>								
Insurance Fund Reserve	(18,588)	0	(18,588)	0	0	524	(18,064)	f(1)
Crime and Disorder Reserve	(1,080)	0	(1,080)	0	0	247	(833)	f(2)
Investment Estate Reserve	(1,233)	0	(1,233)	0	0	0	(1,233)	f(3)
Collections Initiative Reserve	(1,535)	0	(1,535)	0	(1,499)	48	(2,986)	f(4)
Manchester International Festival Reserve	(1,493)	0	(1,493)	0	(10,667)	0	(12,160)	f(5)
Adult Social Care Reserve	(11,095)	0	(11,095)	1,500	(13,778)	6,874	(16,499)	f(6)
Transformation Reserve	(9,483)	0	(9,483)	0	(63)	333	(9,213)	f(7)
Airport Dividend Reserve	(55,806)	0	(55,806)	0	0	11,853	(43,953)	f(8)
Planning Income Reserve	(3,186)	0	(3,186)	0	(589)	196	(3,579)	f(9)
Budget Smoothing Reserve	(10,651)	0	(10,651)	0	(7,655)	3,585	(14,721)	f(10)
Children's Services Reserve	(451)	0	(451)	0	(1,967)	141	(2,277)	f(11)
Other smaller reserves under £1.0m	(3,227)	0	(3,227)	0	(12)	551	(2,688)	f(12)
<b>Total reserves held to smooth risk / assurance</b>	<b>(117,828)</b>	<b>0</b>	<b>(117,828)</b>	<b>1,500</b>	<b>(36,230)</b>	<b>24,352</b>	<b>(128,206)</b>	
<b>g) Business Rates Reserve</b>								
Business Rates Reserve	(25,460)	0	(25,460)	0	(10,500)	6,785	(29,175)	g(1)
<b>Total Business Rates Reserve</b>	<b>(25,460)</b>	<b>0</b>	<b>(25,460)</b>	<b>0</b>	<b>(10,500)</b>	<b>6,785</b>	<b>(29,175)</b>	
<b>h) Revenue reserves held to support capital schemes</b>								
Capital Fund Reserve	(67,099)	0	(67,099)	0	(24,671)	4,106	(87,664)	Appendix 13
Capital Financing Reserve	(34,730)	0	(34,730)	0	0	0	(34,730)	Item 13
English Institute of Sport Reserve	(2,084)	0	(2,084)	0	(4,615)	5,690	(1,009)	
Investment Reserve	(12,927)	0	(12,927)	0	(14)	1,159	(11,782)	

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	31 March 2020 £000s	Transfer DSG to Unusable £000s	Re-stated 1 April 2020 £000s	Transfers between reserves £000s	Transfers to reserves £000s	Transfers from reserves £000s	31 March 2021 £000s
2020/21							
Total revenue reserves held to support capital schemes	(116,840)	0	(116,840)	0	(29,300)	10,955	(135,185)

	Balance 31 March 2020 £000s	Transfer DSG to Unusable £000s	Re- stated 1 April 2020 £000s	Transfers between reserves £000s	Transfers to reserves £000s	Transfers from reserves £000s	31 March 2021 £000s
2020/21							
i) Reserves held for economic growth and public sector reform							
Clean and Green Places Reserve	(434)	0	(434)	0	0	44	(390)
Social Care Reserve	(14,231)	0	(14,231)	0	(920)	7,167	(7,984)
Our Manchester Reserve	(3,676)	0	(3,676)	0	(111)	730	(3,057)
Town Hall Reserve	(11,331)	0	(11,331)	0	(2,400)	1,335	(12,396)
Supporting Families Reserve	(1,150)	0	(1,150)	0	(841)	64	(1,927)
Total reserves held for economic growth and public sector reform	(30,822)	0	(30,822)	0	(4,272)	9,340	(25,754)
j) Grants and contributions used to meet commitments over more than one year (shown as reserves due to the required accountancy treatment)							
English Partnership Reserve	(1,034)	0	(1,034)	0	(339)	584	(789)
Other Grants and Contributions Reserve	(558)	0	(558)	0	(888)	346	(1,100)
Integration Reserve	(2,652)	0	(2,652)	0	(13,608)	1,283	(14,977)
MAES Reserve	(2,613)	0	(2,613)	0	0	1,164	(1,449)
Supporting People Reserve	(448)	0	(448)	(1,500)	(143)	166	(1,925)
Other smaller reserves under £1.0m	(880)	0	(880)	0	0	110	(770)



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2020/21	Balance 31 March 2020 £000s	Transfer DSG to Unusable £000s	Re- stated 1 April 2020 £000s	Transfers between reserves £000s	Transfers to reserves £000s	Transfers from reserves £000s	31 March 2021 £000s	
Total grants and contributions used to meet commitments over more than one year	(8,185)	0	(8,185)	(1,500)	(14,978)	3,653	(21,010)	j(1)
k) COVID-19 Grants and contributions used to meet commitments over more than one year (shown as reserves due to the required accountancy treatment)								
COVID 19 Reserve	(18,200)	0	(18,200)	0	0	18,200	0	k(1)
COVID 19- Contain Outbreak Management Fund	0	0	0	0	(18,302)	0	(18,302)	k(2)
COVID 19- Additional Restriction Grant	0	0	0	0	(7,680)	0	(7,680)	k(3)
COVID 19- Clinically Extremely Vulnerable	0	0	0	0	(1,599)	0	(1,599)	k(4)
COVID 19- other under £1.0m	0	0	0	0	(2,467)	0	(2,467)	k(5)
Business Rates S31 Grant - Taxation Income Guarantee Scheme	0	0	0	0	(19,219)	0	(19,219)	k(6)
Business Rates S31 Grant - Extended Retail Relief	0	0	0	0	(142,740)	0	(142,740)	k(7)
Total COVID-19 grants and contributions used to meet commitments over more than one year	(18,200)	0	(18,200)	0	(192,007)	18,200	(192,007)	
Total reserves held for revenue purposes	(360,442)	(4,281)	(364,723)	0	(298,100)	83,285	(579,538)	
l) General Fund Reserve								
General Fund Reserve	(21,353)	0	(21,353)	0	(5,450)	0	(26,803)	l(1)
Total all general fund reserves	(381,795)	(4,281)	(386,076)	0	(303,550)	83,285	(606,341)	
m) Housing Revenue Account Reserve								
Housing Revenue Account Reserve	(109,445)	0	(109,445)	0	(1,722)	0	(111,167)	
Total All Usable Reserves	(694,570)	(4,281)	(698,852)	0	(434,731)	222,046	(911,537)	

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a(1) - Capital Receipts Reserve

Proceeds of non-current assets sales available to meet future capital investment.

Capital Receipts Reserve	2019/20 £000s	2020/21 £000s
Balance at 1 April	(81,860)	(96,849)
Capital receipts received in year	(37,271)	(21,122)
Paid to housing national pool	2,553	2,566
Applied to fund capital expenditure	19,729	21,449
Balance at 31 March	(96,849)	(93,956)

a(2) - Major Repairs Reserve

Resources available to meet capital investment in council housing.

Major Repairs Reserve	2019/20 £000s	2020/21 £000s
Balance at 1 April	(2,913)	(2,427)
HRA depreciation	(18,107)	(19,558)
Financing of capital expenditure on council dwellings	18,593	15,916
Balance at 31 March	(2,427)	(6,069)

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a(3) - Capital Grants Unapplied Reserve

Capital grants and contributions available to meet future capital expenditure.

	2019/20 £000s	2020/21 £000s	
<b>Capital Grants Unapplied Reserve</b>			
Balance at 1 April	(57,516)	(104,055)	
Grants received in year	(117,256)	(88,779)	
Transferred to Capital Adjustment Account: General Grants and Contributions	59,506	85,470	
Transferred to Capital Adjustment Account: Revenue Expenditure Funded from Capital Under Statute (REFCUS) Grants and Contributions	11,211	13,360	
<b>Balance at 31 March</b>	<b>(104,055)</b>	<b>(94,004)</b>	a(1)

a(1) Of the balance above £72.8m relates to Basic Need grant allocations.

b(1) The LMS Reserve is committed to be spent on the Education service and is not available for the general use of the Council. This is held by schools under delegated schemes. Last year the negative DSG reserve was included in this reserve, new accounting practices have since been established in relation to the treatment of local authorities' schools budget deficits. For three years the Council must not charge the deficit to a revenue account. It must be held in a separate account established solely for the purpose of recording deficits relating to its school's budget. The new accounting practice has the effect of separating schools budget deficits from the Councils' general fund for a period of three financial years. The new unusable reserve can be seen in note 39.

c(1) The Bus Lane Enforcement Reserve was established to hold surpluses generated from bus lane enforcement and will be spent on public transport related activities and highways improvements. The transfer in of £2.035m in 2020/21 is reflective of the actual income less the cost of the service. It will be used in accordance with the requirements to fund the Council's contribution to the cost of metroshuttle and contribute towards the costs of the transport levy.

c(2) The On-street Parking Reserve was established to hold surpluses generated from on-street parking and will be spent on transport related activities and road and environmental improvements.

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c(3) Commuted sum received from the Homes and Communities Agency to fund maintenance in future years.

c(4) Funds received as part of development agreements that will be utilised for highways schemes in future years.

d(1) The Public Lighting PFI Reserve has been established to fund future expenditure on the scheme.

d(2) The Temple School PFI Reserve has been established to fund future expenditure on the scheme.

d(3) The Wright Robinson Sports College PFI Reserve has been established to fund future expenditure on the scheme.

e(1) Small reserves under £1m of £4.3m includes Housing Compliance (£0.7m), Brexit (£0.6m), Community Safety Reserve (£0.6m), School Catering related (£0.6m), Cemeteries Replacement (£0.5m), Great Ancoats Management Improvement (£0.2m), Climate Innovation (£0.2m), and the Social Value Fund (£0.2m), Contributions Other Local Authorities (£0.1m). The remainder are under £0.1m each and total £0.6m.

f(1) The Insurance Fund has been established to fund risks that are self-insured, such as those that fall below the insurance policy deductible amounts and historic claims where the period of exposure predates when the commercial liability policies were procured.

f(2) A Crime and Disorder Reserve of £1.5m was created in 2018/19 to increase the capacity of the City Council to tackle anti-social behaviour in our neighbourhoods. £0.420m was utilised in 2019/20, £0.540m in 2020/21 and £0.540m will be used the following year to fund the anti-Social Behaviour Team. The reserve also holds £293k grant to be spent in 2021/22.

f(3) The Investment Estate Reserve was created in 2018/19 to manage budget pressures due to the volatility and known future risks around investment income.

f(4) The Collection Initiatives Reserve contains funding for discretionary housing payments.

f(5) Manchester International Festival - business rates growth in that area prior to COVID-19 of £10.7m has been held in a reserve to fund the grant agreement to Manchester International Festival for the next 10 years once the Factory opens. This is important as it means the long-term funding agreement required for the opening of a venue of this size is not now a call on the revenue budget.

f(6) The Adult Social Care Reserve was established as part of a wider funding strategy that smooths resources over three years to enable permanent rather than agency or temporary appointments for social work posts supporting the delivery of the social care improvement plan, transition to the new home care contracts and to support the health and social care system to manage winter

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pressures. This reserve was increased at year end to mitigate the anticipated costs of supporting individuals released from hospital, due to COVID-19, awaiting an assessment of needs.

f(7) The Transformation Reserve has been set up to fund future service transformation costs.

f(8) The Airport Dividend Reserve is used to mitigate risk by using the majority of dividend receipts a year in arrears. The 2020/21 use was £11.853m, leaving a balance of £43.953m which will be used over the next two years. No dividend was receivable in 2020/21 and it is unlikely, with the impact of COVID-19, that any dividend will be paid in 2021/22. The majority of the reserve will be applied to the budget to meet the anticipated budget shortfall in 2022/23 as part of the measures set out in the Medium-Term Financial Strategy.

f(9) The Planning Income Reserve was set up to smooth fluctuations in planning income due to economic volatility

f(10) The Budget Smoothing Reserve was established in 2017/18 to smooth budgets over 2018/19 and 2019/20. Rebates received from the Greater Manchester Combined Authority relating to returned business rates income and reserves held for waste costs have been transferred to this reserve to be used to support future years budgets.

f(11) Children's Services reserve includes various smaller balances, the most significant relating to income risk

f(12) Other smaller reserves held to smooth risk / assurance includes Taxi Licensing reserve (£0.6m), Pension Contributions Reserve (£0.5m), Land Charges Fees Reserve (£0.3m) Selective Licensing Reserve (£0.2m) and Historic Abuse Reserve (£0.6m).

g (1) The Business Rates Reserve was established to mitigate business rates income risk due to the volatility of the assumptions and the future reset of the business rates base, which would see a loss of the Council's income growth since 2013.

h (1) The Capital Fund was established to fund revenue contributions to major capital schemes.

h (2) The Capital Financing Reserve was established to fund increases in borrowing costs due to the Council's capital investment programme

h (3) The English Institute of Sport Reserve holds monies received in relation to the City of Manchester Stadium and is to be used to fund future developments at Sports city.

h (4) The Investment Reserve has been set up to deliver priority regeneration projects.

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- i(1) The Clean and Green Reserve was funded from a dividend received from Manchester Airports Holdings Ltd and is being used to support green initiatives.
- i(2) The Social Care Reserve was set up to address social care pressures as well as support the delivery of children's services on a locality footprint and a three-year budget strategy.
- i(3) The Our Manchester Reserve is for additional investment made available as part of the 2017/2020 budget process to drive forward the delivery of Our Manchester for example through Voluntary Sector Grants.
- i(4) The Town Hall Reserve has been set up to fund revenue expenditure on the Town Hall Complex Programme. This reserve is expected to fund relevant spend until the end of the Town Hall project.
- i(5) Supporting Families Reserve is grant funds used to support families with multiple and complex needs
- j(1) These grants will not need to be repaid in accordance with the conditions on which the grant has been given, IFRS accounting standards require these grants to be recognised in the Consolidated Income and Expenditure Statement when they are due. The Council has chosen to transfer these grants to reserves to meet future spending commitments.
- k(1) COVID 19 Reserve - The tranche 1 COVID emergency funding grant of £18.6m was received in March 2020, it funded £0.4m of COVID related spend in 2019/20 with the balance of £18.2m carried forwards and applied against COVID-19 pressures in 2020/21. This supported costs and income losses faced by the council as a result of the pandemic, which weren't covered by specific funding streams.
- k(2) COVID 19- Contain Outbreak Management Fund - To provide support to councils towards expenditure in relation to the mitigation against and management of local outbreaks of coronavirus and to support proactive containment and intervention measures
- k(3) COVID 19- Additional Restriction Grant - To provide support to businesses impacted by the national lockdown measures and local restrictions
- k(4) COVID 19- Clinically Extremely Vulnerable - To provide support to clinically extremely vulnerable individuals who are required to shield under local restrictions
- k(5) COVID 19- other under £1.0m - These grants totalling £2.5m relate to Leisure Recovery Fund (£0.9m), New Burdens funding (£0.8m), Community Champions Reserve (£0.526m) and LA Framework Self-Isolating reserve (£0.185m).

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k(6) Business Rates S31 Grant - Taxation Income Guarantee Scheme - This scheme reimburses the council for 75% of losses in 2020/21 Business Rates Income. The collection fund deficit resulting from the lost income will be spread over three years as mandated by government. This reserve will be drawn down over the three years to partly mitigate the budget impact.

k(7) Business Rates S31 Grant - Extended Retail Relief - 100% Business Rates Relief was awarded to retail hospitality and leisure properties in the city. The income loss was reimbursed by government via a Section 31 grant. The collection fund deficit resulting from the lost income will come through in 2021/22. This reserve will be applied to offset the collection fund deficit.

l(1) The General Fund Reserve is the only unallocated reserve, held to meet costs arising from unplanned events, it also acts as a buffer to help mitigate against the financial risks the Council faces and is used to smooth expenditure across years.

m(1) HRA reserve holds resources available to meet future running costs for council housing. The £1.7m increase is due to reduced revenue contribution towards capital expenditure because of delays in the planned capital programme. The 30-year business plan currently forecasts that reserves will be exhausted by 2041/42 and work is ongoing to identify efficiencies that ensure that the reserves are kept at a sufficient level to underwrite risk and to fund future investment needs as required.

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**Note 39. Unusable Reserves**

The balances on the Council's unusable reserves were as follows:

	31 March 2020 £000s	1 April 2020 £000s	31 March 2021 £000s	Note
<b>Unusable Reserves:</b>				
<b>Revaluation balances</b>				
Revaluation Reserve	(1,273,124)	(1,273,124)	(1,397,896)	a
Financial Instruments Revaluation Reserve	(13,014)	(13,014)	(10,280)	b
<b>Adjustment accounts</b>				
Pensions Reserve	689,573	689,573	1,035,884	c,41
Capital Adjustment Account	(1,296,434)	(1,296,434)	(1,377,853)	d
Deferred Capital Receipts Reserve	(3,614)	(3,616)	(3,921)	e
Financial Instruments Adjustment Account	4,284	4,284	4,924	f
Collection Fund Adjustment Account	(15,760)	(15,760)	177,042	g
Short-term Accumulated Absences Account	5,845	5,845	6,748	h
Dedicated Schools Grant Reserve	0	4,282	2,258	i
<b>Total</b>	<b>(1,902,244)</b>	<b>(1,897,964)</b>	<b>(1,563,094)</b>	

From 1 April 2020 the Dedicated Schools Grant Reserve is to be treated as an unusable reserve when in deficit.

**a - Revaluation Reserve**

The revaluation reserve represents the level of revaluation gains net of impairments charges on the Council's non property assets from 1 April 2007 onwards.

	2019/20 £000s	2020/21 £000s
<b>Revaluation Reserve:</b>		
Balance at 1 April	(1,242,419)	(1,273,124)
Revaluations relating to property, plant and equipment	(70,160)	(131,101)
Revaluations relating to other non-PPE assets	(6,424)	(20,726)
Revaluation gain depreciation	16,747	17,171
Impairment not charged to CIES	12,357	7,996
Disposals Transferred to Capital Adjustment Account (CAA)	15,632	1,888
Transfer to CAA re investment properties	1,143	0
<b>Total</b>	<b>(1,273,124)</b>	<b>(1,397,896)</b>



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**b - Financial Instruments Revaluation Reserve**

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

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

	2019/20	2020/21
Financial Instruments Revaluation Reserve:	£000s	£000s
Balance at 1 April	(13,994)	(13,014)
Upward revaluation of investments	(489)	(763)
Downward revaluation of investments	1,469	3,498
Balance at 31 March	(13,014)	(10,280)

**c - Pensions Reserve**

The debit balance on the pensions reserve absorbs the timing differences arising from the different arrangements for accounting for post-retirement benefits and for funding benefits in accordance with statutory provisions.

	2019/20	2020/21
Pensions Reserve:	£000s	£000s
Balance at 1 April	952,607	689,573
Net Movement in Year	(263,034)	346,311
Balance at 31 March	689,573	1,035,884

**d - Capital Adjustment Account (CAA)**

The Capital Adjustment Account includes 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 of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert current value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction, and 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 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

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	2019/20 £000s	2020/21 £000s
<b>Capital Adjustment Account (CAA)</b>		
Balance at 1 April	(1,280,692)	(1,296,434)
Repayment of ex GMC debt	(2,370)	(2,492)
Minimum revenue provision	(26,991)	(29,684)
Reversal of PFI charges to HRA	(8,570)	(3,397)
Capital grants and contributions	(70,717)	(98,831)
Revenue contributions used	(15,456)	(18,791)
Movement in fair value of investment property	(25,194)	(13,878)
Revaluation gain depreciation	(16,747)	(17,171)
Disposals transferred from revaluation reserve	(15,633)	(1,888)
Depreciation	77,109	77,513
Major Repairs Allowance	(18,594)	(15,916)
Capital Receipts Used	(19,729)	(21,449)
Other Disposals	65,195	7,410
Amortisation of intangible assets	85	64
Repayment of long-term debtors	17,558	3,229
Loss / (Gain) on repayment of housing loan	(25)	(47)
Write down of revenue expenditure funded from capital under statute	31,004	12,168
Impairment of non-current assets	13,929	41,514
Transfer from Revaluation Reserve re investment properties	(1,143)	0
Impairment of financial instrument assets	547	228
<b>Balance at 31 March</b>	<b>(1,296,434)</b>	<b>(1,377,853)</b>

**e - Deferred Capital Receipts Reserve**

The Deferred Capital Receipts Reserve holds the gains recognised on the granting of equity mortgages, equity loans and the disposal of council houses under right to buy legislation 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 takes place, amounts are transferred to the Capital Receipts Reserve.

