



## **Audit Committee**

Date: Tuesday, 11 June 2019

Time: 10.00 am

Venue: Council Antechamber, Level 2, Town Hall Extension,  
Manchester

Everyone is welcome to attend this committee meeting.

This is a **supplementary agenda** that contains additional information that was not available when the agenda was first published.

### **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. That lobby can also be reached from the St. Peter's Square entrance and from Library Walk. **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** - Ahmed Ali (Chair), Lanchbury, Russell, Watson, Stanton and Clay

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

## Agenda

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|-----------|--|-----------|
| <b>5.</b> | <b>Draft Annual Statement of Annual Accounts 2018/19</b>                 | 3 - 302   |
|           | The report of the Deputy Chief Executive and City Treasurer is enclosed. |           |
| <b>8.</b> | <b>Capital Budget Outturn Report</b>                                     | 303 - 353 |
|           | 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:

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This agenda was issued on **Wednesday, 5 June 2019** by the Governance and Scrutiny Support Unit, Manchester City Council, Level 3, Town Hall Extension (Lloyd Street Elevation), Manchester M60 2LA.

**Manchester City Council  
Report for Information**

**Report to:** Audit Committee – 11 June 2019  
**Subject:** Annual Accounts 2018/19  
**Report of:** Deputy Chief Executive and City Treasurer

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**Summary**

To report the 2018/19 Annual Accounts, which have been signed by the Deputy Chief Executive and City Treasurer, to the Committee.

**Recommendations**

To note the unaudited 2018/19 Annual Account, signed by the Deputy Chief Executive and City Treasurer, including the narrative report.

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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 2018/19 accounts files

Report of the Deputy Chief Executive and City Treasurer to Audit Committee 11  
March 2019 – Accounting Concepts and Policies, Critical Accounting Judgements  
and Key Sources of Estimation Uncertainty

## 1.0 Introduction

1.1 This report sets out the process of approval for the annual accounts.

## 2.0 Background

2.1 The Accounts and Audit Regulations 2015 issued by the Ministry for Housing, Communities and Local Government set out the requirements for the production and publication of the Annual Statement of Accounts.

2.2 The accounts are not required to be approved by a Committee of the Council prior to their submission to the external auditors, however it is considered good practice that the Audit Committee should have the opportunity to review the unaudited accounts. The requirement is that, by 31 May, the accounts will be 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 2019 and its income and expenditure for the year ended 31 March 2019.

2.3 The audited accounts together with the external audit report will be considered at the Audit Committee meeting on 30 July.

## 3.0 Presentation of the Annual Accounts

3.1 The sections in the Annual Accounts are:

- The ***Narrative Report*** which sets out the background to the financial year including a summary of the Council's outturn position.
- The ***Statement of Responsibilities for the Annual Statement of Accounts*** which details the responsibilities of the Deputy Chief Executive and City Treasurer.
- 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 rather than by the standard service classification previously required by the Service Reporting Code of Practice (SERCOP).
- 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.

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

- 3.3 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 Greater Manchester Combined Authority for the Police 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 Ltd and the Council's share of Manchester Airport Holdings Ltd (35.5%).
- 3.4 Each of the statements is supported by explanatory notes to the accounts.
- 3.5 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. This has previously been considered by this committee and Standards Committee and updated for any comments.
- 3.6 The presentation of the accounts is governed by the accounting policies that the Council is required to follow. There have been two new accounting standards in 2018/19. These are IFRS9 Financial Instruments and IFRS15 Revenue Recognition from contracts with customers. Further information relating to these standards is shown in Note 7 - Accounting Policies and Concepts. These were previously reported to the Audit Committee on 11 March.
- 3.7 Valuations have again 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 2018/19 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.

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

- 4.1 The general fund revenue outturn report shows an overspend across all budgets, of £0.293m. The budget had assumed a transfer to general reserves of £0.031m. As a result of this overspend there has been a transfer from general reserves of £0.262m. The general reserve, after this transfer, is £22.045m. This compares to £22.838m assumed when the 2018/19 Budget was approved at Council. It is considered that this is a reasonable level of general reserves given the level of risk faced by the Council.