**Equity Mortgages**

These relate to a joint home build scheme between the Council and Redrow Homes. The Council has provided homebuyers, purchasing the properties, equity mortgage loans for up to 25% of the property value. These loans become repayable 10 years after the purchase of the property or earlier if the homeowner decides to sell the property before this time. There is also the option for the homebuyer to repay the loan before either of these events. The outstanding balance is adjusted each year in line with the Land Registry House Pricing Index.

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## Equity Loans

## a) Home Improvement Loans

These are equity share loans offered to homeowners to carry out essential renovation works. The minimum loan value available is £7,000 up to a maximum of £25,000 or 33% of the value of the improved home. The equity share is secured by a legal charge and loans are repayable on the death of the purchaser, or the sale of the property or when the purchaser ceases to occupy the property as their main home. The outstanding balance is adjusted each year in line with the Land Registry House Pricing Index.

## b) Relocation Assistance Loans

These are equity share loans provided to assist owner-occupiers displaced by demolition to purchase a replacement property. Loan values are available which meet the difference between the value of the property to be demolished and the cost of buying another property subject to specified limits. The equity share is secured by a legal charge and loans are repayable on the death of the purchaser, or the sale of the property or when the purchaser ceases to occupy the property as their main home. The outstanding balance is adjusted each year in line with the Land Registry House Pricing Index.

	Opening Balance 1 April 2020 £000s	Gains on disposal £000s	Principal Repayments £000s	Fair Value Adjustments £000s	Closing Balance 31 March 2021 £000s
Equity Loans:					
Equity Mortgages	(1,950)	(118)	426	214	(1,428)
Equity Loans	(1,664)	0	0	(829)	(2,493)
Total Deferred Capital Receipts	(3,614)	(118)	426	(615)	(3,921)

## f - Financial Instruments Adjustment Account

Balancing account to allow for differences in statutory requirements and proper accounting practices for borrowings and investments.

Financial Instruments Adjustment Account	2019/20 £000s	2020/21 £000s	
Balance at 1 April	1,114	4,284	
Soft loans in year movements	(33)	(50)	
Adjustment for interest free loans	3,752	1,223	f(a)
Premium and discounts	(549)	(533)	
Balance at 31 March	4,284	4,924	

f (a) The Council has received interest free loans of £8.5m from the Homes and Communities Agency repayable in 2024 and £20.5m from Salix repayable until 2025.

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This amount represents the saving to the Council over the remaining length of the loans of them being interest free.

## g - Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and business rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax and business rate payers, compared with the statutory arrangements for paying across amounts to the general fund from the collection fund.

	2019/20 £000s	2020/21 £000s
<b>Council Tax</b>		
Balance at 1 April	(5,893)	(2,862)
Movement in Year	3,031	1,887
<b>Balance at 31 March</b>	<b>(2,862)</b>	<b>(975)</b>

	2019/20 £000s	2020/21 £000s
<b>Business Rates</b>		
Balance at 1 April	(15,772)	(12,898)
Movement in Year	2,874	190,915
<b>Balance at 31 March</b>	<b>(12,898)</b>	<b>178,017</b>

	2019/20 £000s	2020/21 £000s
<b>Total</b>		
Balance at 1 April	(21,665)	(15,760)
Movement in Year	5,905	192,802
<b>Balance at 31 March</b>	<b>(15,760)</b>	<b>177,042</b>

## h - Short-term Accumulated Absences Account

The Short-term Accumulated Absences Account absorbs the differences that would otherwise arise on the general fund balance from accruing for compensated absences earned but not taken in the year e.g., annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the general fund balance is neutralised by transfers to and from this account.

Short-term Accumulated Absences Account	2019/20 £000s	2020/21 £000s
Balance at 1 April	5,690	5,845
Movement in Year	155	903
<b>Balance at 31 March</b>	<b>5,845</b>	<b>6,748</b>

## i - Dedicated Schools Grant Reserve

For the first time the DSG deficit is presented as an unusable reserve. This is the result of the introduction on 29 November 2020 of a new Statutory Instrument to amend the Local Authorities (Capital Finance and Accounting Regulations 2002) by

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establishing new accounting practices in relation to the treatment of schools' budget deficits. The aim is to ensure that DSG deficits are ringfenced and held separately from General Fund resources so that specific measures can be put in place to address the deficits without placing pressures on resources required for other essential services.

**Note 40. Dedicated Schools Grant**

The Council's expenditure on schools is funded primarily by grant monies provided by the Education and Skills Funding Agency, the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget as defined in the Schools Finance and Early Years (England) Regulations 2018. The schools budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable in 2020/21 are as follows:

	Central Expenditure £000s	Individual Schools Budget £000s	Total £000s
<b>Dedicated Schools Grant:</b>			
Final DSG for 2020/21 before academy recoupment			560,150
Academy figure recouped for 2020/21			239,508
Total DSG after academy recoupment for 2020/21			320,642
Plus brought forward from 2019/20			(4,281)
Less carry forward to 2020/21 agreed in advance			2,450
Agreed initial budgeted distribution in 2020/21	18,689	300,121	318,810
In year adjustments	0	0	0
Final budgeted distribution for 2020/21	18,689	300,121	318,810
Less actual central expenditure	14,190	0	14,190
Less actual ISB deployed to schools	0	304,428	304,428
Plus local authority contribution for 2020/21	0	0	0
Carry forward surplus / (deficit) to 2021/22	4,499	(4,307)	192
Plus carried forward to 2021/22 agreed in advance			(2,450)
Cumulative carry forward (deficit) to 2021/22			(2,258)

The Dedicated Schools Grant (DSG) reserve is negative because the centrally retained DSG has overspent, largely due to expenditure within the high needs block which supports the education of children with Special Educational Needs and Disabilities. It is classed as an unusable reserve.

This deficit is expected to be recovered by 2022/23. Based on the original budgets set for 2021/22 it is expected the DSG deficit will be reduced by £1.5m in 2021/22 and the balance over the following year. A review of the high needs block has been undertaken as part of the planned recovery.

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The original budget for the Central Expenditure includes the following which are transferred to schools during the year:

- provisions for funding for Special Education Needs
- increases in pupil numbers
- contingencies within schools

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**Note 41. Local Government Pension Schemes**

As part of the terms and conditions of employment of its officers and other employees, the Council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The Council participates in three pension schemes:

**a) The Local Government Pension Scheme**

The Local Government Pension Scheme is a fully funded defined benefits scheme. The scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of Tameside MBC who administer the scheme on behalf of the Greater Manchester Authorities. Tameside MBC delegates its functions in relation to the Greater Manchester Pension Scheme to the Pension Fund Management Panel, the Pension Fund Advisory Panel, Pension Fund Working Groups and the Executive Director of Pensions. The Pension Fund Management Panel is the key decision maker for investment management, monitoring investment activity and performance, overseeing administrative activities and providing guidance to officers in exercising delegated powers. All the Greater Manchester authorities are represented on the Management Panel.

The Public Service Pensions Act 2013 received Royal Assent on 25 April 2013. As a result, benefits earned from 1 April 2014 are based on career average revalued earnings.

There are risks and uncertainties associated with whatever assumptions are adopted. The Accounting Standard requires the assumptions to be determined on a best estimate basis. However, the assumptions are in effect projections of future investment returns and demographic experience many years into the future and there is inevitably a great deal of uncertainty in what constitutes best estimate for such projections.

The Accounting Standard requires the discount rate to be set with reference to yields on high quality corporate bonds irrespective of the investment strategy of the Fund. As such, the figures are unlikely to reflect either the actual eventual cost of providing benefits or the likely level of contributions to fund the employer's obligations to the Fund. The Balance Sheet position may change significantly due to relative changes in the equity and bond markets at the reporting date.

The main risk to the Council is that if the assumptions are more prudent than other employers it would lead to a poorer reported financial position or if less prudent an improved financial position. This does not have an impact on the underlying cost of the Fund nor the level of contributions that will be derived from future funding valuations.

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In order to assess the value of the employer's liabilities in the Fund at 31 March 2021 the actuary has rolled forward the value of liabilities calculated at the latest formal valuation, 31 March 2019, allowing for the different financial assumptions required under the Accounting Standards at the accounting date. In calculating the current service cost, allowance has been made for changes in the employer's pensionable payroll as estimated from contribution information. In calculating the asset share the employer's share of assets allocated at the latest valuation has been rolled forward, allowing for investment returns, the effect of contributions paid into and benefits paid from the Fund by the employer and its employees.

The estimated liability will not reflect any difference in demographic experience from that assumed, the impact of differences in salary and pension increases and changes for specific individuals and the effect of any changes in the age and length of service structure of the liabilities. It is not possible to reflect these without undertaking a full valuation. There is no reason to believe that this will introduce any undue distortions in the results.

#### b) The Teachers' Pension Scheme

The Teachers' Pension Scheme is a defined benefit scheme, administered by the Department for Education. Further information is included in Note 42.

#### c) The NHS pension scheme

Under the arrangements for Public Health, staff performing public health functions who were compulsorily transferred from the Primary Care Trusts to local authorities and had access to the NHS Pension Scheme on 31 March 2013 retained access to that Scheme on transfer at 1 April 2013.

The NHS pension scheme is an unfunded, defined benefit scheme that covers NHS employers and is a multi-employer defined benefit scheme. Further information is included in Note 43.

#### Transactions Relating to Retirement Benefits

The costs of retirement benefits in the net cost of services are recognised when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against the Council Tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement during the year:

Transactions Relating to Retirement Benefits:	2019/20 £000s	2020/21 £000s
<b>Comprehensive Income and Expenditure Statement</b>		
Net Cost of Services:		
current service cost	101,196	86,850
past service costs	5,826	675
<b>Total Service Cost:</b>	<b>107,022</b>	<b>87,525</b>



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Transactions Relating to Retirement Benefits:	2019/20 £000s	2020/21 £000s
Financing and investment income and expenditure		
interest income on scheme assets	(72,570)	(64,178)
interest cost on defined benefit obligation	96,006	80,909
<b>Total Net Interest</b>	<b>23,436</b>	<b>16,731</b>
<b>Total post-employment benefits charged to the surplus/deficit on the provision of services</b>	<b>130,458</b>	<b>104,256</b>
<b>Re-measurement of the Net Defined Benefit Liability comprising:</b>		
return on plan assets (excluding amounts included in net interest)	228,414	(575,680)
actuarial gains and losses arising on changes in demographic assumptions	(115,908)	22,999
actuarial gains and losses arising on changes in financial assumptions	(271,760)	882,251
other experience re-measurements	(176,247)	(31,947)
<b>Total remeasurements recognised in other comprehensive income and expenditure</b>	<b>(335,501)</b>	<b>297,623</b>
<b>The amount charged to other comprehensive income and expenditure statement</b>	<b>(205,043)</b>	<b>401,879</b>
<b>Movement in Reserves Statement</b>		
Reversal of the charges to the surplus / deficit on the provision of services and the amounts chargeable to the general fund under regulation	(130,458)	(104,256)
Employer's contribution payable to scheme	47,314	45,382
Employer's contribution re: unfunded deficit	10,676	10,186

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## Assets and Liabilities in Relation to Retirement Benefits

## Present value of the scheme liabilities:

Present value of the scheme liabilities:	Funded Liabilities: Local Government Pension Scheme	
	2019/20 £000s	2020/21 £000s
Balance at 1 April	3,993,575	3,527,410
Current service cost	101,196	86,850
Interest cost on defined benefit obligation	96,006	80,909
Contributions by scheme participants	16,002	16,834
Changes in financial assumptions	(271,761)	882,251
Changes in demographic assumptions	(115,908)	22,999
Other experience re-measurements	(176,247)	(31,947)
Unfunded benefits paid	(10,676)	(10,186)
Benefits paid	(110,603)	(108,678)
Past service cost including curtailments	5,826	675
<b>Balance at 31 March</b>	<b>3,527,410</b>	<b>4,467,117</b>

## Fair value of the scheme assets:

Fair value of the scheme assets:	Local Government Pension Scheme	
	2019/20 £000s	2020/21 £000s
Balance at 1 April	(3,040,968)	(2,837,837)
Interest income on plan assets	(72,570)	(64,178)
Return on assets (excluding amounts included in net interest)	228,414	(575,680)
Contributions in respect of unfunded benefits	(10,676)	(10,186)
Employer contributions	(47,314)	(131,810)
Contributions by scheme participants	(16,002)	(16,834)
Benefits paid	110,603	108,678
Unfunded benefits paid	10,676	10,186
<b>Balance at 31 March</b>	<b>(2,837,837)</b>	<b>(3,517,661)</b>

The Council's share of pension fund assets is rolled forward, by the actuary, from the latest formal valuation date. The roll forward amount is then adjusted for investment

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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.

## Net Liability for Year

	2019/20 £000s	2020/21 £000s
Present value of funded liabilities	(3,412,415)	(4,351,084)
Present value of unfunded liabilities	(114,995)	(116,033)
Fair value of assets	2,837,837	3,517,661
<b>Net Liability arising from Defined Benefit obligation</b>	<b>(689,573)</b>	<b>(949,456)</b>

The liabilities show the underlying commitment that the Council has in the long run to pay retirement benefits. The total liability of £949.4m is included within the net worth of the Council which has reduced by £122.2m as recorded in the balance sheet resulting in a positive overall balance of £2,474.6m.

The deficit on the Local Government Scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary. The next triennial valuation is at 31 March 2022.

The Council made an upfront payment of £129.6m to the Greater Manchester Pension Fund for three years upfront employer contributions. This resulted in a reduction in the rate paid.

## Basis for Estimating Assets and Liabilities

Assets and liabilities have been assessed on an actuarial basis by Hymans Robertson, an independent firm of actuaries.

The main assumptions used in their calculations have been:

Main assumptions:	2019/20	2020/21
<b>Mortality assumptions:</b>		
<b>Longevity at 65 for current pensioners</b>		
Men	20.5 years	20.5 years
Women	23.1 years	23.3 years
<b>Longevity at 65 for future pensioners *</b>		
Men	22.0 years	21.9 years
Women	25.0 years	25.3 years
Rate of increase in salaries	2.7%	3.6%
Rate of increase in pensions	1.9%	2.9%
Discount rate	2.3%	2.0%

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Main assumptions:	2019/20	2020/21
Take-up of option to convert annual pension into retirement lump sum - pre-April 2008	55.0%	55.0%
Take-up of option to convert annual pension into retirement lump sum - post April 2008	60.0%	60.0%

\* Figures assume members aged 45 as at the last formal valuation date. The estimate of the defined benefit obligation is sensitive to the actuarial assumptions set out in the table above.

Changes in assumptions at 31 March 2021	% increase to Employer Liability	£000s
0.1% decrease in Real Discount Rate	2%	81,812
1 year increase in member life expectancy	4%	178,685
0.1% increase in the Salary Increase Rate	0%	7,711
0.1% increase in the Pension Increase Rate (CPI)	1%	378,471

The principal demographic assumption is the longevity assumption (i.e., member life expectancy). For sensitivity purposes it is estimated that a one-year increase in life expectancy would increase the Employers Defined Benefit Obligation by around 3-5%.

This is not a full list of the assumptions used. For example, changes to the assumed level of withdrawals from the scheme and the number of ill health retirements will also have an effect. However, the assumptions in the table above will have the most impact.

The table shows the effect of changes to each assumption in isolation. It is possible for the experience of the Fund to deviate from more than one of the assumptions simultaneously and so the precise effect on the valuation is more complex.

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The assets consist of the following categories, by proportion of the total assets held:

Asset Type:	Year Ended 31 March 2020				Year Ended 31 March 2021			
	Quoted Prices in Active Markets £000s	Quoted Prices not in Active Markets £000s	Total £000s	%	Quoted Prices in Active Markets £000s	Quoted Prices not in Active Markets £000s	Total £000s	%
<b>Equity securities</b>								
Consumer	214,913	0	214,913	8%	309,215	0	309,215	9%
Manufacturing	177,111	0	177,111	6%	273,855	0	273,855	8%
Energy and utilities	140,721	0	140,721	5%	183,672	0	183,672	5%
Financial institutions	254,950	0	254,950	9%	392,119	0	392,119	11%
Health and care	131,839	0	131,839	5%	182,663	0	182,663	5%
Information technology	116,763	0	116,763	4%	181,926	0	181,926	5%
Other	58,287	0	58,287	2%	48,829	0	48,829	1%
<b>Debt securities</b>								
Corporate bonds (investment grade)	136,368	0	136,368	5%	156,876	0	156,876	4%
Other	116,031	0	116,031	4%	81,311	0	81,311	2%
<b>Private equity</b>								
All	0	180,628	180,628	6%	0	215,713	215,713	6%
<b>Real estate</b>								
UK property	0	130,394	130,394	5%	0	133,370	133,370	4%

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	Year Ended 31 March 2020				Year Ended 31 March 2021			
	Quoted Prices in Active Markets  £000s	Quoted Prices not in Active Markets  £000s	Total  £000s	%	Quoted Prices in Active Markets £000s	Quoted Prices not in Active Markets £000s	Total  £000s	%
<b>Asset Type:</b>								
Investment funds and unit trusts								
Equities	265,531	0	265,531	9%	263,188	0	263,188	8%
Bonds	356,654	0	356,654	13%	420,054	0	420,054	12%
Infrastructure	0	169,774	169,774	6%	0	198,613	198,613	6%
Other	67,801	288,047	355,849	13%	46,190	343,284	389,474	11%
Derivatives								
Other	0	0	0	0%	(8,989)	0	(8,989)	0%
Cash and cash equivalents								
All	32,025	0	32,025	1%	95,774	0	95,774	3%
<b>Total</b>	<b>2,068,994</b>	<b>768,843</b>	<b>2,837,838</b>	<b>100%</b>	<b>2,626,683</b>	<b>890,980</b>	<b>3,517,663</b>	<b>100%</b>

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**Note 42. Teachers' Pension Scheme**

Although the scheme is unfunded, the Department for Education (DfE) uses a notional fund as the basis for calculating the employer's contribution rate paid by local education authorities. However, it is not possible for the Council to identify a share of the underlying liabilities in the scheme attributable to its own employees. Although the teachers' pension scheme is a defined benefits scheme, for the purposes of the statement of accounts it is accounted for on the same basis as a defined contributions scheme. The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the Teachers' scheme. These benefits are fully accrued in the pensions liability described in Note 41.

The pension costs charged to the accounts are at the contribution rate set by the DfE on the basis of a notional fund. In 2020/21 the Council's contribution to the DfE in respect of teachers' pension costs was £23,433,000 (£20,488,000 2019/20), the set contribution rate being 23.68% (1 April 2019 to 31 August 2019 16.48%, 1 September 2019 to 31 March 2020 23.68%%).

The total contributions expected to be made to the Teachers' Pension Scheme by the Council in the year to 31 March 2022 is £23,786,000.

In addition, the Council is responsible for all pension payments relating to added years it has awarded, together with related increases. In 2020/21 these amounted to £5,698,000 (£5,756,000 2019/20) of which £966,000 (£1,045,000 2019/20) relates to former further education employees and is refunded by the Department for Education.

**Note 43. National Health Service Pension Scheme**

The NHS pension scheme is an unfunded, defined benefit scheme that covers NHS employers and is a multi-employer defined benefit scheme. This means that liabilities for benefits cannot be identified to the Council. The scheme is therefore accounted for as a defined contribution scheme – no liability for future payments of benefits is recognised in the Balance Sheet and the Adults Social Care line within the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable in the year.

In 2020/21 the Council's contribution in respect of former NHS staff pension costs was £86,000 (£84,000 in 2019/20), the set contribution rate being 14.4% (14.4% in 2019/20).

**Note 44. Contingent Assets and Liabilities****Contingent Assets**

As part of the Bowes Street Regeneration Scheme in Moss Side the Council has provided homebuyers, purchasing the renovated properties, equity mortgage loans totalling £1.428m for up to 30% of the property value. As these loans are repayable on the sale of the property or if the homebuyer decides to repay the loan before sale,

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the timing of the receipt cannot be assessed.

### Contingent Liabilities

There are no Contingent Liabilities reported

### Note 45. Related Party Transactions

The Code of Practice on Local Authority Accounting requires the disclosure of any material transactions with related parties to ensure that stakeholders are aware that these transactions have taken place and the amount and implications of such transactions.

All material related party transactions are disclosed in the table:

Income	Restated 2019/20 £000s	2020/21 £000s
Central Government - revenue grants	668,569	943,315
Central Government - capital grants	89,654	83,780
Greater Manchester Combined Authority - capital contribution	21,740	5,000
Manchester Airports Holdings Ltd - dividend	71,061	0
Manchester Airports Holdings Ltd - repayment of interest	22,478	30,934
Manchester Airports Holdings Ltd - net rent	9,013	9,549
Manchester Clinical Commissioning Group	21,014	34,805
Destination Manchester Ltd - interest on loans	776	704
Destination Manchester Ltd - repayment of loan principal	0	750
Northwards Housing Ltd (capital and revenue income)	2,133	2,376
Manchester Professional Services Limited	122	107
Manchester Creative Digital Assets Limited	6,092	4,407
CityCo (Manchester) Limited	5	0
Wythenshawe Forum Trust Limited	335	200
Lord Mayor of Manchester Charity Appeal Trust	121	122
National Car Parks (NCP) Limited	6,329	3,166
<b>Total</b>	<b>919,442</b>	<b>1,119,214</b>

Expenditure	Restated 2019/20 £000s	2020/21 £000s
Greater Manchester Combined Authority - levy	36,824	20,595
Greater Manchester Waste Disposal – levy	31,514	30,051
Greater Manchester Combined Authority – Transport Function	0	16,881



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Expenditure	Restated 2019/20 £000s	2020/21 £000s
Greater Manchester Police and Crime Commissioner – precept	23,006	24,759
Greater Manchester Fire and Rescue Authority - precept	8,927	10,811
Greater Manchester Fire and Rescue Authority - share of business rates	3,329	3,438
Manchester Clinical Commissioning Group	7,795	5,419
Northwards Housing Ltd (capital and revenue spend)	30,793	29,656
Manchester Professional Services Limited	30	41
Manchester Creative Digital Assets Limited	3,144	2,331
CityCo (Manchester) Limited	204	163
Wythenshawe Forum Trust Limited	877	876
Lord Mayor of Manchester Charity Appeal Trust	3	3
<b>Total</b>	<b>146,443</b>	<b>145,024</b>

	Amounts owed from		Amounts owed to	
	2019/20 £000s	2020/21 £000s	2019/20 £000s	2020/21 £000s
Central Government	36,868	77,430	50,413	62,481
Greater Manchester Combined Authority	10,086	10,866	12,385	295
Manchester Airports Holdings Ltd	218,713	356,098	0	0
Destination Manchester Ltd	16,407	15,657	0	0
Manchester Clinical Commissioning Group	5,151	1,097	54	82
Northwards Ltd	697	777	927	38
Manchester Working Ltd	242	0	333	0
Manchester Professional Services Limited	20	20	0	0
Manchester Creative Digital Assets Limited	497	1,747	8	0

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Wythenshawe Forum Trust Limited	28	0	0	7
Lord Mayor of Manchester Charity Appeal Trust	27	0	0	0
National Car Parks (NCP) Limited	869	0	0	0
<b>Total</b>	<b>289,605</b>	<b>463,692</b>	<b>64,120</b>	<b>62,903</b>

### Members and Chief Officers

Members of the Council have a direct control over the Council's financial and operating policies. Details of member's interest, both pecuniary and non-financial are recorded in the register of member's interest (available for public inspection). During 2020/21 there were no material transactions with related parties advised by members or Chief Officers (Senior Management Team).

#### a. Central Government

Central Government has effective control over the general operations of the Council. It is responsible for providing the framework within which the Council operates and provides the majority of its funding in the forms of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g., council tax bills and housing benefits).

Grant details are set out in Notes 14 and 15. Central Government debtors and creditors are set out in Notes 32 and 33.

#### b. Other Public Bodies

The Council pays levies towards the services provided by Greater Manchester Combined Authority (GMCA) for the management and disposal of household waste and for public transport, economic development and regeneration activities. The GMCA Police and Fire and Rescue elements set their own charge to council taxpayers which is then included in the council tax bill. This is known as the precept. The Council pays 1% of the estimated Business Rates due to the Greater Manchester Combined Authority Fire and Rescue element.

#### c. Entities controlled or significantly influenced by the Council

The Council has a number of subsidiaries over which it has control and associate and joint venture companies over which it exerts significant influence. Manchester Airports Holdings Ltd is a joint venture and Destination Manchester Ltd is a subsidiary; the Council and these organisations have related party transactions that are considered to be material.

#### Manchester Airports Holdings Ltd

The Council is a related party to Manchester Airports Holdings Ltd. The Council owns 35.5% of the share capital of the company. The principal activities of the Group during the year were ownership, operation and development of airport facilities. Cllr

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Sir Richard Leese, the former Leader of the Council, was a non-executive director to Manchester Airports Holdings Ltd.

#### Destination Manchester Ltd (DML)

Destination Manchester Ltd.'s ultimate parent and controlling party is Manchester City Council. Destination Manchester Ltd owns and manages the Manchester Central Convention Complex, which holds major conferences and exhibitions. The director who served the company during the year was the Deputy Chief Executive and City Treasurer, Carol Culley.

#### Manchester Professional Services Limited (MPSL)

Manchester Professional Services Limited has the principal activity of provision of company secretarial services. MCC has significant influence control. The director who served the company during the year was the Deputy Chief Executive and City Treasurer, Carol Culley.

#### Manchester Creative Digital Assets Limited (MCDA)

Manchester Creative Digital Assets Ltd. manages and operates the Council's digital assets, to identify gaps in provision and bring forward strategies to provide support to digital businesses. MCC has significant control. In 2020/21 Strategic Director of Growth and Development Rebecca Heron, Deputy Chief Executive and City Treasurer Carol Culley, Councillor Beverley Craig and Director of Inclusive Economy Angela Harrington acted as directors.

#### CityCo (Manchester) Limited

CityCo (Manchester) Limited aims to improve, develop and regenerate all aspects of the city centre as a trading environment. During the year Councillor Beverley Craig and Councillor Patrick Karney acted as directors.

#### Wythenshawe Forum Trust Limited

Wythenshawe Forum Trust Limited manages and operates the Wythenshawe Forum site. During 2020/21 Head of Service Parks, Leisure, Youth and Events Neil Fairlamb, Councillor Glynn Evans, and Councillor Tracy Rawlins acted as directors.

#### d. Manchester Clinical Commissioning Group (CCG) and Manchester Health and Care Commissioning (MHCC)

The objective of the Manchester CCG is to ensure that people in Manchester have access to high quality, safe health services when they need them. Manchester CCG commission healthcare services including community health services and mental health and learning disability services.

Manchester Health and Care Commissioning (MHCC) is a partnership between Manchester CCG and Manchester City Council, established in 2017, and is responsible for the commissioning of health, public health and adult social care services in the city of Manchester. This supports the vision for a Single Commissioning Function across the City of Manchester. These arrangements allow for the sharing of Health and Social Care resources for the best use for the population in Manchester. This effectively allows health or social care resource to be re-purposed for the best use of the population in Manchester. Through integrated

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working this may mean funding moves around the health and social care system. The transactions between the Council and CCG mainly reflects the costs of the new integrated care models which are funded from approved funding sources, such as Greater Manchester transformation funding or identified commissioner budgets.

**e. Subsidiaries or associates of the Council.**

These organisations are not consolidated into the Council's group accounts because they are not material.

**Northwards Housing Ltd**

Northwards Housing Ltd is an Arms Length Management Organisation (ALMO) limited by guarantee, and therefore a subsidiary of the Council. Manchester City Council is the ultimate parent undertaking. The ALMO activities transferred back into the City Council with effect from 5 July 2021, this included TUPE transfer for all staff, novation of existing contracts and the City Council taking direct responsibility for delivery of activities previously undertaken by the ALMO. The costs of these activities will be funded by the Housing Revenue Account. Northwards Housing Ltd will have ceased trading from July, and it is anticipated that the Company will be wound up by the end of December 2022 with any remaining assets or liabilities transferring back to the City Council.

The principal activity of Northwards Housing Ltd is the management and maintenance of Manchester City Council's housing stock in North Manchester.

**Note 46. Analysis of Cash and Cash Equivalents**

	31 March 2020 £000s	31 March 2021 £000s
<b>Cash and Cash Equivalents</b>		
Cash in hand	59	54
Call accounts	8,269	27,379
Cash Equivalents	100,030	0
Cash at bank	25,626	21,832
<b>Total</b>	<b>133,984</b>	<b>49,265</b>

**Note 47. Cash Flow Statement - Adjustments to net deficit / surplus on the provision of services for non-cash movements**

	31 March 2020 £000s	31 March 2021 £000s
<b>Adjustments to net deficit / surplus on the provision of services for non-cash movements:</b>		
Depreciation of non-current assets	77,109	77,512
Impairment and revaluation losses of non-current assets	13,930	41,513
Amortisation of intangible non-current assets	85	64
Movement in contract assets, liabilities and costs	0	690

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Adjustments to net deficit / surplus on the provision of services for non-cash movements:	31 March 2020 £000s	31 March 2021 £000s
Increase (decrease) in provision for impairments/ doubtful debts re loans and advances	4,672	227
Increase (decrease) in creditors	50,821	15,012
(Increase) decrease in debtors	(19,764)	(27,265)
(Increase) decrease in inventories	(27)	(36)
Movement in pension liability	72,468	(35,572)
Carrying amount of non-current assets and non- current assets held for sale, sold or derecognised	65,195	7,408
Movement in fair value of investment property	(25,195)	(13,877)
Differences between statutory accounting and amounts recognised as income and expenditure in relation to financial instruments	4,386	0
Contributions to / (from) provisions	2,347	25,569
Other non-cash movements	14,135	(1,937)
(Decrease) Increase in interest debtors	(13,768)	(29,148)
Increase (Decrease) in interest creditors	(76)	856
<b>Total</b>	<b>246,318</b>	<b>61,016</b>

Note 48. Cash Flow Statement - Adjustments for items included in the net deficit / surplus on the provision of services that are investing and financing activities

Adjustments for items included in the net deficit / surplus on the provision of services that are investing and financing activities:	31 March 2020 £000s	31 March 2021 £000s
Proceeds from the disposal of property, plant and equipment, investment properties and intangible assets	(38,433)	(17,466)
Any other items for which the cash effects are investing or financing cash flows	(106,044)	(88,780)
<b>Total</b>	<b>(144,477)</b>	<b>(106,246)</b>

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## Note 49. Cash Flow Statement - Operating Activities

The net cash flows from operating activities include the following items:

	2019/20 £000s	2020/21 £000s
<b>Operating Activities:</b>		
Interest received	(15,690)	(4,793)
Interest paid	31,692	33,989
Dividends received	(71,061)	(380)

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## Note 50. Cash Flow Statement - Investing Activities

	2019/20 £000s	2020/21 £000s
<b>Investing Activities:</b>		
Purchase of plant, property and equipment, investment property and other capital payments	(226,654)	(203,589)
Long term loans granted	0	0
Purchase of short-term and long-term investments	0	(4,230)
Other payments for investing activities	0	(112,222)
Proceeds from the sale of plant, property and equipment, investment property and intangible assets	38,433	18,363
Other receipts from investing activities	21,040	23,329
Purchase of Investments in Associates or Joint Ventures	(1,870)	0
Capital grants received	82,206	73,041
<b>Net cash flows from investing activities</b>	<b>(86,845)</b>	<b>(205,308)</b>

## Note 51. Cash Flow Statement - Financing Activities

	2019/20 £000s	2020/21 £000s
<b>Financing Activities:</b>		
Cash receipts of short and long term borrowing	69,215	367,301
Repayment of short and long term borrowing	(33,827)	(224,344)
Payments for the reduction of a finance liability	(15,301)	(11,479)
<b>Net cash flows from financing activities</b>	<b>20,087</b>	<b>131,478</b>

## Manchester City Council Annual Statement of Accounts 2020/21

## Note 52. Cash Flow Statement - Reconciliation of liabilities arising from Financing Activities

2020/21	1 April 2020 £000s	Financing cash flows £000s	Non-cash changes		31 March 2021 £000s
			Acquisition £000s	Other non-cash charges £000s	
Long-term borrowings	585,397	0	0	(6,841)	578,556
Short-term borrowings	32,904	142,958	0	8,813	184,675
Ex GMC debt	5,146	(2,492)	0	0	2,654
PFI liabilities	155,997	(8,205)	1,142	0	148,934
Service concessions	5,506	(782)	100	0	4,824
<b>Total liabilities from financing activities</b>	<b>784,950</b>	<b>131,478</b>	<b>1,242</b>	<b>1,971</b>	<b>919,642</b>

2019/20	1 April 2019 £000s	Financing cash flows £000s	Non-cash changes		31 March 2020 £000s
			Acquisition £000s	Other non-cash charges £000s	
Long-term borrowings	607,232	69,215	0	(91,050)	585,397
Short-term borrowings	126,283	(33,827)	0	(59,552)	32,904
Ex GMC debt	7,516	(2,370)	0	0	5,146
PFI liabilities	151,767	(12,217)	16,447	0	155,997
Service concessions	4,131	(714)	2,089	0	5,506
<b>Total liabilities from financing activities</b>	<b>896,929</b>	<b>20,087</b>	<b>18,536</b>	<b>(150,602)</b>	<b>784,950</b>

## Note 53. Events after the Balance Sheet Date

Northwards Housing Ltd is an Arms Length Management Organisation (ALMO) limited by guarantee, and therefore a subsidiary of the Council. Manchester City Council is the ultimate parent undertaking. The ALMO activities transferred back into the Council with effect from 5 July 2021, this included TUPE transfer for all staff, novation of existing contracts and the Council taking direct responsibility for delivery of activities previously undertaken by the ALMO. The costs of these activities will be funded by the Housing Revenue Account. Northwards Housing Ltd will have ceased trading from July, and it is anticipated that the Company will be wound up by the end



## Manchester City Council Annual Statement of Accounts 2020/21

of December 2022 with any remaining assets or liabilities transferring back to the Council.

**Note 54. Authorisation for Issue of the Statement of Accounts**

The 2020/21 Statement of Accounts was authorised for issue by Carol Culley, the Deputy Chief Executive and City Treasurer on 26 July 2022. All events after the Balance Sheet date until this date have been considered for disclosure as events after the Balance Sheet date.

## Manchester City Council Annual Statement of Accounts 2020/21

## Housing Revenue Account (HRA) Income and Expenditure Statement

The HRA reflects a statutory obligation to account separately for council housing provision. The HRA Income and Expenditure Statement shows the major elements of HRA expenditure and how they are met from rents, grants and other income. The account does not reflect all of the transactions required by statute to be charged or credited to the HRA for the year. The Movement on the HRA Statement gives details of the additional transactions which are required by statute.

2019/20 £000s	Housing Revenue Account (HRA) Income and Expenditure Statement	2020/21 £000s
	<b>Expenditure</b>	
26,317	Repairs and maintenance	31,946
14,610	Supervision and management	17,850
281	Rents, rates taxes and other charges	408
23,256	Depreciation and impairment of non-current assets (note d,e)	20,231
25	Debt management costs	22
48	Revenue expenditure funded from capital under statute	2
<b>64,537</b>	<b>Total Expenditure</b>	<b>70,459</b>
	<b>Income</b>	
(59,944)	Dwelling rents	(61,632)
(392)	Non-dwelling rents	(417)
(922)	Charges for services and facilities	(960)
(243)	Contributions towards expenditure	(53)
(23,586)	Private Finance Initiative Grant	(23,374)
<b>(85,088)</b>	<b>Total Income</b>	<b>(86,436)</b>
<b>(20,551)</b>	<b>Net (Income) of HRA Services as included in the Council's Comprehensive Income and Expenditure Statement</b>	<b>(15,977)</b>
98	HRA services share of corporate and democratic core	98
54	HRA share of other amounts included in the Council's net cost of services but not allocated to specific services	2
<b>(20,399)</b>	<b>Net (Income) of HRA Services</b>	<b>(15,877)</b>
	<b>HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement</b>	
(7,129)	(Gain) on disposal of HRA non-current assets	(2,494)
11,990	Interest payable and similar charges	11,339
111	Movement in the allowance for bad debts	303
(131)	Interest and investment income	(89)
80	Net interest on the net defined benefit liability	56
(4)	Capital grants and contributions	(1,207)
<b>(15,483)</b>	<b>(Surplus) for the year on HRA services</b>	<b>(7,969)</b>

## Manchester City Council Annual Statement of Accounts 2020/21

## Movement on the Housing Revenue Account Statement

2019/20 £000s	Movement on the Housing Revenue Account Statement	2020/21 £000s
(104,452)	Balance on the HRA at the end of the previous year	(109,445)
(15,483)	(Surplus) for Year on the HRA Income and Expenditure Statement	(7,969)
	Adjustments between accounting basis and funding basis under the legislative framework	
151	Capital expenditure funded by the HRA	154
7,129	Gain/(Loss) on disposal of HRA non-current assets	2,494
0	Transfer to short-term accumulating absences account	1
(167)	HRA share of employer contributions from pension scheme	(329)
(5,149)	Impairment of non-current assets	(674)
(48)	Amortisation of Revenue Expenditure Funded from Capital under Statute	(2)
8,570	Reversal of PFI Charges	3,397
4	Capital grants and contributions receivable	1,207
(4,993)	Net (Increase) in Year on the HRA	(1,721)
(109,445)	Balance on the HRA at the end of the current year	(111,165)

## Manchester City Council Annual Statement of Accounts 2020/21

## Notes to the Housing Revenue Account

## (a) Housing Stock

The Council was responsible for managing an average of 15,655 dwellings during 2020/21.

The stock at each year end was made up as follows:

	31 March 2020	31 March 2021
Houses and bungalows	8,877	8,820
Flats	6,735	6,723
Others	77	77
<b>Total</b>	<b>15,689</b>	<b>15,620</b>

The change in stock is as follows:

	2019/20	2020/21
Stock at 1 April	15,845	15,689
Sales - Right to Buys	(191)	(76)
Demolitions	(1)	0
Other	12	4
New buildings	23	3
Acquisitions	1	0
<b>Stock at 31 March</b>	<b>15,689</b>	<b>15,620</b>

The balance sheet value of the HRA's non-current assets was as follows:

	31 March 2020 £000s	31 March 2021 £000s
<b>Operational</b>		
Council dwellings	568,161	623,195
Other land and buildings	5,039	5,071
Vehicles, plant and equipment	783	682
Infrastructure	1,945	1,867
<b>Total operational</b>	<b>575,928</b>	<b>630,815</b>
<b>Non-operational</b>		
Surplus properties	572	569
Assets under construction	2,091	19,297
<b>Total non-operational</b>	<b>2,663</b>	<b>19,866</b>

## Manchester City Council Annual Statement of Accounts 2020/21

Total non-current assets	578,591	650,681
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## (b) Vacant Possession of Dwellings

The vacant possession value of dwellings within the Council's HRA at 1 April 2020 was £1,391,275,000 and 31 March 2021 was £1,558,650,000. The difference between the vacant possession value and balance sheet value of dwellings within the HRA shows the economic cost of providing council housing at less than open market rents.

## (c) Capital Expenditure, Funding and Receipts

	2019/20 £000s	2020/21 £000s
<b>Expenditure</b>		
Property, plant and equipment	18,898	17,572
Revenue expenditure funded from capital under statute	48	2
<b>Total Expenditure</b>	<b>18,946</b>	<b>17,574</b>
<b>Funded by</b>		
Revenue contributions	151	155
Capital receipts	197	294
Major repairs reserve	18,594	15,917
Government grants	0	1,207
External contributions	4	1
<b>Total Funded by</b>	<b>18,946</b>	<b>17,574</b>
<b>Receipts</b>		
Council dwellings	14,591	5,445
Mortgage repayments	1	0
<b>Total receipts</b>	<b>14,592</b>	<b>5,445</b>

## (d) Depreciation

	2019/20 £000s	2020/21 £000s
Property, plant and equipment		
Council dwellings	17,822	19,274
Other land and buildings	104	105
Vehicles, plant and equipment	100	101
Infrastructure	81	78
<b>Total</b>	<b>18,107</b>	<b>19,558</b>

## Manchester City Council Annual Statement of Accounts 2020/21

## (e) Impairment Charges

	2019/20 £000s	2020/21 £000s
Non-enhancing capital expenditure	117	0
Downward revaluation of assets	5,031	674
<b>Total</b>	<b>5,149</b>	<b>674</b>

## (f) Contribution from the Pension Reserve

The cost of the HRA has increased after the replacement of employer's pension contributions by current service costs and a share of the corporate items (pensions interest costs, expected return on pensions assets and past service costs). The HRA share of the contribution from the pensions reserve in 2020/21 is £329,000 (£167,000 in 2019/20). The overall amount to be met from rent payers remains unchanged.

## (g) Rent Arrears

	2019/20 £000s	2020/21 £000s
Arrears at 31 March	7,599	8,450

	2019/20 £000s	2020/21 £000s
Provision at 1 April	6,263	6,356
Contributions in year	93	307
<b>Provision as at 31 March</b>	<b>6,356</b>	<b>6,663</b>

Manchester City Council Annual Statement of Accounts 2020/21

Collection Fund

This statement reflects statutory requirements for billing authorities to maintain a separate collection fund to account for the income from council tax and business rates and its distribution to the Council, the Greater Manchester Combined Authority Police and Crime and Fire and Rescue elements.