- 4.2 The Housing Revenue Account (HRA) has an underspend of £11.064m. This allows for funding set aside to improve fire safety measures through the installation of sprinkler systems within Council owned tower blocks which will take place in 2019/20, and lower Private Finance Initiative (PFI) payments due to delays in delivering the capital works on the Brunswick PFI scheme.
- 4.3 The Council spent £452.8m on capital related projects in 2018/19 compared to the end of February forecast of £495.7m with the majority of unused budget being re-profiled into future years. The spend includes £91.2m on behalf of Greater Manchester.
- 4.4 The Council's Revenue and Capital Outturn reports elsewhere on this agenda give further details on the outturn variations. These will be considered by Resources and Governance Scrutiny Committee and Executive in June.
- 4.5 The accounts are available for public inspection from 3 June 2019 to 12 July 2019. During this period the external auditor must give electors or any representative of an elector an opportunity to question them about the accounting records of the Council.

## **5.0 Summary of the Annual Accounts**

- 5.1 The overspend on general fund (£0.293m) and the underspend on the Housing Revenue Account (£11.064m) total £10.771m underspend. This is the position in cash terms before notional accounting adjustments. The Consolidated Income and Expenditure Statement (CIES) shows a deficit of £8.367m. The difference is as a result of the notional accounting adjustments predominately relating to capital transactions and pension related costs. The CIES is prepared in accordance with International Financial Reporting Standards (IFRS) which seeks to present the figures on a consistent basis across all of the organisations they apply to.
- 5.2 The Balance Sheet, which summarises the value of the assets and liabilities of the Council, shows an overall increase in net worth of £0.808m as at 31 March 2019 when compared to the previous year end. This is due to an increase in usable reserves of £105.147m and a decrease in unusable reserves of £104.339m. The increase in usable reserves is mainly due to increases in the usable capital receipts reserve, capital grants unapplied and capital fund reserve to fund capital schemes for the general fund and the HRA, as well as the capital financing reserve which has been set up to fund future increases in borrowing costs as a result of the Council's capital programme. This reflects the significant size of the Council's capital programme, which is c. £1.15bn for the next 5 years, and is a product of timing issues between funding being received and expenditure being incurred.
- 5.3 Reserves have also been set aside to support the financial position for 2019/20. This follows the announcement of additional one off government funding, particularly for social care, made available through the Autumn Budget, Finance Settlement and the GMCA Budget Setting process. The one off funding is to be used over 2 to 3 years and is to be prioritised for care and

support for vulnerable people, investment in youth services, taking action on family poverty, tackling homelessness and further action to tackle litter and fly tipping. HRA reserves have also increased as a result of the underspend on the HRA as noted earlier. The decrease in unusable reserves is predominantly due to the increase in the negative pension reserve together with a reduction in the capital adjustment account. This is partly offset by an increase in the revaluation reserve from the revaluation of non-current assets, during 2018/19.

- 5.4 The Collection Fund contains a closing Council Tax Surplus of £7.175m, of which the Council's share is £5.894m the remainder being due to the Greater Manchester Combined Authority for the Police and Fire elements. This is an overall increase of £0.695m when compared to the estimate of the surplus made in January 2019 of £6.480m (Council share £5.478m). This is due to an improvement in the council tax base and a reduced requirement for bad debt provision following a review of the position at year end. The Council's share of the additional surplus is taken into account when setting the 2020/21 budget.
- 5.5 The 2019/20 budget contains the estimated share of the 2018/19 Business Rates surplus, as calculated in January 2019 which totalled £13.405m with the Council's share being £13.271m. The final Business Rates surplus in the Collection Fund as at 31 March 2019 is £15.931m (Council share £15.772m), an increase of £2.526m. This is due to a combination of additional reliefs awarded, offset by a decrease in the bad debt provision required and a reduction in the provision for appeals based on the latest information on outstanding appeals received from the Valuation Office Agency.