2019/20 £000s				2020/21 £000s		
Business Rates	Council Tax	Total		Business Rates	Council Tax	Total
0	203,090	203,090	<b>Income</b>			
			Council Tax - net amount receivable	0	212,906	212,906
0	0	0	Local Council Tax Hardship Fund	0	6,835	6,835
377,735	0	377,735	Collectable from business ratepayers	226,078	0	226,078
377,735	203,090	580,825	<b>Total Income</b>	226,078	219,741	445,819
			<b>Expenditure</b>			
			Apportionment of Previous Year Surplus			
13,271	5,478	18,749	- Manchester City Council	12,080	5,028	17,108
			- GMCA Police and Crime			
0	721	721	Commissioner	0	699	699
134	281	415	- GMCA Mayoral and Fire and Rescue	122	271	393
			Precepts and demands			
329,567	159,030	488,597	- Manchester City Council	340,353	169,437	509,789
			- GMCA Police and Crime			
0	23,006	23,006	Commissioner	0	24,759	24,759
3,329	8,927	12,256	- GMCA Mayoral and Fire and Rescue	3,438	10,811	14,249

Manchester City Council Annual Statement of Accounts 2020/21

2019/20 £000s				2020/21 £000s		
Business Rates	Council Tax	Total		Business Rates	Council Tax	Total
1,152	0	1,152	Business rates			
548	0	548	- Transitional protection payment	3,220	0	3,220
			- Enterprise Zone Growth Disregard	313	0	313
			Charges to Collection Fund			
10,331	707	11,038	- Write offs of uncollectable amounts	0	1,133	1,133
(455)	8,606	8,151	- Increase in Allowance for Impairment	22,624	9,926	32,550
21,638	0	21,638	- Contribution to Provision for Appeals	35,648	0	35,648
1,124	0	1,124	- Costs of collection	1,124	0	1,124
<b>380,638</b>	<b>206,756</b>	<b>587,394</b>	<b>Total Expenditure</b>	<b>418,922</b>	<b>222,064</b>	<b>640,985</b>
(2,903)	(3,666)	(6,569)	Movement on fund balance	(192,844)	(2,322)	(195,166)
15,931	7,175	23,106	Fund balance brought forward	13,028	3,509	16,536
<b>13,028</b>	<b>3,509</b>	<b>16,537</b>	<b>Fund Balance Carried Forward</b>	<b>(179,816)</b>	<b>1,186</b>	<b>(178,630)</b>



## Manchester City Council Annual Statement of Accounts 2020/21

## Notes to the Collection Fund Statement

## a) Business Rates

The Council collects business rates for its area on behalf of itself and the Greater Manchester Combined Authority (Fire and Rescue). These rates are based on rateable values for properties set by the Valuation Office Agency which are multiplied by a uniform business rate set by central government. The multiplier for the year was set at 49.9p (49.1p for 2019/20) for smaller businesses and for larger businesses 51.2p (50.4p for 2019/20). The total business rates rateable value at 31 March 2021 was £899,644,000 (£906,662,000 at 31 March 2020).

## b) Calculation of the Council Tax Base

For 2020/21 there were 236,069 residential properties in Manchester which were placed in one of eight valuation bands, depending on their capital value, by the Listing Officer of the government's Valuation Office. There are 204,585 equivalent number of dwellings after taking account of discounts, exemptions and disabled relief. These equate to 158,173 equivalent Band D properties, which are used for the calculation of the tax base.

The table shows the total number of equivalent properties after discounts, exemptions and disabled relief and the number of chargeable Band D equivalents.

Valuation Band	Total Equivalent Number of Dwellings after Discounts, Exemptions and Disabled Relief	Chargeable Band D Equivalents
A	113,245	75,467
B	36,285	28,222
C	31,267	27,793
D	15,243	15,243
E	5,148	6,291
F	2,394	3,458
G	920	1,534
H	83	165
	204,585	158,173

The number of chargeable Band D equivalents for 2019/20 was 154,904.

## Manchester City Council Annual Statement of Accounts 2020/21

## c) Share of Fund Balance

The shares of the closing fund balances are shown in the tables.

Business Rates	Surplus 2019/20 £000s	(Deficit) 2020/21 £000s
Manchester City Council	12,898	(178,017)
GMCA Mayoral and Fire and Rescue	130	(1,796)
<b>Total Surplus / (Deficit)</b>	<b>13,028</b>	<b>(179,816)</b>
Council Tax	Surplus 2019/20 £000s	Surplus 2020/21 £000s
Manchester City Council	2,862	975
GMCA Police and Crime Commissioner	426	144
GMCA Mayoral and Fire and Rescue	221	67
<b>Total Surplus</b>	<b>3,509</b>	<b>1,186</b>

The COVID 19 pandemic has had a material impact on the Collection Fund and several government schemes have been announced in response to the pandemic and collection of local taxation.

The Government announced in its Provisional Local Government Finance Settlement any in-year deficit forecast in business rates or council tax must be spread over 3 years, from 2021/22 to 2023/24, in equal thirds instead of being fully reflected in 2021/22. This spreadable deficit was determined by the estimate calculated and declared in January 2021. For business rates the introduction of Expanded Retail Discount, which offered 100% relief to retail, hospitality and leisure businesses, resulted in an additional relief award of £148.471m. The spreadable deficit was calculated gross of this relief.

The Taxation Income Guarantee (TIG) scheme was also announced in the provisional settlement and aimed to fund billing authorities for 75% of losses in collection when compared to budget. Government has released specific calculators to determine if any funding is due, and the Council estimates to receive £19.219m for losses in business rates. There is no TIG due for council tax.

Government's council tax hardship scheme, totalling £6.835m, included a deduction of £150 from annual council tax bills for the most vulnerable residents in the city, and was applied in 2020/21. This scheme was fully funded and credited to the Collection Fund.

## Group Accounts

### Group Comprehensive Income and Expenditure Statement

This account summarises the resources that have been generated and consumed in providing services and managing the Group during the last year. It includes all day-to-day expenses and related income on an accruals basis.

Restated 2019/20 Gross Expenditure £000s	Restated 2019/20 Gross Income £000s	Restated 2019/20 Net Expenditure £000s		2020/21 Gross Expenditure £000s	2020/21 Gross Income £000s	2020/21 Net Expenditure £000s
			<b>Continuing operations</b>			
272,674	(60,059)	212,615	Adult Social Care	284,455	(81,530)	202,925
36,318	(24,491)	11,827	Homelessness	48,438	(31,574)	16,864
567,681	(386,914)	180,767	Children's Services	553,971	(399,577)	154,394
332,904	(248,094)	84,810	Corporate Core	328,269	(244,023)	84,246
173,851	(54,805)	119,046	Neighbourhoods and Highways	178,980	(59,886)	119,094
86,058	(40,096)	45,962	Growth and Development	80,926	(40,178)	40,748
5,492	(11,152)	(5,660)	Corporate Items	7,001	(10,629)	(3,628)
8,276	0	8,276	Council-Wide Costs	4,775	0	4,775
64,537	(85,088)	(20,551)	Housing Revenue Account	70,459	(86,436)	(15,977)
21,097	(18,718)	2,379	Destination Manchester Ltd	12,349	(12,072)	277
1,568,888	(929,417)	639,471	<b>Cost of services</b>	1,569,623	(965,905)	603,718
			<b>Other operating expenditure</b>			
52,586	(7,129)	45,457	Loss on disposal of non-current assets	0	(10,483)	(10,483)
68,687	0	68,687	Levies	69,166	0	69,166
2,553	0	2,553	Payments to government housing capital receipts pool	2,566	0	2,566
123,826	(7,129)	116,697	<b>Total other operating expenditure</b>	71,732	(10,483)	61,249

Manchester City Council Annual Statement of Accounts 2020/21

Restated 2019/20 Gross Expenditure £000s	Restated 2019/20 Gross Income £000s	Restated 2019/20 Net Expenditure £000s		2020/21 Gross Expenditure £000s	2020/21 Gross Income £000s	2020/21 Net Expenditure £000s
167,171	(175,334)	(8,163)	Financing and investment income and expenditure (Note 5)	155,534	(160,095)	(4,561)
44,150	(712,691)	(668,541)	Taxation and non-specific grant income and expenditure	40,757	(734,531)	(693,775)
1,904,034	(1,824,570)	79,464	Deficit / (surplus) on provision of services	1,837,647	(1,871,014)	(33,370)
309,586	(331,464)	(21,878)	Share of operating results of joint venture (Note 8)	253,410	(63,829)	189,581
98	0	98	Tax expenses of subsidiary	201	0	201
21,229	0	21,229	Tax expenses of joint venture (Note 8)	15,052	0	15,052
2,234,947	(2,156,034)	78,913	Group Deficit on provision of services	2,106,310	(1,934,843)	171,466

(76,583)	(Surplus) on revaluation of non-current assets
12,357	Impairment losses on non-current assets charged to the revaluation reserve
(335,501)	Remeasurements of the net defined benefit liability
108,607	Share of other comprehensive income and expenditure of joint ventures
	Items that will be subsequently classified in Deficit on Provision of Services
980	Deficit from investments in equity instruments designated at fair value through other comprehensive income
(290,141)	Total other comprehensive income and expenditure
(211,229)	Total comprehensive income and expenditure

(151,827)
7,996
297,623
64,295
2,734
220,821
392,288

## Group Movement In Reserves Statement

This statement shows the movement in the year on the Council's single entity usable and unusable reserves, as well as the Council's share of the group reserves.

	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	Total Usable Reserves	Total Unusable Reserves	Council Share of Group Reserves	Total Group Reserves
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance at 31 March 2019	(353,784)	(104,452)	(81,860)	(57,516)	(2,913)	(600,525)	(1,603,119)	(945,591)	(3,149,235)
Movement in reserves during 2019/20									
Total comprehensive income and expenditure	21,059	(15,483)	0	0	0	5,576	(398,747)	181,942	(211,229)
Total adjustments between accounting basis and funding basis under regulations	(49,070)	10,489	(14,989)	(46,538)	485	(99,622)	99,622	0	0
(Increase) / decrease in year	(28,011)	(4,994)	(14,989)	(46,538)	485	(94,046)	(299,125)	181,942	(211,229)
Balance at 31 March 2020	(381,795)	(109,445)	(96,849)	(104,055)	(2,427)	(694,571)	(1,902,244)	(763,649)	(3,360,464)
Re-classification of Dedicated School Grant (DSG) Reserve	(4,281)	0	0	0	0	(4,281)	4,281	0	0
Balance at 1 April 2020	(386,076)	(109,445)	(96,849)	(104,055)	(2,427)	(698,852)	(1,897,963)	(763,649)	(3,360,464)
Movement in reserves during 2020/2021									
Total comprehensive income and expenditure	(26,372)	(7,968)	0	0	0	(34,341)	156,525	270,104	392,288

Manchester City Council Annual Statement of Accounts 2020/21

	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	Total Usable Reserves	Total Unusable Reserves	Council Share of Group Reserves	Total Group Reserves
Total adjustments between accounting basis and funding basis under regulations	(193,893)	6,247	2,893	10,050	(3,642)	(178,344)	178,344	0	0
(Increase) / decrease in year	(220,265)	(1,721)	2,893	10,050	(3,642)	(212,686)	334,869	270,104	392,288
Balance at 31 March 2021	(606,341)	(111,166)	(93,956)	(94,005)	(6,069)	(911,537)	(1,563,094)	(493,546)	(2,968,176)

\*A breakdown of the Council's usable and unusable reserves can be found in the Council's accounts Notes 10, 38 and 39.

The Council's share of the group reserves include accounting adjustments to align accounting policies for property, plant and equipment and government grants.

The Council's share of group reserves are split between usable reserves and unusable reserves. The unusable reserves include the amounts to align the accounting policies plus the share of other comprehensive income and expenditure of the joint venture and subsidiary.

## Manchester City Council Annual Statement of Accounts 2020/21

## Group Balance Sheet

31 March 2020 £000s		Note	31 March 2021 £000s	
	<b>Non-current assets</b>			
2,041,174	Property, plant and equipment	10	2,228,451	
517,529	Infrastructure		538,992	
604,821	Heritage assets		635,802	
475,227	Investment properties		476,130	
324	Intangible non-current assets		4,509	
887,440	Long-term investment in joint venture / subsidiaries and associates	11	615,969	
12,536	Other long-term investments	11	12,403	
293,824	Long-term debtors	12	430,226	
<b>4,832,875</b>	<b>Total non-current assets</b>			<b>4,942,482</b>
	<b>Current assets</b>			
20,098	Short term investments		0	
592	Inventories		583	
172,096	Short-term debtors	12	212,762	
141,825	Cash and cash equivalents	13	58,639	
9,474	Short-term assets held for sale		6,339	
<b>344,085</b>	<b>Total current assets</b>			<b>278,323</b>
<b>5,176,960</b>	<b>Total assets</b>			<b>5,220,805</b>
	<b>Current liabilities</b>			
(32,904)	Short-term borrowing		(184,675)	
(224,865)	Short-term creditors	14	(241,293)	
(31,570)	Short-term provisions		(19,992)	
(11,453)	Short-term deferred liabilities	15	(12,143)	
<b>(300,792)</b>	<b>Total current liabilities</b>			<b>(458,103)</b>
<b>4,876,168</b>	<b>Total assets less current liabilities</b>			<b>4,762,702</b>
	<b>Long-term liabilities</b>			
(1,243)	Long-term creditors		(1,026)	
(73,159)	Long-term provisions		(110,306)	
(585,397)	Long-term borrowing		(578,556)	
(156,589)	Long-term deferred liabilities	15	(145,762)	
(9,743)	Capital grants receipts in advance		(9,420)	
(689,573)	Pensions liability		(949,456)	
<b>(1,515,704)</b>	<b>Total long-term liabilities</b>			<b>(1,794,526)</b>
<b>3,360,464</b>	<b>Net assets</b>			<b>2,968,176</b>
	<b>Financed by:</b>			
(694,571)	Usable reserves			(911,537)
(1,902,244)	Unusable reserves			(1,563,094)

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31 March 2020 £000s		Note	31 March 2021 £000s
(763,649)	Group income and expenditure reserve		(493,546)
(3,360,464)	Total reserves	16	(2,968,176)

### Group Cash flow statement

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

2019/20 £000s		Note	2020/21 £000s
(78,913)	Net deficit on the provision of services		(171,466)
251,506	Adjustments to net deficit / surplus on the provision of services for non-cash movements	18	62,221
(74,719)	Adjustments for items included in the net deficit / surplus on the provision of services that are investing and financing activities	19	98,893
97,874	Net cash flows from operating activities		(10,353)
(87,929)	Investing activities	21	(205,061)
20,087	Financing activities	22	132,228
30,032	Net increase / (decrease) in cash and cash equivalents		(83,186)
111,793	Cash and cash equivalents at the beginning of the reporting period		141,825
141,825	Cash and cash equivalents at the end of the reporting period	13	58,639



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## Notes to the Group Accounts

## Note 1. Reconciliation of the Single Entity Comprehensive Income and Expenditure Statement Surplus to the Group Comprehensive Income and Expenditure Statement Deficit

This shows how the group entities have contributed to the overall deficit shown in the group income and expenditure account.

2019/20 £000s		2020/21 £000s
5,576	Deficit /(Surplus) on the Authority's single entity Income and Expenditure Account for the year	(34,341)
775	Distribution from group entities included in the Authority's single entity deficit / surplus on the Income and Expenditure Account	706
2,461	Add deficit attributable to subsidiary (note 7)	468
70,101	Add deficit attributable to joint venture including dividends paid (after corporation tax)	204,632
78,913	Group income and expenditure account deficit for the year	171,466

## Note 2. Group Accounting Policies

## Introduction

As a modern local authority Manchester City Council often chooses to conduct activities through a variety of undertakings, either under ultimate control of or in partnership with other organisations. The standard financial statements consider the Council only as a single entity, accounting for its interests in other organisations only to the extent of its investment, and not current performance and balances. Thus, a full picture of the Council's economic activities, financial position, service position, accountability for resources and exposure to risk is not presented in the Council's single entity financial statements.

As a result, group financial statements are produced to reflect the extent of Manchester City Council's involvement with its group undertakings in order to provide a clearer picture of the Council's activities as a group. The group accounts contain core financial statements similar to those included in the Council's single entity statements, consolidated with figures from organisations considered to be part of the group.

The Group Accounts are of equal status to the single entity accounts but to achieve a meaningful presentation to the reader of the accounts they are positioned after the single entity financial statements and notes.

The group statements include:

## Manchester City Council Annual Statement of Accounts 2020/21

- Group Comprehensive Income and Expenditure Statement
- Group Movement in Reserves Statement
- Group Balance Sheet
- Group Cash Flow Statement.

The group financial statements are presented in accordance with the IFRS based Code.

Notes to the Group Accounts are included where they are materially different to the single entity accounts.

### Manchester City Council Group

Inclusion in the Manchester City Council Group is dependent upon the extent of the Council's interest and control over the entity. An assessment of all of the Council's interests has been carried out to determine which of the following categories they fall under. Where an entity is considered to be immaterial, they are not included in the group accounts.

Subsidiaries – where the Council exercises control and gains benefits / exposure to risks arising from this control. Subsidiaries of the Council have been considered for materiality; Destination Manchester Limited (DML) is the only subsidiary consolidated into the Council's group accounts. The Council owns 100% of DML.

Associates – where the Council exercises a significant influence and has a participating interest. Associates of the Council have been considered for materiality; there are no associates consolidated into the Council's group accounts.

Joint Ventures - where the Council and another party exercise joint control with decisions relating to the organisation requiring unanimous consent of the parties sharing control. Those entities considered to be material are included in the group. Joint Ventures are accounted for on an equity basis, by including their net operating results in the group income and expenditure account. Investments in these entities are adjusted on the balance sheet for the Council's share of their results. The group contains one material joint venture which is Manchester Airports Holdings Limited (MAHL). The Council owns 35.5% of MAHL. MAHL owns Manchester, Stansted and East Midlands airports.

Manchester Airports Holdings Limited audited accounts are available at their website

The Group Accounts have been prepared in accordance with the 2020/21 Code of Practice for Local Authority Accounting in the United Kingdom, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

### Consolidation of Subsidiary

The Council's subsidiary has been consolidated using the acquisition accounting basis. This is a full, line by line consolidation of the financial transactions and balances of the Council and its subsidiary. To avoid overstating the figures within the group financial statements, all transactions and balances between members of the group (the Council and its subsidiary) have been eliminated.

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### Consolidation of Joint Venture

The Council's joint venture has been consolidated using the equity method. An investment is brought into the group balance sheet and adjusted by the Council's share in the joint venture's net asset movement. The Council's share of the joint venture's operating results for the year is included within the group income and expenditure account.

### Non-Current Assets

Non-current assets have been consolidated using the valuation basis specified by the Code, unless the entity has a distinct class of asset that the Council does not recognise. In this case the entity's valuation basis was used.

Land and buildings in the Council's single entity accounts are valued at current value (i.e., the amount that would be paid for an asset in its existing use). Where sufficient market evidence is not available, current value is estimated at depreciated replacement cost, using the modern equivalent asset method (i.e., the market value of the land on which the building sits plus the current gross replacement cost of the building less an allowance for physical deterioration of the building).

Infrastructure is included in the Council's accounts at depreciated historical cost.

Where group organisations use different accounting policies to the Council, their accounts have been restated to align their accounting policies with those of the Council where the effect of not doing so would be material to the reader's interpretation of the accounts.

Manchester Airport Holdings Limited (MAHL) accounts are prepared using deemed cost for land and buildings. Deemed cost is the cost or valuation of assets as at 1 April 2005. Consequently property, plant and equipment are included in MAHL's accounts at cost or deemed cost less accumulated depreciation. A valuation of MAHL's land and building assets has been undertaken in order to align the accounting policy with that of the Council. This valuation has been used for the Council's group accounts. In undertaking this valuation specialised assets, such as airport terminals, have been valued at depreciated replacement cost using the modern equivalent asset method and income generating assets, such as car parks, have been valued at market value.

Infrastructure, such as runways and taxiways, are included in MAHL's accounts on the same basis as the Council's infrastructure assets (depreciated historical cost) and therefore no adjustment has been made to the valuation for group account purposes.

The land and building assets of Destination Manchester Limited (DML), which is a subsidiary within the Council group, are included in DML's accounts at cost less accumulated depreciation and impairment. A valuation of DML's land and building assets has been undertaken in order to align the accounting policy with that of the Council. This valuation has been used for the Council's group accounts. The Convention Centre and its car parks have been valued at market value.

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**International Financial Reporting Standards (IFRS)**

The Council produces its financial statements in accordance with IFRS. Where UK GAAP is still being used by group entities, their financial statements are adjusted to reflect IFRS where any changes have a material effect on the presentation of the group financial statements.

**Market conditions explanatory note: Novel Coronavirus (Covid-19)**

The outbreak of Covid-19 has and continues to impact many aspects of daily life and the global economy with some real estate markets having experienced lower levels of transactional activity and liquidity.

The pandemic and the measures taken to tackle Covid-19 continue to affect economies and real estate markets globally. At the valuation date some property markets have started to function again, with transaction volumes and other relevant evidence at levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, and for the avoidance of doubt, the valuation is not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards, except as identified below.

**Material valuation uncertainty**

In respect of airport carparking, as at the valuation date we continue to be faced with an unprecedented set of circumstances caused by Covid-19 leading to uncertainty surrounding foreign travel. This makes forecasting carpark revenues in the short term extremely challenging which in turn impacts on both carparking values and saleability. The valuation of the airport carparks is therefore reported as being subject to 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, in respect of these valuations less certainty and a higher degree of caution should be attached to the valuation than would normally be the case.

In respect of the Conference Centre sector, as at the valuation date we continue to be faced with an unprecedented set of circumstances caused by Covid-19 and an absence of relevant / sufficient market evidence on which to base judgements. The valuation of Manchester Central Convention Centre is therefore reported as being subject to 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, in respect of these valuations less certainty and a higher degree of caution should be attached to the valuation than would normally be the case.

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Note 3. Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates etc.) by local authorities in comparison to those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how the expenditure is allocated between Directorates. Income and expenditure accounted for under generally accepted accounting practice is presented more fully in the Comprehensive Income and Expenditure Statement.

2019/20 Service	Restated as reported to Members £000's	Restated adjustments to arrive at net amount chargeable to the general fund and HRA balances £000's	Restated net expenditure chargeable to the general fund and HRA balances £000's	Restated adjustments between funding and accounting basis £000's	Restated net expenditure in the Comprehensive Income and Expenditure Statement £000's
Adult Social Care	205,222	(1,091)	204,131	8,484	212,615
Homelessness	14,235	(3,828)	10,407	1,420	11,827
Children's Services	122,491	19,696	142,187	38,580	180,767
Corporate Core	66,814	3,186	70,000	14,810	84,810
Neighbourhoods and Highways	94,884	(21,556)	73,328	45,718	119,046
Growth and Development	7,826	14,964	22,790	23,172	45,962
Corporate Items	5,294	(10,958)	(5,664)	4	(5,660)
Council-Wide Costs	0	0	0	8,276	8,276
Housing Revenue Account	(4,993)	(5,068)	(10,061)	(10,490)	(20,551)
Destination Manchester Ltd	0	2,379	2,379	0	2,379
<b>Net Cost of Services</b>	<b>511,773</b>	<b>(2,823)</b>	<b>508,950</b>	<b>129,974</b>	<b>639,471</b>
Other Income and Expenditure	(516,074)	46,910	(469,164)	(91,395)	(560,559)
<b>Deficit / (surplus) on Provision of Services</b>	<b>(4,301)</b>	<b>44,634</b>	<b>40,333</b>	<b>38,578</b>	<b>78,913</b>

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2020/21 Service	As reported to Members £000's	Adjustments to arrive at net amount chargeable to the general fund and HRA balances £000's	Net expenditure chargeable to the general fund and HRA balances £000's	Adjustments between funding and accounting basis £000's	Net expenditure in the Comprehensive Income and Expenditure Statement £000's
Adult Social Care	239,298	(43,507)	195,791	7,134	202,925
Homelessness	25,200	(9,471)	15,730	1,135	16,864
Children's Services	133,911	(13,442)	120,469	33,925	154,394
Corporate Core	102,029	(30,613)	71,416	12,830	84,246
Neighbourhoods and Highways	127,646	(64,202)	63,444	55,650	119,094
Growth and Development	15,693	9,924	25,617	15,131	40,748
Corporate Items	7,685	(3,152)	4,533	(8,161)	(3,628)
Council-Wide Costs	0	0	0	4,775	4,775
Housing Revenue Account	(1,723)	(8,008)	(9,731)	(6,246)	(15,977)
Destination Manchester Ltd	0	277	277	0	277
<b>Net Cost of Services</b>	<b>649,741</b>	<b>(162,194)</b>	<b>487,546</b>	<b>116,172</b>	<b>603,718</b>
Other Income and Expenditure	(655,317)	(53,939)	(709,256)	277,004	(432,253)
<b>Deficit / (surplus) on Provision of Services</b>	<b>(5,578)</b>	<b>(216,133)</b>	<b>(221,710)</b>	<b>393,174</b>	<b>171,466</b>

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2019/20		2020/21	
Restated As reported to Members £000	Restated Net expenditure chargeable to the group general balances £000	As reported to Members £000	Net expenditure chargeable to the group general balances £000
Opening Group General Reserves	1,074,722	Opening Group General Reserves	1,038,670
(Deficit) on Group General Reserves in year	(40,333)	Surplus on Group General Reserves in year	221,710
Closing Group General Reserves at 31 March	1,034,389	Closing Group General Reserves at 31 March	1,260,379
Add new statutory accounting practices in relation to the treatment of local authorities' schools budget deficits	4,281		
Re-stated Closing General Fund and HRA Reserves at 31 March	1,038,670		

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## Note 4. Note to the Expenditure and Funding Analysis

Adjustments to arrive at net amount chargeable to the group general balances

Restated 2019/20	Adjustments relating to other income and expenditure (i)	Restated Adjustments relating to transfers to / from reserves (ii)	Restated Adjustments relating to internal recharges (iii)	Restated Total Adjustments
	£000	£000	£000	£000
Adult Social Care	(315)	1,805	(2,581)	(1,091)
Homelessness	0	183	(4,011)	(3,828)
Children's Services	2,022	17,629	45	19,696
Corporate Core	(3,734)	98	6,822	3,186
Neighbourhoods and Highways	(24,766)	7,002	(3,792)	(21,556)
Growth and Development	13,753	927	284	14,964
Corporate Items	(10,191)	(998)	231	(10,958)
Housing Revenue Account	(5,068)	0	0	(5,068)
Destination Manchester Ltd	2,379	0	0	2,379
<b>Net Cost of Services</b>	<b>(25,920)</b>	<b>26,646</b>	<b>(3,002)</b>	<b>(2,276)</b>
Other Income and Expenditure from the Expenditure and Funding Analysis	99,256	(55,348)	3,002	46,910
Difference between General Fund and HRA Surplus and Comprehensive Income and Expenditure Statement Deficit on the Provision of Services	73,336	(28,702)	0	44,634

The 2019/20 figures have been restated as a result of restatements in the single entity.



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2020/21	Adjustments relating to other income and expenditure (i)	Adjustments relating to transfers to / from reserves (ii)	Adjustments relating to internal recharges (iii)	Adjustments relating to COVID grants (iv)	Total Adjustments
	£000	£000	£000	£000	£000
Adult Social Care	(2,158)	(25,799)	(1,153)	(14,397)	(43,507)
Homelessness	(1,094)	22	(6,330)	(2,068)	(9,471)
Children's Services	414	(9,647)	(730)	(3,479)	(13,442)
Corporate Core	(2,579)	(12,128)	8,727	(24,633)	(30,613)
Neighbourhoods and Highways	(29,249)	(14,249)	(2,048)	(18,656)	(64,202)
Growth and Development	9,935	1,479	1,292	(2,783)	9,924
Corporate Items	(4,127)	525	451	0	(3,152)
Housing Revenue Account	(8,008)	0	0	0	(8,008)
Destination Manchester Ltd	277	0	0	0	277
<b>Net Cost of Services</b>	<b>(36,589)</b>	<b>(59,797)</b>	<b>209</b>	<b>(66,017)</b>	<b>(162,193)</b>
Other Income and Expenditure from the Expenditure and Funding Analysis	36,866	(156,612)	(209)	66,017	(53,939)
Difference between General Fund and HRA Deficit and Comprehensive Income and Expenditure Statement Deficit on the Provision of Services	277	(216,410)	0	0	(216,133)

(i) Adjustments relating to other income expenditure include service specific interest payments and receipts which are reported as part of service costs in the outturn report.

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(ii) Transfers to and from reserves which form part of the outturn report but are not shown within the CIES.

(iii) Internal recharges between services are included in the outturn report but are not shown within the CIES.

(iv) COVID grants were provided by Government in 2020/21 in response to the COVID 19 pandemic. This reflects service specific COVID grants recorded corporately in the outturn report and shown within the service area in the CIES.

### Note 5. Financing and Investment Income and Expenditure

The table analyses the figures included in the Comprehensive Income and Expenditure Statement.

	2019/20 £000s	2020/21 £000s	Note
Interest payable on debt	23,217	23,947	'a
Interest payable on PFI unitary payments	12,317	11,497	
Net interest on the net defined benefit liability	23,436	16,731	
Investment Interest income	(26,311)	(34,682)	'b
Change in fair value of investment properties	(25,194)	(13,878)	
Dividends receivable	(310)	(380)	'c
Impairment loss allowance on debtors	4,672	10,286	
Impairment of financial assets	0	228	
(Gain) on trading accounts (not applicable to a service)	(8)	37	
Rentals received on investment properties	(22,840)	(21,125)	
Expenses incurred on investment properties	2,858	2,779	
<b>Total financing and investment income and expenditure</b>	<b>(8,163)</b>	<b>(4,560)</b>	

#### a. Interest Payable

These figures represent the external interest payable by the group as follows:

	2019/20 £000s	2020/21 £000s
Manchester City Council	22,442	23,241
Destination Manchester Limited	775	706
<b>Total</b>	<b>23,217</b>	<b>23,947</b>

#### b. Investment Interest Income

	2019/20 £000s	2020/21 £000s

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Manchester City Council	(26,294)	(34,673)
Destination Manchester Limited	(17)	(9)
<b>Total</b>	<b>(26,311)</b>	<b>(34,682)</b>

The above figures include consolidation adjustments where transactions between the Council and the subsidiary are eliminated for the purpose of preparing the group accounts.

#### c. Dividends Receivable

The dividends receivable figure in the single entity accounts has been adjusted to exclude dividends received from Group entities.

#### Note 6. Exclusion of Distributions from Group Entities Included in Manchester City Council's Single Entity Accounts

Related party transactions between the Council and Destination Manchester Limited have been removed from the group income and expenditure account on consolidation. In 2020/21 the amount removed was £704,000 (£775,000 in 2019/20).

#### Note 7. Deficit Attributable to Subsidiaries

This figure represents the total group deficit attributable to Manchester City Council's subsidiary including the adjustments made for intra group transactions. The share of operating results of the subsidiary are included within the service gross income / expenditure that they relate to.

	2019/20 £000s	2020/21 £000s
Destination Manchester Limited	2,461	468
<b>Total (Surplus) / Deficit</b>	<b>2,461</b>	<b>468</b>

#### Note 8. Surplus / (Deficit) Attributable to Joint Venture

This figure represents the total surplus attributable to Manchester Airports Holdings Limited:

	2019/20 £000s	2020/21 £000s
(Surplus) / deficit before tax	(21,878)	189,581
Tax expenses	21,229	15,052
<b>(Surplus) / Deficit after tax</b>	<b>(649)</b>	<b>204,632</b>

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## Note 9. Expenditure and Income Analysis

	2019/20 £000	2020/21 £000
<b>Expenditure</b>		
Employee Benefit Expenses	543,083	541,625
Other Service Expenses	885,684	911,258
Business Rates Tariff	40,398	39,534
Capital Charges including Depreciation and impairment	150,229	157,145
Interest Payments	56,154	35,444
Pensions Interest Costs	96,006	80,909
Precepts and Levies	68,687	69,166
Payments to Housing Capital Receipts Pool	2,553	2,566
Loss on Disposal of Non-current Assets (general fund)	52,586	0
Share of operating results of joint venture	310,241	253,410
Corporation Tax	21,327	15,253
<b>Total Expenditure</b>	<b>2,234,947</b>	<b>2,106,310</b>
<b>Income</b>		
Fees, Charges and Other Service Income	(208,579)	(231,463)
Interest and Investment Income	(96,597)	(44,520)
Return on Pension Assets	(72,570)	(64,178)
Capital Charges related income	(170,552)	(52,652)
Income from Council Tax	(161,477)	(172,577)
Business Rates Income	(330,268)	(161,520)
Government Grants and Contributions	(777,399)	(1,133,621)
Share of operating results of joint venture	(331,464)	(63,829)
Gain on Disposal of Fixed Assets (HRA)	(7,129)	(10,483)
<b>Total Income</b>	<b>(2,156,035)</b>	<b>(1,934,844)</b>
Deficit on the Provision of Services	78,913	171,466

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Note 10. Property Plant and Equipment

Movements on tangible non-current assets in the group during 2020/21 were as follows:

	Property, Plant and Equipment						Total
	Council Dwellings £000s	Other Land and Buildings £000s	Vehicles, Plant, and Equipment £000s	Community Assets £000s	Assets Under Construction £000s	Surplus Assets £000s	
Gross book value brought forward	568,262	1,214,607	126,025	33,814	114,256	138,909	2,195,873
Accumulated depreciation and impairment brought forward	(101)	(85,316)	(64,388)	(853)	0	(4,043)	(154,701)
<b>Net Book Value carried forward as at 31 March 2020</b>	<b>568,161</b>	<b>1,129,291</b>	<b>61,637</b>	<b>32,961</b>	<b>114,256</b>	<b>134,866</b>	<b>2,041,172</b>
<i>Movement in 2020/2021</i>							
Additions	13,576	16,895	6,570	259	109,568	14,423	161,291
Revaluations recognised in revaluation reserve	83,610	35,869	0	0	0	11,623	131,102
Revaluations recognised in deficit on the provision of services	(675)	(37,408)	0	0	0	(3,393)	(41,476)
Derecognition – disposals	0	(2,812)	(206)	0	0	0	(3,018)
Transferred from held for sale	(2,950)	0	0	0	0	2,045	(905)
Other transfers	159	10,586	(95)	4	(7,062)	1,326	4,918
Newly recognised assets - leased assets / PFI assets	(11,416)	0	100	0	12,558	0	1,242
Depreciation	(19,274)	(26,362)	(10,554)	0	0	(706)	(56,896)
Impairments charged to the (surplus) / deficit on the provision of services	0	0	(36)	0	0	0	(36)
Reversal of prior year impairment	(7,996)	(946)	0	0	0	0	(8,942)
<b>Net Book Value carried forward as at 31 March 2021</b>	<b>623,195</b>	<b>1,125,113</b>	<b>57,416</b>	<b>33,223</b>	<b>229,320</b>	<b>160,184</b>	<b>2,228,451</b>

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	Property, Plant and Equipment						Total
	Council Dwellings £000s	Other Land and Buildings £000s	Vehicles, Plant, and Equipment £000s	Community Assets £000s	Assets Under Construction £000s	Surplus Assets £000s	
Gross book value carried forward as at 31 March 2021	623,171	1,221,395	132,394	34,077	229,320	163,044	2,403,401
Accumulated depreciation and impairment carried forward as at 31 March 2021	24	(96,282)	(74,978)	(853)	0	(2,860)	(174,950)
<b>Net Book Value carried forward as at 31 March 2021</b>	<b>623,195</b>	<b>1,125,113</b>	<b>57,416</b>	<b>33,223</b>	<b>229,320</b>	<b>160,184</b>	<b>2,228,451</b>

Movements on tangible non-current assets in the group during 2019/20 were as follows:

	Property, Plant and Equipment						Total
	Council Dwellings £000s	Other Land and Buildings £000s	Vehicles, Plant, and Equipment £000s	Community Assets £000s	Assets Under Construction £000s	Surplus Assets £000s	
Gross book value brought forward	576,037	1,251,415	115,571	32,249	81,602	142,871	2,199,745
Accumulated depreciation and impairment brought forward	(25,653)	(83,134)	(56,306)	(853)	0	(9,643)	(175,589)
<b>Net book value carried forward as at 31 March 2019</b>	<b>550,384</b>	<b>1,168,281</b>	<b>59,265</b>	<b>31,396</b>	<b>81,602</b>	<b>133,228</b>	<b>2,024,156</b>
<b>Movement in 2019/20</b>							
Additions	18,428	12,217	10,311	1,511	56,682	4,412	103,361
Revaluations recognised in revaluation reserve	26,894	44,187	231	0	0	(1,152)	70,160

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Revaluations recognised in deficit on the provision of services	(5,031)	(6,810)	0	0	0	(1,230)	(13,071)
Derecognition – disposals	0	(50,219)	(105)	0	0	0	(50,324)
Transferred from held for sale	(7,461)	0	0	0	0	(4,880)	(12,341)
Other transfers	(2,885)	(2,458)	(239)	53	(24,028)	5,161	(24,396)
Newly recognised assets - Leased assets / PFI assets	16,447	0	2,069	0	0	0	18,516
Depreciation	(17,822)	(29,293)	(9,866)	0	0	(673)	(57,654)
Impairments covered by the revaluation reserve		(828)	(29)	0	0	0	(857)
Reversal of prior year impairment	(10,793)	(5,786)	0	0	0	0	(16,579)
<b>Net Book Value carried forward as at 31 March 2020</b>	<b>568,161</b>	<b>1,129,291</b>	<b>61,637</b>	<b>32,961</b>	<b>114,256</b>	<b>134,866</b>	<b>2,041,174</b>
Gross book value carried forward as at 31 March 2020	568,262	1,214,607	126,025	33,814	114,256	138,909	2,195,873
Accumulated depreciation and impairment carried forward as at 31 March 2020	(101)	(85,316)	(64,388)	(853)	0	(4,043)	(154,699)
<b>Net Book Value carried forward as at 31 March 2020</b>	<b>568,161</b>	<b>1,129,291</b>	<b>61,637</b>	<b>32,961</b>	<b>114,256</b>	<b>134,866</b>	<b>2,041,174</b>

Note 11. Long-term Investments

	31 March 2020 £000s	31 March 2021 £000s
Investments in organisations included in the group statements		
Manchester Airports Holdings Ltd	874,913	605,259
Investments in subsidiaries not included in the group statements		
Manchester Mortgage Corporation Plc Share Capital	146	142
Investments in associates not included in the group statements		
National Car Parks (Manchester) Ltd Share Capital	2,147	0
Eastlands Development Company Limited	1,155	1,155
Mayfield Developments	4,000	4,000
Matrix Homes Ltd	5,079	5,413
	887,440	615,969
<b>Total other long-term investments</b>	<b>12,536</b>	<b>12,403</b>
<b>Total Long-Term Investments</b>	<b>899,976</b>	<b>628,372</b>



## Manchester City Council Annual Statement of Accounts 2020/21

**Note 12. Debtors**

As the balance sheet date represents the position at the end of the financial year, there are monies owed to the Group at that date which are yet to be received in cash. The following analysis shows the amounts owed to the Group which had not been received at 31 March 2021. Amounts owed to the Council by Destination Manchester Ltd have been removed as they are classed as intra-company transactions.

The Council also makes provision for outstanding monies which it is anticipated will not be recovered. These amounts are then deducted from the total value of debtors shown in the accounts.

	31 March 2020 £000s	31 March 2021 £000s
<b>Short-term debtors - Manchester City Council</b>		
Manchester City Council debtors and payments in advance	170,856	213,410
Adjustments for intra-company transactions	(2,244)	(3,248)
	168,611	210,162
<b>Short-term debtors - Destination Manchester Limited</b>		
Trade debtors	2,595	1,161
Corporation tax	98	118
Other debtors	792	1,321
<b>Total</b>	<b>172,096</b>	<b>212,762</b>

Further details can be found in the Council's accounts Note 32.

These are amounts that are owed to the Group which are being repaid over various periods longer than one year. Long-term debt which has become due in less than twelve months has been reclassified as short-term debt. Long-term debt owed to the Council by Destination Manchester Ltd has been removed from the group accounts as it is classed as an intra-company transaction.

	31 March 2020 £000s	31 March 2021 £000s
<b>Long-term debtors</b>		
Manchester Airports Holdings Limited	218,713	356,098
Ex GMC debt	24	0
PFI prepayments	23,156	21,400
Private Sector Housing Loans	10,842	11,349
Equity Mortgages	2,952	2,163
Matrix Homes	8,889	9,561

## Manchester City Council Annual Statement of Accounts 2020/21

	31 March 2020 £000s	31 March 2021 £000s
Long-term debtors		
Biffa Municipal	4,379	3,974
Other	2,985	2,014
Manchester Quays Riverside	4,288	4,287
Manchester College	17,596	19,378
<b>Total</b>	<b>293,824</b>	<b>430,226</b>

Further details can be found in the Council's accounts Note 32.