## **6.0 Timeline of the Annual Accounts Process**

- 6.1 The timeline for the completion and audit of the 2018/19 annual accounts is as follows:
- Handover of annual accounts to External Auditors – 31 May 2019
  - Submission of unaudited annual accounts to Audit Committee – 11 June 2019
  - Submission of annual accounts, including amendments agreed during the external audit, to Audit Committee – 30 July 2018
  - Issue of audit opinion by the Council's external auditors, Mazars – by 31 July 2018

## **7.0 Recommendations**

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



Manchester City Council Annual Statement of Accounts 2018/19



# **Annual Statement of Accounts 2018/19**

## Manchester City Council Annual Statement of Accounts 2018/19

## Contents

- 3. Narrative Report to the Annual Statement of Accounts
- 85. Statement of Responsibilities for the Annual Statement of Accounts
- 86. Comprehensive Income and Expenditure Statement
- 87. Movement in Reserves Statement
- 88. Balance Sheet
- 89. Cash Flow Statement
- 90. Notes to the Core Financial Statements
- 192. Housing Revenue Account Income and Expenditure Statement
- 192. Movement on the Housing Revenue Account Statement
- 193. Notes to the Housing Revenue Account
- 196. Collection Fund Income and Expenditure Account
- 196. Notes to the Collection Fund Account
- 198. Group Accounts
- 198. Group Comprehensive Income and Expenditure Statement
- 199. Group Movement in Reserves Statement
- 200. Reconciliation of the Single Entity Comprehensive Income and Expenditure Statement Surplus for the Year to the Group Comprehensive Income and Expenditure Statement Surplus / Deficit
- 201. Group Balance Sheet
- 202. Group Cash Flow Statement
- 203. Notes to the Group Accounts
- 215. Audit Status
- 216. Glossary of Financial Terms
- 223. Annual Governance Statement

**Manchester City Council  
Annual Statement of Accounts 2018/19**



**Narrative Report  
2018/19**

**Manchester City Council  
Annual Statement of Accounts 2018/19**

## Narrative Report 2018/19

The Narrative Report provides a financial summary and introduction to the annual accounts for 2018/19. In producing this incorporated report the Council aims to provide all relevant parties, including electors, local residents, Council Members, partners and local businesses; assurance that the public money that has been received and spent, has been properly accounted for and that the financial standing of the Council is secure.

It provides an overall explanation of the Council's financial position, including major influences affecting the accounts. This aims to help readers understand and interpret the accounting statements. The Narrative Report is a key document for communicating to stakeholders the authority's purpose, how it has performed in accordance with its overall strategy and against key performance indicators over the year and how it has allocated its resources in line with intended outcomes. It assists the organisation to demonstrate its performance over the year and demonstrates how the authority is equipped to deal with the challenges ahead and to continue delivering services and supporting local people.

We have developed the contents of this report in line with the Chartered Institute of Public Finance and Accountancy's (CIPFA) principles based approach to narrative reporting as set out in their Code of Practice on Local Authority Accounting in the United Kingdom 2018/19. The principles based approach included in the Code was derived by reference to the principles identified by work carried out by the International Integrated Reporting Council (IIRC) and are based on the content elements of an Integrated Report.

The narrative report sets out:

- Our Organisational overview and external environment
- Our Strategy and objectives
- Our Governance
- Our Operational models
- Our Performance
- Our Risks and opportunities
- Our Outlook
- Our Basis of preparation and presentation of the Narrative Report
- Our Financial Performance
- The Basis of the Preparation and Presentation of the Annual Statement of Accounts

## Our Organisational overview and external environment

### Our Council, City and City Region

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. At the

**Manchester City Council**  
**Annual Statement of Accounts 2018/19**

end of March 2019, 7,226 Council officers were employed to deliver services for the public.

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. The priorities for the Council for the next two years in playing its role in supporting progress towards the city's vision are set out in Our Corporate Plan. We will pursue these embodying the Our Manchester principles in everything we do.

These are: -

- 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

The priority objectives of the Our Manchester Strategy and Our Corporate Plan are detailed in the 'Our Strategy and Objectives' section.

Our work is undertaken by six Directorates. These are Neighbourhoods, Strategic Development, Children's Services and Education, Adult Social Care, Homelessness and the Corporate Core. More detail on the work of each Directorate can be found in the Directorate's operational model.

Between 2011/12 and 2018/19 we have had to deliver £378m of savings with a further £15m required in 2019/20, following the cumulative effect of reductions in funding from the Government.

The city's success and ability to cope with reduced funding is inextricably linked to the success of our city-region. Greater Manchester (GM) is one of the country's most successful city-regions and is home to approximately 2.8 million people<sup>1</sup>. The Greater Manchester Combined Authority (GMCA) is made up of the ten GM Councils which work together with local services, businesses, communities and other partners to improve the city-region. The Mayor, elected by the people of Greater Manchester chairs the GMCA.