## Note 13. Analysis of Bank Overdraft and Cash and Cash Equivalents

	31 March 2020 £000s	31 March 2021 £000s
Bank Overdraft and Cash and Cash equivalents		
Cash at bank and in hand	33,526	31,260
Call accounts	8,269	27,379
Investments less than 3 months	100,030	0
<b>Total</b>	<b>141,825</b>	<b>58,639</b>

## Manchester City Council Annual Statement of Accounts 2020/21

**Note 14. Short-Term Creditors**

As the Group's Balance Sheet represents the financial position at the end of the financial year, these are monies owed by the Group at that date which have yet to be paid. There are also amounts which the Council has received before the end of the financial year which relates to services which have not yet been provided. This analysis shows the amounts owed which had not yet been paid and the amounts received in advance as at 31 March 2021. Amounts owed by the Council to Destination Manchester Ltd have been removed as they are classed as intra-company transactions.

	31 March 2020 £000s	31 March 2021 £000s
<b>Manchester City Council</b>	216,596	234,867
Adjustments for intra-company transactions (trade creditors)	(334)	(148)
	<b>216,262</b>	<b>234,719</b>
<b>Destination Manchester Limited</b>		
Trade Creditors	1,411	313
Accruals and deferred income	6,970	5,176
Other taxes and social security costs	222	1,085
<b>Total</b>	<b>224,865</b>	<b>241,293</b>

Further details can be found in the Council's accounts Note 33.

Manchester City Council Annual Statement of Accounts 2020/21

Note 15. Deferred Liabilities

	31 March 2020	Repaid in year £000s	Additions in year £000s	31 March 2021 £000s	Short Term 31 March 2021 £000s	Long Term 31 March 2021 £000s	Short Term 31 March 2020 £000s	Long Term 31 March 2020 £000s
Ex GMC debt	5,146	(2,492)	0	2,654	2,654	0	2,503	2,643
Private Finance Initiatives	155,998	(8,205)	1,142	148,934	8,723	140,211	8,205	147,792
Service Concession	5,506	(782)	100	4,824	766	4,058	745	4,761
Deferred taxation (Destination Manchester Ltd)	1,392	0	102	1,494	0	1,494	0	1,392
<b>Total</b>	<b>168,041</b>	<b>(11,479)</b>	<b>1,344</b>	<b>157,906</b>	<b>12,143</b>	<b>145,762</b>	<b>11,453</b>	<b>156,589</b>

Note 16. Group Reserves

	31 March 2020 £000s	31 March 2021 £000s
<b>Usable Reserves</b>		
Manchester City Council *	694,571	911,537
<b>Unusable Reserves</b>		
Manchester City Council *	1,902,244	1,563,094
<b>Group Income and Expenditure Reserve</b>		
Manchester Airports Holdings Ltd - usable	459,850	319,446
Manchester Airports Holdings Ltd - unusable	300,838	164,086
Destination Manchester Ltd – usable	3,214	953
Destination Manchester Ltd – unusable	(253)	9,061
<b>Total Group Income and Expenditure Reserve</b>	<b>763,649</b>	<b>493,546</b>
<b>Total</b>	<b>3,360,464</b>	<b>2,968,176</b>

\* Further detail can be found in the Council's accounts Notes 38 and 39.

**Note 17. Related Party Transactions**

As at 31 March 2021 the amount of loans outstanding owed by Manchester Airports Holdings Limited to Manchester City Council was £356.098m (£218.713m at 31 March 2020).

Destination Manchester Limited had outstanding loans from the Council of £16.407m at 31 March 2021 (£17.157m at 31 March 2020).

The Director of Destination Manchester Limited during 2020/21 was Carol Culley, Deputy Chief Executive and City Treasurer.

There is one non-executive Director on the board of Manchester Airports Holdings Limited who is a representative of the Council. This was Councillor Sir Richard Leese, Leader of the Council.

## Manchester City Council Annual Statement of Accounts 2020/21

## Note 18. Cash Flow Statement - Adjustments to net deficit / surplus on the provision of services for non-cash movements

Adjustments to net deficit / surplus on the provision of services for non-cash movements:	31 March 2020 £000s	31 March 2021 £000s
Depreciation of non-current assets	77,109	77,512
Impairment and revaluation losses of non-current assets	13,930	41,513
Amortisation of intangible non-current assets	85	64
Movement in contract assets, liabilities and costs	0	690
Increase (decrease) in provision for impairments/ doubtful debts re Loans and Advances	4,672	227
Increase (decrease) in creditors	50,821	15,012
(Increase) decrease in debtors	(19,764)	(27,265)
(Increase) decrease in inventories	(27)	(36)
Pension fund adjustments	72,468	(35,572)
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	65,195	7,408
Movement in fair value of investment property	(25,195)	(13,877)
Differences between statutory accounting and amounts recognised as income and expenditure in relation to financial instruments	4,386	0
Contributions to / (from) provisions	2,347	25,569
Other non-cash movements	19,323	(732)
(Decrease) Increase in interest debtors	(13,768)	(29,148)
Increase (Decrease) in interest creditors	(76)	856
<b>Total</b>	<b>251,506</b>	<b>62,221</b>

## Manchester City Council Annual Statement of Accounts 2020/21

Note 19. Cash Flow Statement - Adjustments for items included in the net deficit / surplus on the provision of services that are investing and financing activities

Adjustments for items included in the net deficit / surplus on the provision of services that are investing and financing activities:	31 March 2020 £000s	31 March 2021 £000s
Proceeds from the disposal of property, plant and equipment, investment properties and intangible assets	(38,433)	(17,466)
Any other items for which the cash effects are investing or financing cash flows	(106,044)	(88,780)
Other adjustments for items included in the net deficit / surplus on the provision of service that are investing or financing activities	69,758	205,139
<b>Total</b>	<b>(74,719)</b>	<b>98,893</b>

Note 20. Cash Flow Statement - Operating Activity

The cash flows for operating activities include the following items:

Operating Activities:	2019/20 £000s	2020/21 £000s
Interest received	(15,690)	(4,793)
Interest paid	31,692	33,989
Dividends received	(70,752)	380
Taxation	(413)	8
<b>Total</b>	<b>(55,163)</b>	<b>29,584</b>

Note 21. Cash Flow Statement - Investing Activities

Investing Activities:	2019/20 £000s	2020/21 £000s
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## Manchester City Council Annual Statement of Accounts 2020/21

Purchase of plant, property and equipment, investment property and other capital payments	(227,738)	(203,342)
Purchase of short-term and long-term investments	(1,870)	(4,230)
Long term loans granted	0	(112,222)
Proceeds from short-term and long-term investments		20,098
Proceeds from the sale of plant, property and equipment, investment property and intangible assets	38,433	18,363
Other receipts from investing activities	21,040	76,272
Capital grants received	82,206	0
<b>Net cash flows from investing activities</b>	<b>(87,929)</b>	<b>(205,061)</b>

## Note 22. Cash Flow Statement - Financing Activities

	2019/20 £000s	2020/21 £000s
<b>Financing Activities:</b>		
Cash receipts of short and long term borrowing	69,215	367,301
Repayment of short and long term borrowing	(33,827)	(224,344)
Payments for the reduction of a finance liability	(15,301)	(11,479)
Other payments for financing activities		750
<b>Net cash flows from financing activities</b>	<b>20,087</b>	<b>132,228</b>

## Note 23. Post Balance Sheet Event

In the 3 March 2021 Chancellor's Budget, it was announced that the UK corporation tax rate will increase to 25% from 1 April 2023. This announcement, when enacted, will have an effect on Manchester Airports Holdings Ltd.'s future tax charge. If this



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rate change had been substantively enacted at the current balance sheet date the net deferred tax liability would have increased by £60.5m. The effect on the Manchester City Council Group would be £21.5m.

## Glossary of Financial Terms

### Actuarial Gains and Losses

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

### Agency Services

Services that are performed by or for another authority or public body, where the authority responsible for the service reimburses the authority carrying out the work for the cost of that work.

### Amortisation

A charge to the comprehensive income and expenditure statement spread over a number of years.

### Assets

Items of worth that are measurable in terms of value. Current assets are ones that may change in value on a day-to-day basis (e.g., debtors). Noncurrent assets are assets that yield benefit to the Council for a period of more than one year (e.g., land).

### Balances

The reserves of the Council, which include the accumulated surplus of income over expenditure.

### Capital Expenditure

Expenditure on the acquisition or enhancement of property, plant and equipment that have a long-term value to the Council. This includes grants or advances paid to third parties to assist them in acquiring or enhancing their own property, plant and equipment.

### Capital Receipts

## Manchester City Council Annual Statement of Accounts 2020/21

Money received from the sale of property, plant and equipment or repayment of a capital advance.

### Collection Fund

The fund maintained by the Council into which are paid the amounts of Council Tax and Business Rates that it collects, and out of which are to be paid precepts issued by precepting authorities, its own demands and shares of business rates to the Greater Manchester Combined Authority (fire and rescue element).

### Community Assets

These are assets that the Council intends to hold in perpetuity, which have no determinable finite useful life and may have restrictions on their disposal (e.g., parks).

### Contingent Assets

Sums due from individuals or organisations that may arise in the future, but which cannot be determined in advance.

### Contingent Liabilities

Sums due to individuals or organisations that may arise in the future, but which cannot be determined in advance.

### Core Cities

Core Cities are a unique and united local authority voice to promote the role of cities in driving economic growth, representing the councils of England, Wales and Scotland's largest city economies outside London - Birmingham, Bristol, Cardiff, Glasgow, Leeds, Liverpool, Manchester, Newcastle, Nottingham and Sheffield.

These cities drive local and underpin national economies. Working in partnership, they aim to enable each City to enhance their economic performance and make them better places to live, work, visit and do business.

### Creditors

## Manchester City Council Annual Statement of Accounts 2020/21

Amounts owed by the Council for goods and services provided by the balance sheet date, where payment has not been made at that date.

### Current Service Cost

The increase in present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current financial year.

### Curtailments

For a defined benefit pension scheme, an event that reduces the expected years of future service of present employees or reduces the accrual of defined benefits for a number of employees for some or all of their future service.

### Debtors

Sums of money owed to the Council at the balance sheet date but not received at that date.

### Dedicated Schools Grant Adjustment Account

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

### Defined Benefit Scheme

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.

### Defined Contribution Scheme

## Manchester City Council Annual Statement of Accounts 2020/21

A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or 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.

### Depreciated Replacement Cost

A method of valuation that provides a proxy for the market value of specialist properties.

### Depreciation

The measure of the wearing out, consumption or other reduction in the useful economic life of property, plant and equipment.

### Expenditure

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 - 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

The fair value of an asset is the price at which it could be exchanged in an arms length transaction.

### Fees and Charges

Income arising from the provision of services, e.g., the use of leisure facilities.

### Finance Lease

A finance lease is one that transfers substantially all the risks and rewards of ownership of items of property, plant and equipment to a lessee.

## General Fund

The total services of the Council except for the Housing Revenue Account and the Collection Fund. Council Tax, Government Grants and Business Rates meet the net cost of this.

## Impairment

A reduction in the value of a property, plant and equipment or financial asset below its carrying amount on the balance sheet.

## Income

Amounts due to the Council for goods supplied or services rendered of either a capital or revenue nature. This does not necessarily involve cash being received - income is deemed to have been earned once the goods or services have been supplied even if the cash has not been received.

## Infrastructure Assets

These are inalienable assets, expenditure on which is recoverable only by continued use of the asset created. Examples of such assets are highways and footpaths.

## Interest Cost (Pensions)

For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities that arise from the passage of time.

## International Financial Reporting Standards (IFRS)

These are statements prepared by the International Accounting Standards Board to ensure consistency in accountancy matters. Many of these standards now apply to local authorities and any departure from these must be disclosed in the published accounts.

## Manchester City Council Annual Statement of Accounts 2020/21

### Inventory

Raw materials and consumable items the Council has purchased to use on a continuing basis and has not used by the end of the financial year.

### Investment Properties

These are property or land that is held solely to earn rental income or for capital appreciation or both.

### Liabilities

Amounts due to individuals or organisations that will have to be paid at some time in the future. Current liabilities are payable within one year of the balance sheet date.

### Long-term Contracts

A contract entered into for the design, manufacture or construction of a single substantial asset or service where the time taken to complete the contract is such that the contract activity falls into different accounting periods.

### Minimum Revenue Provision (MRP)

This is the amount that is charged to an authority's Movement in Reserves Statement each year and set aside as a provision for credit liabilities.

### National Non-Domestic Rate (NNDR)

All non-domestic properties have been valued and the Government determines a national rate poundage each year, which is payable to all local authorities. The Council collects the national non-domestic rate and passes 1% to the Greater Manchester Combined Authority (fire and rescue element).

## Manchester City Council Annual Statement of Accounts 2020/21

### Notional accounting adjustments

Adjustments made to the figures within the accounts that reverse entries required in accordance with International Financial Reporting Standards that do not need to be funded as part of the Council's budget e.g., impairment.

### Observable Inputs

Those that are developed using market data, such as publicly available information about actual events or transactions, and that reflect the assumptions that buyers and sellers would use when pricing the asset or liability.

### Operating Lease

A lease other than a finance lease.

### Outturn

Actual net expenditure and income that is then compared to the budget.

### Past Service Cost

For a defined benefit pension scheme, the increase in present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

### Precept

The amount levied by various joint authorities, which is collected by the Council on their behalf.

### Provisions

These are sums set aside to meet liabilities or losses that have been incurred but where the amount and/or timing of such costs are uncertain.



### Public Works Loan Board (PWLB)

A Government agency that lends money to local authorities. Local authorities are able to borrow some or all of their requirements to finance capital expenditure from this source.

### Residual Value

The net realisable value of property, plant or equipment at the end of its useful life.

### Reserves

These are sums set aside to meet possible future costs where there is no certainty about whether or not these costs will be incurred.

### Revenue Contributions

The method of financing capital expenditure directly from revenue.

### 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)

These are items of capital expenditure that do not result in, or remain matched by, the Council's property, plant and equipment.

### Settlement

An irrevocable action that relieves the employer of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligations and the assets used to affect the settlement.

### Unobservable Inputs

Inputs for which market data is not available and that are developed to estimate fair value using the best information available to the Council about the assumptions that buyers or sellers would use when pricing the asset or liability. The most significant of these inputs used in fair value measurement include management assumptions around rent growth and vacancy levels of properties.



# Annual Governance Statement 2020/21

## 1 Introduction

1.1 This statement provides an overview of how the Council's governance arrangements operate, including how they are reviewed annually to ensure they remain effective. A summary of significant governance challenges which the Council faces is also given, alongside an explanation of what actions have been taken to bring about required improvements, and what work is still to be done. This provides transparency and gives assurance that the Council is committed to continuously improve the way in which it functions. More detail on particular topics can be accessed by clicking on the hyperlinks, which are highlighted and underlined throughout the document.

1.2 The Council operates in a complex and constantly evolving financial, policy and legislative environment. The role, responsibilities and funding models of local government continue to be in a period of rapid transition. The city continues to progress the delivery of its ambitious Our Manchester strategy, with staff, residents and stakeholders across the city engaged in working towards the realisation of the vision set out in the strategy. The Council's Corporate Plan sets out its priority actions for delivering the strategy for the city.

1.3 The national and international public health emergency caused by the COVID-19 pandemic have led to substantial impacts for the city and the Council over the last year. These have included implications for provision of services, our workforce and our financial position. Effective leadership and governance of the response and recovery have been critical. Plans are being delivered which now focus on the city's longer-term recovery, including its economy, residents and communities, for example the Economic Recovery and Investment Plan.

1.4 Looking forwards, significant national policy announcements from Government include NHS reforms that, from April 2022, will abolish Clinical Commissioning Groups (CCGs) and create Integrated Care Systems (ICS), to drive the next phase of health and social care integration. Delivery of this next phase for Manchester's health and social care integration will be key to enabling further progress towards achievement of the ambitions set out in the Our Healthier Manchester Locality Plan. These ambitions are for the city to significantly improve health outcomes, tackle health inequalities and develop a financially and clinically sustainable system.

1.5 The changes taking place present both opportunities and challenges. Therefore, the Council must continue to engage in a broad programme of innovation and reform work so that it can maintain services for residents which are efficient, effective and deliver value for money using available resources. This document explains the governance mechanisms in place to ensure appropriate oversight of this work.

## 2 Scope of Responsibility

2.1 Manchester City Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It is also responsible for ensuring that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Council also has a duty under the [Local Government Act 1999](#) to make arrangements to secure continuous improvement in the way in which its functions are exercised.

2.2 In discharging these responsibilities, the Council must put in place proper arrangements for the governance of its affairs and effective exercise of its functions, which includes arrangements for the management of risk. The Council first adopted a Code of Corporate Governance in June 2008. This Code is included in the [Council's Constitution](#) (part 6 section G). It sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. Some of these processes are required by law, while others are a matter for the Council to choose.

2.3 The Code of Corporate Governance and the Council's Constitution are reviewed annually to ensure they remain consistent with the principles of the Chartered Institute of Public Finance and Accountancy and the Society of Local Authority Chief Executives and Senior Managers (CIPFA/SOLACE) joint framework for delivering good governance in local government. CIPFA issued an update to the Framework in 2016, which has informed the preparation of the Annual Governance Statement (AGS) from 2016/17 onwards.

2.4 This AGS explains how the Council has complied with the Code of Corporate Governance. The AGS also meets the requirements of the [Accounts and Audit \(England\) Regulations 2015](#) regulation 6(1) which requires all relevant bodies to prepare an Annual Governance Statement (AGS).

### 3 The Purpose of the Governance Framework

3.1 The governance framework comprises the systems and processes, culture and values by which the Council is directed and controlled, and through which it is accountable to, engages with and leads the community. It enables the Council to monitor the achievement of the city's strategic objectives as set out in the [Our Manchester Strategy](#), and to consider whether those objectives have led to the delivery of appropriate, cost effective services. The Council's Corporate Plan sets out the Council's contribution to the Our Manchester vision. The objectives in Our Manchester and Our Corporate Plan are underpinned by the four Our Manchester principles;

- **Better lives** – it's about people
- **Listening** – we listen, learn and respond
- **Recognising strengths of individuals and communities** – we start from strengths
- **Working together** – we build relationships and create conversations

3.2 The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve the Council's aims and objectives, and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control identifies and prioritises risks; evaluates the likelihood of those risks being realised and the impact should they be realised; and aims to manage them efficiently, effectively and economically.

### 4 The Governance Framework

Corporate governance is a phrase used to describe how organisations direct and control what they do. The Council operates to a [Code of Corporate Governance](#), which forms part of the Constitution. The Code is updated when appropriate, to ensure it reflects the Council's current governance arrangements. The table includes key examples of how the Council has adhered to its governance commitments set out in the Code and includes hyperlinks to sources of further information, which include more detail about how the Council has implemented its commitments. The Council has a broad range of strategies and policies in place, and therefore this is not intended to be an exhaustive list. More detail about particular areas of interest can be found on the Council's website [manchester.gov.uk](http://manchester.gov.uk).

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A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.		
The Council's Commitment to Good Governance	How the Council meets these principles	Where you can see Governance in action
Behaving with Integrity	<ul style="list-style-type: none"> <li>• The Council's Our Manchester approach includes four central principles that underpin everything the Council does, including how it works with partners, how it makes decisions and how it serves local communities;                             <ul style="list-style-type: none"> <li>○ Better lives – it's about people</li> <li>○ Listening – we listen, learn and respond</li> <li>○ Recognising strengths of individuals and communities – we start from strengths</li> <li>○ Working together – we build relationships and create conversations</li> </ul> </li> </ul>	<a href="#">People Strategy - Our People</a>
Demonstrating Strong Commitment to Ethical Values	<ul style="list-style-type: none"> <li>• The Standards Committee champion high standards of ethical governance from elected members and the Council as a whole. A summary of its work is included in its Annual Report to Council.</li> </ul>	<a href="#">Standards Committee</a>
Respecting the Rule of Law	<ul style="list-style-type: none"> <li>• The Council's City Solicitor undertakes the role of Monitoring Officer. The Monitoring Officer ensures that Council decisions are taken in a lawful and fair way, correct procedures are followed, and that all applicable laws and regulations are complied with.</li> </ul>	<a href="#">Our Constitution (article 12.3(b))</a>

Manchester City Council Annual Statement of Accounts 2020/21

A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.		
The Council's Commitment to Good Governance	How the Council meets these principles	Where you can see Governance in action
	<ul style="list-style-type: none"> <li>The Chief Finance Officer (Deputy Chief Executive and City Treasurer) has statutory reporting duties in respect of unlawful and financially imprudent decision making.</li> <li>The Council ensures that it complies with CIPFA's Statement on the Role of the Chief Finance Officer in Local Government (2016).</li> </ul>	<p><a href="#">Our Constitution (article 12.4(a))</a></p>

B. Ensuring openness and comprehensive stakeholder engagement		
The Council's Commitment to Good Governance	How the Council meets these principles	Where you can see Governance in action
Ensuring Openness	<ul style="list-style-type: none"> <li>The Council's website is set out in a clear and easily accessible way, using infographics and plain language. The information which residents use most, such as about Council Tax, and Waste and Recycling can be accessed quickly and easily from the main page.</li> <li>All Council and Committee meetings are held in public (other than in limited circumstances where consideration of confidential or exempt information means</li> </ul>	<p><a href="http://manchester.gov.uk">manchester.gov.uk</a> <a href="#">website</a></p>



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	<p>that the public are excluded), with agenda and reports available on the Council’s website. Live-streamed webcasts of Council, Executive and Scrutiny committee meetings are available online, as well as in an archive which can be accessed on-demand.</p>	<p><a href="#">Council Meeting Agendas and Reports</a></p> <p><a href="#">Online Videos of Council Meetings</a></p>
<p>Engaging Comprehensively with Institutional Stakeholders</p>	<ul style="list-style-type: none"> <li>• The Our Manchester Forum supports development of effective relationships across leaders of the city’s key private, public and voluntary sector organisations. The Forum benefits the city by driving forward the priorities set out in the Our Manchester Strategy.</li> <li>• The Council maintains a list of major partnerships in a Register of Significant Partnerships. This contains an assessment of the level of assurance for the governance arrangements of each partnership, shining a light on areas where improvements may be required - so that these can then be addressed.</li> </ul>	<p><a href="#">Our Manchester Forum</a></p> <p><a href="#">Register of Significant Partnerships</a></p>
<p>Engaging with Individual Citizens and Service Users Effectively</p>	<ul style="list-style-type: none"> <li>• A reset of the city’s Our Manchester Strategy 2016 - 2025 has been carried out as part of the Council’s COVID-19 recovery planning. Engagement activity was undertaken based on the Our Manchester approach with residents, businesses, organisations and partners to develop a qualitative evidence base, which was then</li> </ul>	<p><a href="#">Our Manchester Strategy – Forward to 2025</a></p>

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	<p>analysed to establish key priority themes. Approximately 3,800 people were directly engaged with and had their views captured between August and September 2020.</p> <ul style="list-style-type: none"> <li>• To promote transparency and wider engagement with Council decisions, residents can sign up for email e-bulletins and use social media to interact with the Council.</li> <li>• The Council has taken steps to seek to improve how we undertake consultations and community engagement. Part of this involves a commitment to ensuring that our workforce have the skills to take an Our Manchester engagement approach to working with residents and communities, which forms part of the programme for the new Campaigning Engagement Framework (CEF).</li> </ul>	<p><a href="#">E-bulletins and Social Media</a></p> <p>Our Manchester Campaigning Engagement Framework</p>
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C. Defining outcomes in terms of sustainable economic, social, and environmental benefits		
The Council's Commitment to Good Governance	How the Council meets these principles	Where you can see Governance in action
<p>Defining Outcomes</p>	<ul style="list-style-type: none"> <li>• An extensive consultation in 2015 led to a 10-year strategy for the city – the Our Manchester Strategy 2016-2025 – which included a new approach to working across the whole organisation and with residents, partners and other key stakeholders. Further engagement was carried out in August and September 2020 to update the strategy to reflect the current context as the city</li> </ul>	<p><a href="#">Our Manchester Strategy – Forward to 2025</a></p>

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C. Defining outcomes in terms of sustainable economic, social, and environmental benefits		
The Council's Commitment to Good Governance	How the Council meets these principles	Where you can see Governance in action
	<p>recovers from the impact of COVID-19. Our vision remains for Manchester to be in the top-flight of world class cities by 2025, when the city will:</p> <ul style="list-style-type: none"> <li>○ Have a competitive, dynamic, sustainable and fair economy that draws on our distinctive strengths in science, advance manufacturing, and culture, creative and digital businesses – cultivating and encouraging new ideas</li> <li>○ Possess highly skilled, enterprising and industrious people</li> <li>○ Be connected, internationally and within the UK</li> <li>○ Play its full part in limiting the impacts of climate change</li> <li>○ Be a place where residents from all backgrounds feel safe, can aspire, succeed and live well</li> <li>○ Be clean, attractive, culturally rich, outward-looking and welcoming</li> </ul> <ul style="list-style-type: none"> <li>● Our Corporate Plan sets out the Council's contribution to the Our Manchester vision. These priorities have been refreshed for 2021/22 to align with the reset of the Our Manchester Strategy and to further strengthen the Council and city-wide focus on the importance of Equality, Diversity and Inclusion. The priorities are; <ul style="list-style-type: none"> <li>○ Zero carbon Manchester</li> <li>○ Growth that benefits everyone</li> <li>○ Young People</li> <li>○ Healthy, Cared for people</li> <li>○ Housing</li> <li>○ Neighbourhoods</li> <li>○ Connections</li> </ul> </li> </ul>	

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C. Defining outcomes in terms of sustainable economic, social, and environmental benefits		
The Council's Commitment to Good Governance	How the Council meets these principles	Where you can see Governance in action
	<ul style="list-style-type: none"> <li>○ Equality</li> <li>○ Well-managed Council</li> </ul>	
Sustainable Economic, Social and Environmental Benefits	<ul style="list-style-type: none"> <li>• The Council declared a Climate Emergency in July 2019 and developed a Climate Change Action Plan which was approved by Executive in March 2020. A report in February 2021 provided an update on the significant progress that has been made in delivering the Plan despite the challenges posed by the COVID-19 pandemic.</li> <li>• Powering Recovery: Manchester's Recovery and Investment Plan was published in November 2020, and this sets out how the city will emerge reinvigorated from the COVID-19 pandemic and rise to other challenges. This was developed by the Council with the support of city business leaders and is a statement of confidence in the future of the city's economy. It shows a resilient city with a diverse economy and strengths in key growth sectors, as well as strong existing partnerships and a track record of delivery.</li> <li>• Our Manchester Industrial Strategy sets out Manchester's vision for developing a more inclusive economy that all residents can participate in and benefit from, which will support the delivery of the Our Manchester Strategy, and the Greater Manchester Local Industrial Strategy.</li> <li>• The Council's has reviewed its approach to Social Value to reflect the impact that COVID-19 has had on the city, and the role that social value can play in supporting the economic recovery.</li> </ul>	<p><a href="#">Climate Change Action Plan 2020-25</a></p> <p><a href="#">Climate Change Action Plan – progress report</a></p> <p><a href="#">Powering Recovery: Manchester's Recovery and Investment Plan</a></p>

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C. Defining outcomes in terms of sustainable economic, social, and environmental benefits		
The Council's Commitment to Good Governance	How the Council meets these principles	Where you can see Governance in action
		<a href="#">Developing a More Inclusive Economy - Our Manchester Industrial Strategy</a>  <a href="#">Refresh of the Social Value Policy</a>

D. Determining the interventions necessary to optimise the achievement of the intended outcomes		
The Council's Commitment to Good Governance	How the Council meets these principles	Where you can see Governance in action
Determining Interventions	<ul style="list-style-type: none"> <li>Decision makers receive accurate, relevant and timely performance and intelligence to support them with objective and rigorous analysis of options, covering intended outcomes, financial impact and associated risks informing efficient service delivery. This can take the form of regular performance reporting, or bespoke reports.</li> </ul>	<a href="#">Executive Reports</a>

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D. Determining the interventions necessary to optimise the achievement of the intended outcomes		
The Council's Commitment to Good Governance	How the Council meets these principles	Where you can see Governance in action
Planning Interventions	<ul style="list-style-type: none"> <li>The Council plans its activity at a strategic level through its budget and business planning cycle and does so in consultation with internal and external stakeholders to ensure services delivered across different parts of the organisations and partners complement each other and avoid duplication.</li> </ul>	<a href="#">Council Budget 2021/22</a>
Optimising Achievement of Intended Outcomes	<ul style="list-style-type: none"> <li>The Council integrates and balances service priorities, affordability and other resource constraints, supporting it to take into account the full cost of operations over the medium and longer term, including both revenue and capital spend budgets. This includes a medium-term financial plan. The latest report set out the impact of COVID-19 and other pressures and changes on the Council's budget for the period 2021-2025.</li> </ul>	<a href="#">Medium Term Financial Plan and Strategy for 2021/22</a>

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D. Determining the interventions necessary to optimise the achievement of the intended outcomes		
The Council's Commitment to Good Governance	How the Council meets these principles	Where you can see Governance in action

E. Developing the entity's capacity, including the capability of its leadership and the individuals within it		
The Council's Commitment to Good Governance	How the Council meets these principles	Where you can see Governance in action
Developing the Organisation's Capacity	<ul style="list-style-type: none"> <li>The Council's Our People Strategy articulates what its workforce will need to be like in order to achieve the vision set out in Our Manchester. As part of this workforce plans are developed, which ensure staff have the necessary skills and behaviours to deliver this vision for the city. The Our Manchester behaviours are;                             <ul style="list-style-type: none"> <li>We work together and trust each other</li> <li>We're proud and passionate about Manchester</li> <li>We take time to listen and understand</li> <li>We 'own it' and we're not afraid to try new things</li> </ul> </li> <li>The Future Shape of the Council programme is reshaping how Manchester delivers services both internally and externally, by using new technologies, ways of working and new delivery models. It is an organisational wide initiative bringing together a</li> </ul>	<a href="#">Our People</a>





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E. Developing the entity's capacity, including the capability of its leadership and the individuals within it		
The Council's Commitment to Good Governance	How the Council meets these principles	Where you can see Governance in action
	The strategy for Employee Health and Wellbeing in the Council is called 'Being Our Best Selves'.	

F. Managing risks and performance through robust internal control and strong public financial management		
The Council's Commitment to Good Governance	How the Council meets these principles	Where you can see Governance in action
Managing Risk	<ul style="list-style-type: none"> <li>The Council operates a risk management framework that aids decision making in pursuit of the organisation's strategic objectives, protects the Council's reputation</li> </ul>	<a href="#">Annual Corporate Risk Management</a>

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F. Managing risks and performance through robust internal control and strong public financial management		
The Council's Commitment to Good Governance	How the Council meets these principles	Where you can see Governance in action
	<p>and other assets and is compliant with statutory and regulatory obligations. The Corporate Risk Register is part of this framework and is an articulation of the key risks impacting the Council. It is used to inform decision making, provide assurance over actions being taken to manage key risks and to inform directorate level risk management planning and mitigation activities. Named risk managers are identified in the Register for its key strategic risks.</p>	<p><a href="#">Report and Corporate Risk Register</a></p>
Managing Performance	<ul style="list-style-type: none"> <li>The Council puts in place Key Performance Indicators (KPIs) to monitor service delivery whether services are internal or through external providers. An integrated report is provided to Strategic Management Team (SMT) every month. This brings together analysis of performance, finance, workforce intelligence and complaints - to support effective resource allocation, and to shine a light on any challenges so that they can be addressed.</li> <li>A Corporate Plan Monitor is provided quarterly to SMT, tracking progress of delivery of our Corporate Plan priorities.</li> </ul>	
Effective Overview and Scrutiny	<ul style="list-style-type: none"> <li>The Council has six scrutiny Committees, which hold decision makers to account and play a key role in ensuring that public services are delivered in the way</li> </ul>	<p><a href="#">Scrutiny Committees</a></p>

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F. Managing risks and performance through robust internal control and strong public financial management		
The Council's Commitment to Good Governance	How the Council meets these principles	Where you can see Governance in action
	<p>residents want. The agenda, reports and minutes are publicly available on the Council's website.</p>	
Robust Internal Control	<ul style="list-style-type: none"> <li>• The Council has robust internal control processes in place, which support the achievement of its objectives while managing risks. The Council's approach is set out in detail in both the latest Annual Corporate Risk Management report, and its Internal Audit Plan.</li> <li>• The Council has an Audit Committee, in line with CIPFA's 'Position Statement: Audit Committees in Local Authorities and Police (2018)', which provides an independent and high-level resource to support good governance and strong public financial management. The Committee has two Independent Co-opted Members, and provides a mechanism for effective assurance regarding risk management and the internal control environment.</li> <li>• The Council maintains clear policies and arrangements in respect of counter fraud and anti-corruption. These are the Anti-Fraud and Anti-Corruption Policy; Whistleblowing Policy; Anti Money Laundering Policy and the Anti Bribery Policy.</li> </ul>	<p><a href="#">Internal Audit Plan 2021/22</a></p>
Managing Data	<ul style="list-style-type: none"> <li>• The processing of personal data is essential to many of the services and functions carried out by local authorities. The Council complies with data protection legislation, which includes GDPR (General Data Protection Regulation) and the</li> </ul>	<p><a href="#">Freedom of Information</a></p>

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F. Managing risks and performance through robust internal control and strong public financial management		
The Council's Commitment to Good Governance	How the Council meets these principles	Where you can see Governance in action
	<p>Data Protection Act 2018 (DPA 2018). This will ensure that such processing is carried out fairly, lawfully and transparently.</p> <ul style="list-style-type: none"> <li>• The Council reviews and supplement its policies, and also keep its processing activities under review, to ensure they remain consistent with the law, and any compliance advice and codes of practice issued from time to time by the Information Commissioner's Office (ICO).</li> <li>• The Council ensures that officers handling personal data are trained to an appropriate level in the use and control of personal data. It is made clear that all staff and Members are personally accountable for using the Council's information responsibly and appropriately. All staff must undertake protecting information e-learning training, and this forms part of the induction process for new staff. Data protection also forms part of the induction programme for new Members.</li> <li>• Information Governance is overseen by the Corporate Information Assurance and Risk Group (CIARG) chaired by the City Solicitor who is the Senior Information Risk Officer for the Council (SIRO).</li> <li>• The Council makes information available to the public via the information access regimes provided for by the Freedom of Information Act 2000 and the Environmental Information Regulations 2004. Data protection legislation, including the Data Protection Act 2018, provides individuals with various rights. The Council ensures that all valid requests from individuals to exercise those rights are dealt with as quickly as possible, and by no later than the timescales allowed in the legislation.</li> </ul>	

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F. Managing risks and performance through robust internal control and strong public financial management		
The Council's Commitment to Good Governance	How the Council meets these principles	Where you can see Governance in action
Strong Public Financial Management	<ul style="list-style-type: none"> <li>The Council's approach to Financial Management ensures that public money is safeguarded at all times, ensuring value for money. Its approach supports both long-term achievement of objectives, and shorter term financial and operational performance.</li> <li>The Chief Finance Officer (Deputy Chief Executive and City Treasurer) ensures that appropriate advice is given on all financial matters, proper financial records and accounts are kept, and oversees an effective system of internal financial control. The City Treasurer ensures well developed financial management is integrated at all levels of planning and control including management of financial risks, systems and processes. The Constitution (Part 5) details the financial regulations which underpin the financial arrangements.</li> <li>The Financial Management Code (FM Code) sets out the standards of financial management expected for local authorities and is designed to support good practice and to assist local authorities in demonstrating their financial sustainability. The FM Code was launched in 2019, to be implemented from April 2020 with the commencement of a shadow year. It is expected that by 31 March 2021 Local Authorities can demonstrate that they are working towards full implementation of the code, with the first full year of compliance being 2021/22. The Council's preparations for this are set out in the Budget Overview 2021/22 report.</li> </ul>	<p><a href="#">Our Constitution (Part 5)</a></p> <p><a href="#">Budget Overview and Strategy for 2021/22</a></p>

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F. Managing risks and performance through robust internal control and strong public financial management		
The Council's Commitment to Good Governance	How the Council meets these principles	Where you can see Governance in action
	<ul style="list-style-type: none"> <li>Section 25 of the Local Government Act 2003 requires that when a local authority is making its budget calculations, the Chief Finance Officer ('CFO') of the authority must report to the Council on the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves. The Council CFO's detailed report in relation to these matters is set out in the Budget Overview 2021/22 report.</li> </ul>	<a href="#">Budget Overview and Strategy for 2021/22</a>

G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability		
The Council's Commitment to Good Governance	How the Council meets these principles	Where you can see Governance in action
Implementing Good Practice in Transparency	<ul style="list-style-type: none"> <li>The Council follows the Local Government Transparency Code 2015, which includes requirements and recommendations for local authorities to publish certain types of data.</li> <li>The Council's website is set out in a clear and easily accessible way, using infographics and plain language. Information on expenditure, performance and decision making is sited together in one place and can be accessed quickly and easily from the homepage.</li> </ul>	<a href="#">Local Government Transparency Code</a>  <a href="http://manchester.gov.uk">manchester.gov.uk</a> website

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G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability		
The Council's Commitment to Good Governance	How the Council meets these principles	Where you can see Governance in action
Implementing Good Practices in Reporting	<ul style="list-style-type: none"> <li>The Council produces a detailed State of the City publication, which charts the city's progress towards its vision and priorities.</li> <li>An integrated report is provided to Strategic Management Team (SMT) every month. This brings together analysis of performance, finance, workforce intelligence and complaints - to support effective resource allocation, and to shine a light on any challenges so that they can be addressed.</li> <li>A Corporate Plan Monitor is provided quarterly to SMT, tracking progress of delivery of our Corporate Plan priorities.</li> </ul>	<a href="#">State of the City 2020</a>
Assurance and Effective Accountability	<ul style="list-style-type: none"> <li>The Council welcomes peer challenge, internal and external review and audit, and inspections from regulatory bodies and gives thorough consideration to arising recommendations. An example of positive improvement having taken place following recommendations can be seen in the Ofsted report, which followed on from their most recent focused visit to the Council's children's services.</li> <li>The Council monitors the implementation of internal and external audit recommendations. Assurance reports are presented to Audit Committee and</li> </ul>	<a href="#">Ofsted focused visit</a>

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G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability		
The Council's Commitment to Good Governance	How the Council meets these principles	Where you can see Governance in action
	<p>Mazars (the Council's external auditors), summarising the Council's performance in implementing recommendations effectively and within agreed timescales.</p> <ul style="list-style-type: none"> <li>Public Sector Internal Audit Standards (PSIAS) set out the standards for internal audit and have been adopted by the Council. This process includes the development of an Emergent Audit Plan designed to invite comment from management and the Audit Committee.</li> </ul>	<p><a href="#">Outstanding Audit Recommendations</a></p>

## 5 Annual review of the effectiveness of the governance framework

5.1 The Council has a legal responsibility to conduct an annual review of the effectiveness of its governance framework, including the systems of internal control. After conducting this review, the Council has assurance that its governance arrangements and systems of control are robust and reflect the principles of the Code of Corporate Governance.

5.2 The effectiveness of governance arrangements is monitored and evaluated throughout the year, with activity undertaken including:

- **Strategic Management Team (SMT)** - Responsibility for governance and internal control lies with the Chief Executive and the Strategic Management Team (SMT), which meets on a weekly basis to steer the organisation's activity.
- **Scrutiny and challenge by Council and its Committees** - The Council has four bodies responsible for monitoring and reviewing the Council's governance:



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The Executive: Proposes the budget and policy framework to Council and makes decisions on resources and priorities relating to the budget and policy framework.

Audit Committee: Approves the Council's Annual Accounts, oversees External Audit activity and oversees the effectiveness of the Council's governance, risk management and internal control arrangements.

Resources and Governance Scrutiny Committee: Considers the implications of financial decisions and changes to corporate, partnership and city region governance arrangements.

Standards Committee: Promotes high standards of ethical conduct, advising on the revision of the Codes of Corporate Governance and Conduct for Members.

- **Consideration of evidence sources to identify the Council's key governance challenges looking ahead to 2021/22 (see Action Plan at Section 7)** - These sources include:
  - Heads of Service online annual governance questionnaires, which provide a self-assessment of compliance with the Code of Corporate Governance.
  - Significant governance challenges in Partnerships as identified by the Council's Register of Significant Partnerships assessment process.
  - A meeting of key Senior Officers with responsibility for Governance, to identify and discuss emerging governance issues
  - Consideration of risks identified in the Corporate Risk Register
  - Emergent challenges identified by the work of Internal Audit
  - Where appropriate, carrying forward elements of action points from 2020/21 if substantial further challenges remain, and ongoing monitoring is required.
- **Head of Audit and Risk Management Annual Opinion 2020/21** - This opinion narrative is provided in a separate report on the Agenda for the June 2021 Audit Committee meeting.
- **External Auditor's Review of the Effectiveness of Governance Arrangements** - The Council's external auditor is Mazars. They submit progress reports and their Annual Audit Letter to Audit Committee.
- **Annual Review of the role and responsibilities of the Chief Finance Officer** - The 2020/21 review concluded that the CFO met the responsibilities of the Senior Finance Officer in full and was ideally placed to develop and implement strategic objectives within the Council, given her role as the Council's Section 151 Officer, Deputy Chief Executive and

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City Treasurer. The Council's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government.

- **Annual Report of the Standards Committee** - The Council is committed to promoting the highest standards of conduct by members and has adopted a Code of Conduct for all members as part of its constitution. The Annual Report of the Standards Committee is one of the Council's sources of governance assurance.
- **Governance of Significant Partnerships** – Assurance relating to governance arrangements of the Council's significant partnerships is recorded on the Register of Significant Partnerships. Each partnership is self-assessed annually to provide assurance that effective arrangements are in place, and to highlight any governance challenges which need to be addressed.