Manchester, together with partners in the GMCA, has driven devolution and negotiated the transfer of powers, budgets, and responsibilities from Government to the city region. As a result, decision-making on crucial public services in GM such as transport, planning, health and skills has moved closer to GM people. With more decisions being made locally, the needs and aspirations of local people can be better met. Devolution has also brought about more certainty over long term funding so that the GMCA and the city can make plans over the long term.

Following the decline of industry in the 20th century, Manchester has successfully reinvented itself as a city with a large and diverse population and economy. The city's growing population was estimated to be just over 566,500 in 2018, and by

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<sup>1</sup> Mid 2017 ONS population estimate (2,798,799).

**Manchester City Council**  
**Annual Statement of Accounts 2018/19**

2025 Manchester is forecast to be home to over 636,000 people (MCCFM figures<sup>2</sup>). Manchester continues to support the economic growth of Greater Manchester and is at the heart of work to create a thriving Northern Powerhouse. The city continues to develop at a fast pace and to create economic growth and new opportunities for Manchester citizens;

- There continues to be a large number of complex commercial and residential led mixed use developments being delivered over 2018/19 in the City Centre including St Johns with Factory Arts Centre, NOMA, First Street, Oxford Road, Mayfield and Piccadilly. Construction continues on Deansgate Square, which includes the tallest building in the city and the tallest in the United Kingdom outside London. Further afield, plans for development of the stretch of land in between the city centre and Collyhurst (the Northern Gateway) have been approved. The project will see 15,000 new homes built in the next 15–20 years, with 20% of them affordable. The first phase will focus on Collyhurst, where the community will see 530 new homes, with 130 of them for social rent. Further developments are on the horizon including plans for an inspirational new site around Sackville Street and Piccadilly rail station – ID Manchester. This dynamic, world-class ‘Innovation District’ has huge potential for over 6,000 new jobs and to enhance our reputation as the place where the world’s most valuable ideas become reality.
- The first Council-built homes in more than five years have been built at sites across north Manchester. Importantly, these 40 two-bed homes have rents affordable to Manchester people. They’re managed by the Council’s not-for-profit housing organisation, Northwards Housing, and will add to the mix of good-quality homes in our neighbourhoods. We’ve also bought 20 new homes in Charlestown to help local people get onto the property ladder and share in the developing success of the city.
- The project to repair, refurbish and restore the Town Hall also continues at pace. Albert Square will be enhanced to make it one of the finest public spaces in Europe. Lendlease have been appointed as the management contractor and have pledged to support us with a number of commitments, including 150 apprenticeships and 45 new jobs targeted at Manchester residents, as well as 10,000 volunteer hours for voluntary and community-sector projects.

While the city and its residents have seen many changes for the better in recent years, Manchester is still facing some of the same challenges it was a decade ago. There are still areas of intense deprivation and too many Mancunians are experiencing poor health.

The Government’s welfare reforms such as the introduction of Universal Credit ‘full service’ will continue to have an impact on the people of Manchester. We have put significant resource into ensuring that the roll out of Universal Credit is as smooth as possible and into mitigating any negative impacts such as increased levels of

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<sup>2</sup> Figures informed by a forecast (MCCFM W2016) by Public Intelligence, PRI, 2018. Manchester City Council’s forecasting model (MCCFM) enhances ONS data by combining it with recent local administrative data. These are considered more accurate for the locality, but may not accord with officially published estimates

**Manchester City Council  
Annual Statement of Accounts 2018/19**

housing arrears. We are working with the Department of Work and Pensions and other partners in the city, particularly housing providers and commissioned advice services to track the impact of Universal Credit and adapt services locally wherever possible to meet the needs of claimants. We will continue this work and lobby for any necessary changes based on local intelligence.

The ongoing Brexit negotiations will continue to have a major bearing on the city's population and demographic profile and will have an impact on the city's economy. However, the diversity and current strength of the city's economy provides a strong foundation for the economic impact of Brexit, which is likely to become more of a challenge in the coming year. We will continue to monitor the implications of Government policies so we are well placed to mitigate negative impacts and grasp opportunities.

Nearly 11.66% of Manchester's residents (aged 16 and over) were claiming out of work benefits towards the end of 2018 which was 3% points higher than that of Great Britain, and the claimant rate for those aged over 50 was considerably higher than the national average. Poverty is a major challenge affecting many of the city's families and the Institute for Fiscal Studies projects an overall increase in child poverty by 2020. Provisional estimates suggest that approximately 28% of employees living in Manchester earned below the Real Living Wage in 2018, which compares unfavourably with other Core Cities. The city has a higher proportion of residents with no or low skills than the U.K as a whole and low skills are directly linked with a low wage economy. Manchester has the highest rate of people sleeping rough per 10,000 households when compared to other English Core Cities and with a rate of 5.4 per 10,000 households it is more than twice the national average.

At approximately 56, the number of years Manchester residents can expect to live in good health is approximately seven years below that of England as a whole. At approximately 41%, the percentage of Manchester's 10 to 11 year olds who were overweight or obese in 2017/18 is just over six percentage points higher than national levels.

The Directorate operational models help to show how we have started to address some of the city's health, work and housing.

### **Our Strategy and Objectives**

Our Manchester represents the long-term strategy for the city and is also at the core of how that strategy is delivered. The underpinning principles have been developed to fundamentally change the way that services are delivered and a shift in the relationship between the Council and the people of Manchester. The vision remains for Manchester to be in the top flight of world class cities. It will be a City:

**Manchester City Council  
Annual Statement of Accounts 2018/19**

- where residents from all backgrounds feel safe, can aspire, succeed and live well
- that is connected, internationally and within the UK
- with a competitive, dynamic and sustainable economy that draws on its distinctive strengths in science, advanced manufacturing, culture, creative and digital business to cultivate and encourage new ideas
- with highly skilled, enterprising and industrious people
- that plays its full part in limiting the impacts of climate change
- that is clean, attractive, culturally rich, outward-looking and welcoming.



The strategy was adopted in 2016 and sets out the city's priorities up to 2025. Manchester residents and partners helped to develop the strategy with over 2,300 people and organisations contributing their views.

The Our Manchester Strategy will support the delivery of this GMCA's bold vision to make Greater Manchester one of the best places in the world to grow up, get on and grow old. The Greater Manchester Strategy, Our People, Our Place, is the long-term blueprint for the future of Greater Manchester. The plan looks at ten priority areas and details how life will be improved for all those who live in the city-region, from being ready for school, to starting work, growing old, and everything else in between.





**Manchester City Council**  
**Annual Statement of Accounts 2018/19**

In 2017/18 a three-year Revenue Budget Strategy (2017-2020) and a five-year Capital Strategy (2018-2023) were agreed. These set out investment priorities which include support for the City's vulnerable adults and children as well as neighbourhoods including investment in housing, schools and cultural and leisure facilities together with the City's longer term prosperity through economic growth.

The development of the three-year financial strategy for 2017-20 followed consultation with Manchester people on what services matter most to them. The budget set was aligned to the Our Manchester Strategy and reflected what Manchester people valued most, which was:

- care and support for vulnerable people, including older people and those with learning disabilities and mental health needs;
- taking action on family poverty and giving young people the best start in life;
- tackling homelessness;
- supporting people into jobs and training;
- keeping roads and neighbourhoods in good shape; and
- parks and leisure to keep people active and happy.

To make that vision happen for everyone by 2025, as resources shrink and demand grows, Our Manchester is leading a three-way push to:

- Keep the basics on track
- Prevent problems down the line
- Tackle complex problems together.

As befits the city, the Our Manchester Strategy is ambitious and as a result it will be challenging to deliver what we've set out to achieve in the time that we have. We'll only achieve it by working together - with other public services, businesses and Manchurians.

Delivering the Our Manchester Strategy will take everyone doing their bit and the Council's Corporate Plan provides everyone who works for Manchester City Council with a shared understanding of our vision and our shorter term priorities.

**Manchester City Council**  
**Annual Statement of Accounts 2018/19**

## Our Corporate Plan

The Council's priorities for the next 2 – 3 years.

### 1 YOUNG PEOPLE

From day one, support Manchester's children to be safe, happy, healthy and successful, fulfilling their potential, and making sure they attend a school graded 'good' or better:

- Ensure all children have high-quality education
- Support more Manchester children to have the best possible start in life and be ready for school and adulthood
- Reduce number of children needing a statutory service.

### 2 HEALTHY, CARED-FOR PEOPLE

Work with partners to enable people to be healthy and well. Support those who need it most, working with them to improve their lives:

- Support Mancunians to be healthy, well and safe
- Improve health and reduce demand by integrating neighbourhood teams that are connected to other services and assets locally, delivering new models of care
- Reduce the number of people becoming homeless and enable better housing and better outcomes for those who are homeless.