### 6 Strategic oversight of actions to address the Council's governance challenges in 2020/21

This section provides a concise high-level summary of strategic actions taken to address the Council's governance challenges for the 2020/21 financial year, and what arrangements are in place for oversight of delivery. These challenges were set out in the Action Plan at the end of last year's AGS (2019/20). Where relevant, detailed progress updates are provided to Project and Programme Boards, and where applicable reports and information are taken to Committees - as set out in the table.

Action	What action was to be addressed	Governance of actions taken / planned	Officer Leads / Programme Boards	How is this monitored?
1	Effective response to COVID-19 through Council leadership, support to our workforce and organising an effective incident response and recovery. It is recognised that this will impact on the capacity and ability of the Council to respond fully to all of the other identified challenges and risks. The governance around the response will need to ensure	Plans continue to be delivered to ensure an effective response and recovery, including: <ul style="list-style-type: none"> <li>• Manchester's 12-point Action Plan</li> <li>• Manchester's Economic Recovery and Investment Plan</li> </ul>	Chief Executive  Deputy Chief Executive & City Treasurer  Strategic Director of Neighbourhoods	The Executive  Economy Scrutiny Committee

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Action	What action was to be addressed	Governance of actions taken / planned	Officer Leads / Programme Boards	How is this monitored?
	effective decision making is maintained, and that critical parts of the organisation's business as usual continue to be delivered.	<ul style="list-style-type: none"> <li>Situation reports to the Executive and Scrutiny Committees</li> <li>Effective connections to Greater Manchester governance</li> </ul>	Director of Population Health	
2	Continuing to embed the Our Manchester behaviours necessary to support the delivery of Our Corporate Plan, across both the Council's leadership and the wider workforce. This includes delivery of the updated Our People Strategy.	<p>The Our Manchester (OM) approach is now fully integrated into the Organisation Development Team, within HROD, ensuring that Our Manchester is embedded throughout the Council.</p> <p>The last 12 months have seen the workforce transition almost overnight to a new way of working, a scale of change in how we work that would normally take years to achieve.</p> <p>Whilst some of priorities have remained the same, the context of which we are working has changed and the Our</p>	Deputy Chief Executive & City Treasurer, City Solicitor, Director of HROD.	Resources and Governance Scrutiny Committee

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Action	What action was to be addressed	Governance of actions taken / planned	Officer Leads / Programme Boards	How is this monitored?
		<p>People Strategy is being reviewed again to ensure that it reflects this. Some of the key actions are:</p> <ul style="list-style-type: none"> <li>• Improve the health and wellbeing of our staff including a reduction in absence levels across the organisation</li> <li>• Our commitment to ensure our workforce reflects our diverse communities is strengthened through the Workforce Equality Strategy and the Race Equality programme.</li> <li>• Reduce reliance on temporary staff including overall reduction in agency spend.</li> </ul>		
3	Our Transformation - ensuring effective governance of all the programmes involved in strengthening and transforming how we work.	A set of linked programmes have brought together work focused on the impact of COVID-19 on the Council, and plans to recover. A decision-making Future Council Core Group of senior officers, chaired by the Deputy Chief Executive and City Treasurer, oversees interdependencies between the Council's Budget planning and the Our Transformation portfolios of work.	<p>Deputy Chief Executive &amp; City Treasurer, City Solicitor</p> <p>Future Council Core Group</p>	The Executive Scrutiny Committees

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Action	What action was to be addressed	Governance of actions taken / planned	Officer Leads / Programme Boards	How is this monitored?
		<p>Each programme of work has a Senior Responsible Owner (SRO), and a Programme Manager who oversees the work of each Programme Team. The portfolios of work which comprise Our Transformation are as follows:</p> <ul style="list-style-type: none"> <li>• Our Ways of Working</li> <li>• Strengthening Accountability and Our Processes</li> <li>• Resident and Business Digital Experience</li> </ul> <p>The Our Transformation programme and project groups receive progress updates via highlight reports. The Future Council Core Group receives situation reports ('Sitreps') which provide summaries of key messages from the highlight reports. Regular Sitrep summary reports are also provided to the Council's Executive.</p> <p>Looking forward, the Future Shape of the Council programme will deliver the next steps to reshape how Manchester delivers services both internally and externally, by using new technologies, ways of working and new delivery</p>		

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Action	What action was to be addressed	Governance of actions taken / planned	Officer Leads / Programme Boards	How is this monitored?
		models. A report to March 2021 Executive set out the approach in detail.		
4	Carbon reduction - ensuring that we have robust and effective governance of strategies, which will enable delivery of the 2038 zero carbon targets.	<p>The Zero Carbon Coordination Group drives forward the integrated activity required to ensure that the Council plays its full part in ensuring the city reaches its ambitious climate change commitments. This strategic group oversees the development and delivery of the Manchester Climate Change Action Plan 2020-25, which was approved by the Executive in March 2020.</p> <p>Workstreams have formed to deliver the actions outlined under the five priority areas within the Council's Climate Change Action Plan. Each workstream consists of the operational officers and a senior manager, as workstream lead for each priority:</p> <ul style="list-style-type: none"> <li>• Buildings and Energy</li> <li>• Transport and Travel</li> <li>• Reducing consumption-based emissions and influencing suppliers</li> <li>• Climate adaptation, carbon storage and carbon sequestration</li> </ul>	<p>Deputy Chief Executive and City Treasurer, Director of Policy, Performance and Reform.</p> <p>Zero Carbon Coordination Group</p>	Neighbourhoods and Environment Scrutiny Committee

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Action	What action was to be addressed	Governance of actions taken / planned	Officer Leads / Programme Boards	How is this monitored?
		<ul style="list-style-type: none"> <li>Influencing behaviour and being a catalyst for change</li> </ul>		
5	Support the integration of health and social care by ensuring effective governance of integrated teams and activity, including the operation of the partnership arrangements with MHCC commissioning function, and the Local Care Organisation (LCO). Ensuring there is progress made with developments that will deliver positive outcomes within the system resource envelope.	<p>The Our Healthier Manchester Locality Plan sets the ambitions for the city to significantly improve health outcomes, tackle health inequalities and develop a financially and clinically sustainable system.</p> <p>Health and social care partners have established a new Manchester Partnership Board (MPB) of system leaders, chaired by the Leader of the Council, is established to drive delivery of health and social care integration in the city. This will include the 'supercharging' of Manchester Local Care Organisation as the integrated delivery vehicle for improving health and wellbeing outcomes and reducing health inequalities in the city.</p> <p>The MPB has committed to 'supercharging' Manchester Local Care Organisation (MLCO), building on the strong progress made since its inception in 2018, as the delivery vehicle to</p>	<p>Director of Adult Social Services, Deputy Chief Executive &amp; City Treasurer</p> <p>Manchester Partnership Board</p> <p>MLCO Accountability Board</p>	<p>Health Scrutiny Committee</p> <p>Health and Wellbeing Board</p>

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Action	What action was to be addressed	Governance of actions taken / planned	Officer Leads / Programme Boards	How is this monitored?
		<p>reduce health inequalities and improve the health and wellbeing of the people of Manchester.</p> <p>A new Section 75 agreement is being developed by June 2021 to govern the partnership arrangements and decision making between the Council and Manchester Foundation Trust (MFT) that will operate through MLCO. The detail of the location of health commissioning functions in the Manchester system is yet to be determined, whilst all of Adult Social Care commissioning will be delivered through MLCO from 2021/22.</p> <p>A new MLCO Accountability Board has been established to provide a single governance forum and point of assurance for all key partners, including the Council, which will be represented by the Executive Member for Health and Well Being (co-chairing with MFT), the Chief Executive, the Deputy Chief Executive and City Treasurer, and the Strategic Director of Adult Social Care.</p>		



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		A report on the Future Shape of the Council work programmes was taken to March 2021 Executive, which set out the next steps for Health and Social Care integration.		
6	Delivery of the Adults Improvement Plan and integration of Health and Social Care, through the governance arrangements of MLCO and MHCC, whilst ensuring that the Chief Executive can be fully assured on statutory responsibilities, particularly around safeguarding. Ensuring effective integrated neighbourhood team arrangements, triage at the front door, and the assessment and review of citizens' needs in a timely, proportionate and consistent manner. This includes Adults Services governance oversight: operational compliance, quality assurance and the transition from Children's to Adults Services provision.	<p>The Adult Social Care Improvement Programme was established to focus on ensuring the basics are in place for adult social care, to deliver high quality services for our residents, and to successfully deliver health and social care reform and integration. A number of key priorities were successfully delivered, including significant reductions in waiting lists and progress with permanent social worker recruitment.</p> <p>The next stage is delivery of Better Outcomes, Better Lives which is MLCO's transformation programme for Adult Social Care. This commenced in 2021 and builds on work to integrate health and social care in Manchester, the ASC improvement programme and</p>	<p>Director of Adult Social Services</p> <p>Transformation Accountability Board</p>	Health Scrutiny Committee

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Action	What action was to be addressed	Governance of actions taken / planned	Officer Leads / Programme Boards	How is this monitored?
		<p>other transformation initiatives delivered in recent years.</p> <p>A full report on Better Outcomes, Better Lives was taken to March 2021 Health Scrutiny Committee.</p>		
7	Improving the resilience of ICT systems; including continuing to strengthen cyber security to ensure an effective response to the evolving external environment, and the Council's arrangements for disaster recovery via delivery of the data centre.	<p>The Council has a Cyber Security team supported by Security Service contracts and external suppliers. This hybrid approach researches, investigates and implements continual security improvements. As well as taking actions to protect our infrastructure services, systems and devices along with our users. Relevant cyber alerts and updates are provided to staff through standard communication broadcasts to ensure that they feel supported and informed along with an ongoing Cyber Security training and awareness programme.</p> <p>The overall aim of the data centre project was to achieve improved resilience and disaster recovery. The objective was to migrate from the single data centre to two geographically separate co-located centres that provide</p>	<p>Deputy Chief Executive &amp; City Treasurer, Director of ICT.</p> <p>ICT Board</p>	Resources and Governance Scrutiny Committee

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		<p>disaster recovery and address previous single points of failure.</p> <p>The final tasks were undertaken in March 2021 to complete the transition from the project to the IT Service Operation teams and formally close the project. Regular service management reviews and Service Level Agreements are now in place with the new Data Centre Provider UKFast.</p> <p>A full ICT update report, including more detail about the final stages of the data centre project, was taken to February 2021 Resources and Governance Scrutiny Committee.</p>		
8	Governance of delivery of proposed ICT infrastructure and systems essential to business operations and legal compliance, including the new social care system. Mitigation of delivery timescale risks, and effective prioritisation where there is an interdependence between business critical programmes (e.g. telephony).	Technological change is effectively managed within the Council by having oversight and governance provided by the following forums: the ICT Portfolio Board, Design Authority Group, Change Assurance Board and the Strategic Capital Board. In addition, ICT have robust internal governance processes that aim to ensure controlled and consistent approach to delivery change	<p>Deputy Chief Executive &amp; City Treasurer, Director of ICT.</p> <p>ICT Portfolio Board</p> <p>Design Authority Group</p>	Resources and Governance Scrutiny Committee

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Action	What action was to be addressed	Governance of actions taken / planned	Officer Leads / Programme Boards	How is this monitored?
		<p>and provide assurance throughout the delivery lifecycle.</p> <p>Some of the key programmes and projects to be progressed or completed in 2021/22 include, but are not limited to:</p> <ul style="list-style-type: none"> <li>• Telephony and Contact Centre Project</li> <li>• Network refresh programme (WAN and LAN &amp; WiFi projects)</li> <li>• End User Device</li> <li>• CIVICA Pay (Income Management)</li>   <li>• FLARE (Application Rationalisation)</li> <li>• Resident Digital Experience Transformation</li> <li>• Legal Services Case Management Tool</li> </ul> <p>The Liquidlogic suite of social care products have been operational since July 2019. The final component of this programme is the replacement of the Early Years and Education system (EYEs) which will become the core system for the Education Service in May</p>	<p>Change Assurance Board</p> <p>Strategic Capital Board</p>	

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		<p>2021. Plans are currently underway for go live, with train the trainer sessions and user acceptance testing already taken place. This will complete the entire changeover to a modern, single, integrated platform for Adult Social Care (ASC), Children’s Social Care (CSC), and Education.</p> <p>Within the Network Refresh Programme, the Wide Area Network (WAN), Local Area Network (LAN) and the WiFi projects have completed procurement and have confirmed suppliers, site surveys are now underway and the design work for the WAN has commenced. These projects will represent significant investment for the Council over a number of years delivering much improved infrastructure and connectivity across the estate.</p> <p>ICT Departmental Management Team will continue to update the priority list of initiatives on an ongoing basis as projects are delivered and to ensure continued alignment with the Our Manchester Strategy, Our</p>		

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Action	What action was to be addressed	Governance of actions taken / planned	Officer Leads / Programme Boards	How is this monitored?
		<p>Transformation Programme and other Council priorities.</p> <p>A full ICT update report was taken to February 2021 Resources and Governance Scrutiny Committee, which provides a detailed update on key projects.</p>		
9	<p>Planning and implementation of changes required to mitigate potential negative impact of EU Exit on budget and other assumptions for the Council, partners and residents of the City.</p>	<p>The Council's response to the risks and uncertainties associated with EU Exit Transition was coordinated by the Brexit (now EU Exit) Preparedness Group which was chaired by the Strategic Director - Neighbourhoods. The group has now been stood down and monitoring the impact is now business as usual for services. Adhoc meetings may be arranged if required for instance the group was recently convened to review the potential impact of Hong Kong Nationals arriving in the city following recent visa changes.</p> <p>The Greater Manchester Preparedness Group is currently still meeting and focuses on issues and civil contingencies at a city region level.</p>	<p>Chief Executive</p> <p>EU Exit Preparedness Group</p>	<p>Economy Scrutiny Committee</p>

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Action	What action was to be addressed	Governance of actions taken / planned	Officer Leads / Programme Boards	How is this monitored?
10	Strengthening the consistency of and accountability involved in the Council's approach to commissioning, procurement and contract management. This includes; improving supply chain resilience, building in carbon reduction requirements and reducing reliance on waivers.	<p>Supply chain resilience continues to be an important area of focus because of COVID-19, and its impact on the economy. The steps taken by the Council to monitor and manage supplier risk were summarised in the Supplier Assurance report to October 2020 Resources and Governance Scrutiny Committee.</p> <p>Governance of social value has been refined and there are now two officer groups - one strategic (the Social Value Governance Board), chaired by the Deputy Chief Executive and City Treasurer, and one operational, bringing together commissioning, contracts and social value leads in directorates.</p> <p>On waivers, the Integrated Commissioning and Procurement Team provided the August 2020 Commercial Board with an update on waivers across the Council's contract portfolio (excluding Capital Programmes), identifying progress and areas for further development.</p>	<p>Deputy Chief Executive &amp; City Treasurer, Head of Strategic Commissioning.</p> <p>Social Value Governance Board</p> <p>Commercial Board</p>	Resources and Governance Scrutiny Committee

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Action	What action was to be addressed	Governance of actions taken / planned	Officer Leads / Programme Boards	How is this monitored?
11	Continued development and coordination across Services of the governance, communication, implementation and monitoring of workforce policy and associated guidance. This includes ensuring strong messages around compliance and accountability, and a planned programme of work to identify and tackle areas of non-compliance. Focus is needed on; the Accountability Framework - to support understanding of decision making, and the operation and efficacy of the Member / Officer Relations Protocol, and the Member Code of Conduct.	<p>Work has been progressed through the Our Transformation programme to strengthen the Accountability Framework, to improve levels of understanding and compliance with decision making requirements.</p> <p>The Council's Member/Officer Protocol was reviewed in June 2019. Whilst this review did not identify significant areas requiring revision, the opportunity was taken to make minor changes, which were approved by the Standards Committee and reported to Council.</p> <p>The Committee on Standards in Public Life has proposed a number of changes to the Code of Conduct for Members (some of which require changes to legislation). Following consultation, in May 2021 the LGA issued a new Model Code of Conduct for Members which has been circulated to Members for information and which will be the subject of a report to Standards Committee in November 2021 following discussions across the Greater Manchester authorities.</p>	Deputy Chief Executive & City Treasurer, City Solicitor, Director of HROD.	Standards Committee



7 Action Plan: Governance Challenges for 2021/22 Onwards

The review of governance arrangements has identified the main areas where the Council will need to focus its efforts during 2021/22, to address changing circumstances and challenges identified. These are set out in the action plan table. Completion or substantial progress against these objectives is due by the end of the financial year, in March 2022.

Action	What action is to be addressed	Who is responsible for delivery		How is this monitored?
		SMT Leads	Directors or Heads of Service	
1	Continuing to ensure effective governance of the response and recovery from COVID-19. This includes a focus on the city's longer-term recovery, including its economy, residents and communities, for example via delivery of the Economic Recovery and Investment Plan.	Chief Executive, Deputy Chief Executive & City Treasurer	-	The Executive  Economy Scrutiny Committee
2	Continuing to develop the capability of our workforce, to support the delivery of Our Corporate Plan and the Future Shape of the Council. This includes continuing to embed the Our Manchester Behaviours, and the new Employee Code of Conduct, along with delivery of organisational development plans.	Deputy Chief Executive & City Treasurer, City Solicitor	Director of HROD	Resources and Governance Scrutiny Committee
3	Future Shape of the Council – Ensure effective governance of the coordination of, and interdependencies between the work programmes which will deliver the next steps to reshape how	Deputy Chief Executive & City		The Executive

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Action	What action is to be addressed	Who is responsible for delivery		How is this monitored?
		SMT Leads	Directors or Heads of Service	
	Manchester City Council operates, including using new technologies, ways of working and new delivery models.	Treasurer, City Solicitor		Scrutiny Committees
4	Carbon reduction - ensuring that we have effective governance of strategies and action plans that enable delivery of the target to be a zero-carbon city and Council by 2038 at the latest.	Deputy Chief Executive and City Treasurer	Director of Policy, Performance and Reform	Neighbourhoods and Environment Scrutiny Committee
5	Ensure effective governance of the next phase of health and social care integration. This includes the next steps in the development of Manchester Local Care Organisation (MLCO) as the delivery vehicle to reduce health inequalities and improve the health and well-being of the people of Manchester.	Director of Adult Social Services, Deputy Chief Executive & City Treasurer	-	Health Scrutiny Committee
6	Ensure effective governance of the delivery of 'Better Outcomes, Better Lives' which is MLCO's transformation programme for Adult Social Care.	Director of Adult Social Services	-	Health Scrutiny Committee
7	Governance of the strategic direction for delivery of proposed ICT infrastructure and systems essential to business operations and legal compliance, including the social care system. Mitigation of delivery timescale risks, and effective prioritisation where there is an interdependence between business-critical programmes (e.g. telephony).	Deputy Chief Executive & City Treasurer	Director of ICT	Resources and Governance Scrutiny Committee
8	Strengthening the consistency of and accountability involved in the Council's approach to commissioning, procurement and contract management. This includes;	Deputy Chief Executive & City Treasurer	Head of Strategic Commissioning	Resources and Governance Scrutiny Committee

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Action	What action is to be addressed	Who is responsible for delivery		How is this monitored?
		SMT Leads	Directors or Heads of Service	
	improving supply chain resilience, building in carbon reduction requirements and reducing reliance on waivers.			
9	Governance of the coordination of delivery of our commitments on equality, diversity and inclusion in relation to Manchester's citizens, and to our workforce. This includes delivery of both the Workforce Equality Strategy and the Race Equality programme.	Chief Executive, City Solicitor	Director of HROD	Resources and Governance Scrutiny Committee  Communities and Equalities Scrutiny Committee
10	Development of governance arrangements for the new model for housing delivery. This includes effective oversight of delivery of the first phase of this work, which will be the facilitation of the Northwards Housing Arm's-Length Management Organisation (ALMO) being brought back in house.	Strategic Director -Development	Director of Housing & Residential Growth	The Executive  Economy Scrutiny Committee  Resources and Governance Scrutiny Committee

Conclusion

The governance arrangements as described above have been applied throughout the year, and up to the date of the approval of the Annual Accounts, providing an effective framework for identifying governance issues and taking mitigating action. Over the coming year the Council will continue the operation of its governance framework and take steps to carry out the actions for improvement identified in the review of effectiveness to further strengthen its governance arrangements.

Signed:  .....  
**Leader of the Council**

Signed:  .....  
**Chief Executive**

# Audit Status

The City Council's accounts are subject to audit in accordance with the Local Audit and Accountability Act 2014 and the National Audit Office's Code of Audit Practice.

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