### 3 HOUSING

Ensure delivery of the right mix of good-quality housing so that Mancunians have a good choice of quality homes:

- Accelerate and sustain delivery of more housing, with enough affordable housing for those on low and average incomes, and improved quality of housing.

### 4 NEIGHBOURHOODS

Work with our city's communities to create and maintain clean and vibrant neighbourhoods that Mancunians can be proud of:

- Enable clean, safe, vibrant neighbourhoods
- Reduce greenhouse gas emissions and improve air quality.

### 5 CONNECTIONS

Connect Manchester people and places through good-quality roads, sustainable transport and better digital networks:

- Improve public transport and highways, and make them more sustainable
- Facilitate the development of the city's digital infrastructure, to enable delivery of transformed public services and support a thriving digital economy.

### 6 GROWTH THAT BENEFITS EVERYONE

To support our priorities, we need to continue to promote and drive sustained economic growth and job creation that benefits everyone:

- Support good-quality job creation for residents, and effective pathways into those jobs
- Facilitate economic growth of the city.

### 7 WELL-MANAGED COUNCIL

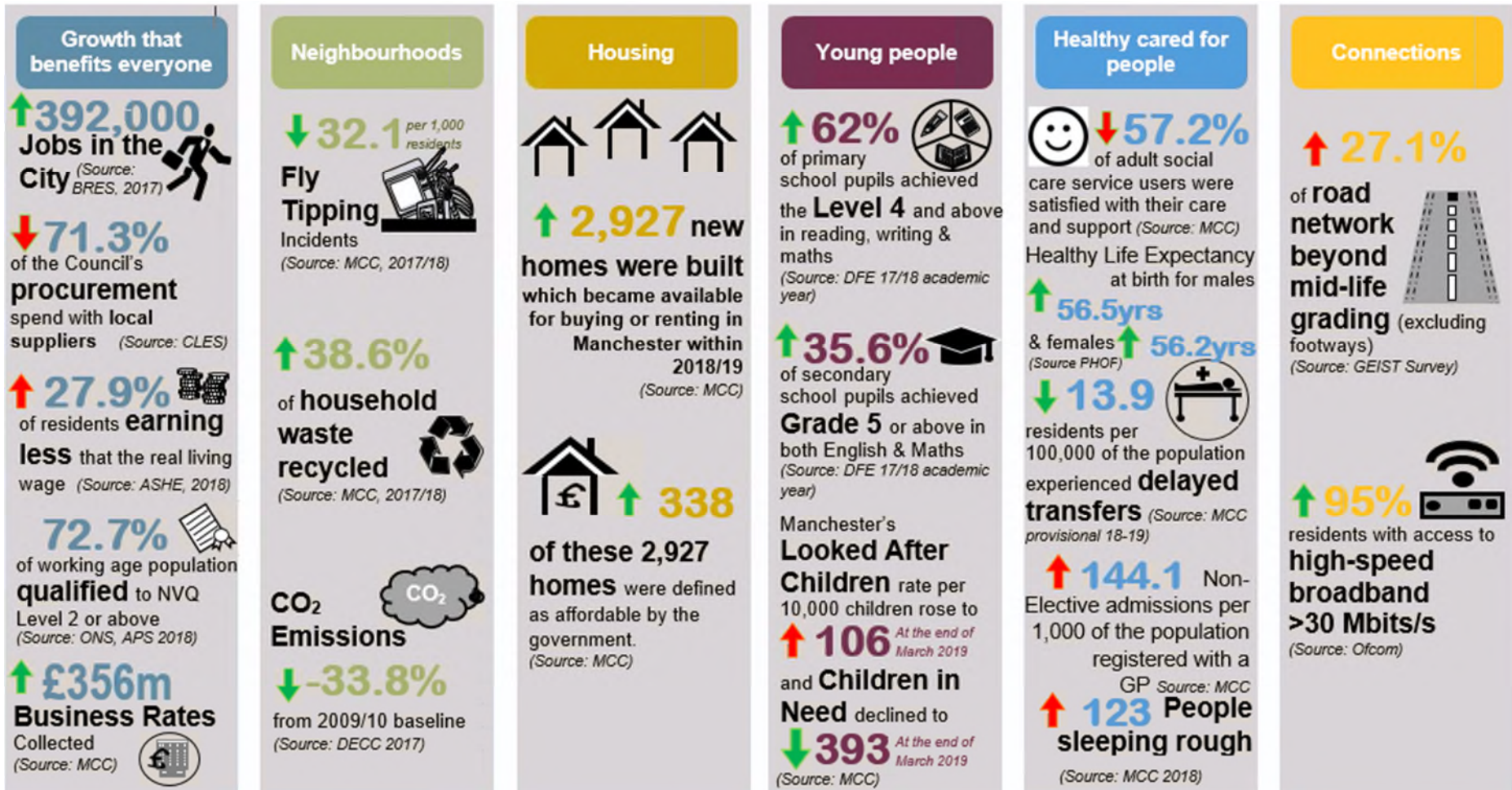
Support our people to be the best and make the most of our resources:

- Enable our workforce to be the best they can be through the Our People Strategy and Our Manchester behaviours
- Balance our budget, including delivering savings, reducing demand through reform, and generating income.

Our performance against all the goals of the Our Manchester Strategy will be reported each year in the State of the City Report which will be published on the Council's website in October.

While the Our Manchester Approach and the Our People Strategy are discussed in the next sections, delivery against the shorter term priorities is summarised across the next page and explained in more detail in the Our Performance section. Green arrows on the next page indicate positive changes from last year's results and red arrows indicate negative changes.

Manchester City Council  
Annual Statement of Accounts 2018/19



**Manchester City Council**  
**Annual Statement of Accounts 2018/19**

## Our Manchester Approach

The Our Manchester Strategy provides the overarching framework and priorities for action by the Council and partners. It includes 64 commitments, known as the 'We Wills', made by a range of agencies to achieve the vision for the city. To deliver the commitments a radical change is required in our approach and the way we work with partners. This radical change is the Our Manchester Approach.

The Our Manchester Approach is a redefined role for the Council and public services as a whole. It puts people at the centre of everything we do, recognising that people are more important than processes, procedures or organisational boundaries, and changing the way the Council works to reflect this. It is about listening, then learning, then responding. It is about creating capacity, interest and enthusiasm within individuals and communities so they are empowered to do things for themselves. Finally it is about working together more, by building long-term relationships and having honest conversations that give a say and role to both those who need services and those who provide them.



The Our Manchester Delivery Plan (designed and developed throughout 2016/17) continues its programme of embedding the Our Manchester Approach throughout the Council and its partners. The Delivery Plan has three main themes:

- **Bringing Services Together for People in Places (BST)**

By supporting our workforce and those of our partners to embed the Our Manchester ways of working, services in neighbourhoods have begun to shift from offering reactive services to offering more collaborative, strength-based and proactive ways of engaging and working with communities. BST has evolved from our earlier **Place**

**Manchester City Council  
Annual Statement of Accounts 2018/19**

**Based Approaches** work and the approach was co-developed with partners throughout 2018/19 to increase the pace and scale of the place based working offer by aligning service's systems and processes and joining up reform programmes. A partnership working group was launched in 2018/19 to drive forward 3 work streams - improving relationships across our workforces, streamlining our partnerships and plans in places, and shared understanding of people and places. We have begun to develop plans for mobilising BST during 2019/20.

The work of the individual Place Based Approaches continues with three programmes of activity in Higher Blackley, Gorton and West Wythenshawe, with work streams including wellbeing, housing, community clean ups and volunteering opportunities.

- **Our Manchester in Health and Social Care**

Four priorities have been identified that exemplify how the Our Manchester approach can support health and social care (H&SC) integration. These are: Integrated Neighbourhood Teams (being mobilised) and BST, Commissioning H&SC using Our Manchester approaches (being mobilised), Trusted Assessments (being designed) and H&SC workforce development and behaviours (being mobilised). Bringing Services Together is added as an explicit priority in this theme in recognition of the overlap between Our Manchester in place and Our Manchester in Health and Social Care.

A Strengths Based Development Programme has been co-designed, intended to support H&SC staff to have a common learning experience to understand what we mean by Our Manchester strengths based approach, win hearts & minds and have practical tools and techniques to put it into practice.

- **Broader Our Manchester activity**

This supports the adoption of the Our Manchester approach across the city as a whole to empower our residents. Throughout 2018/19 we have continued to talk to residents, businesses and partners about what matters most to them and work to design new ways of delivering better services together. The 'Our Manchester Voluntary and Community Sector Grants Programme' (OMVCS) is just one example of how this is being done well. It was launched in April 2018 following co-design and consultation with the voluntary and community sector and will award grants totalling £7.4m (£2.4m per annum) to 62 groups across the city.

In 2018/19 the focus has been on the 'hardwiring' of the Our Manchester approach throughout the Council and our partners. This includes:

- establishing a baseline of where we are now on our journey of embedding the Our Manchester approach throughout the Council and Manchester Health and Care Commissioning partnership
- an organisation wide self-assessment programme to help create a common understanding of our position in relation to embedding Our Manchester at an organisational and service level.
- understanding the barriers to embedding Our Manchester and utilising joint leadership networks to overcome/unlock them.

**Manchester City Council  
Annual Statement of Accounts 2018/19**

## Our People

At Manchester City Council we pride ourselves on having a workforce of dedicated staff who are passionate about the city and its people. They are our most valuable asset and the driving force behind making Our Manchester a reality. In 2017 we launched [Our People](#) (the Council's people strategy) and with it set out four behaviours that we need to embed to make Our Manchester truly the way it feels to work across our organisation.



In order to continue to improve the workplace and help to deliver our Manchester, the strategic delivery priorities for Our People in 2018/2019 was aligned to the Our Manchester principles:

- It's about people: Continual improvement of the workplace for our staff; connecting employees to the life of the city.
- We listen, learn and respond: Staff engagement; "you said - we did"; HROD service improvement and practice improvement of our policy framework.
- We start from strengths: Strength-based approach to skills, workforce development and the way we manage our people.
- We build relationships and create conversations: workforce equalities; partnership working; management and trade union relationships underpinned by strong collective leadership.

This was underpinned by a continued focus on embedding the Our Manchester behaviours and maximising workforce capacity through improved planning, reporting, systems and processes.

Key successes from the past year include:

- The Our Ways of Working programme launched in June 2018 and is now embedded within many services at the Council. It has supported the development of modernised and more flexible working practices across a range of areas enabled by ICT developments, estates modernisation and HR Policy improvements. The Council received Timewise accreditation on the 22nd November 2018 for its commitment to improving flexible working options.
- A programme of work to embed the Our Manchester behaviours including the immersive Our Manchester Experience now attended by nearly 2,500 staff as at

**Manchester City Council  
Annual Statement of Accounts 2018/19**

the end of March 2019, and a comprehensive behaviour toolkit supported by circa. 70 service-based toolkit champions

- An agreed Employee Health and Wellbeing strategy launched in September 2018 and recognised as best-practice in the field and driving work in a range of areas, including a comprehensive offer around mental health including an Employee Assistance Programme (EAP), participation in the national 'This is Me' campaign and a comprehensive suite of training for managers and staff.
- Induction overhaul; a brand-new induction programme has been developed. This multi-faceted approach uses a blend of videos, email communication and starts from the point of application to ensure new employees get off to the best start.
- A continued focus on equality, diversity and inclusion achieving Level 2 of the Disability Confident scheme for our approach to supporting disabled employees, with the aim to achieve Level 3 in 2019/20. We have also retained our excellent accreditation under the Equalities Framework for Local Government as of 28th June 2018.
- Year on year improvement with employee engagement through the b-Heard survey. We achieved a response rate of 55% and an overall score of 630. Last year's results were 49% and 619 respectively. The Council retains its 'One to Watch' organisation status.
- 387 apprentice starts across the last two years, meeting the non-schools element of the public sector apprenticeship target with over £1.38m of committed spend from the Council's apprentice levy on high-quality accredited learning for staff from entry-level qualifications targeted at priority Manchester residents to post-graduate courses to support our leaders. - Together with a new approach to work experience throughout 2018/19 and the re-launch of the Council's graduate scheme in March 2019, this is laying the foundations for a new approach to talent management and succession planning.
- A range of system and process improvements in direct response to feedback including a strengthened approach to movement via m people, a streamlined approach to resourcing and recruitment, enhancements to mi people Self Service and a new approach to learning and development planning, including easier access to basic training for all.
- Continued promotion of the Employer Supported Volunteering Policy, with 3,322 hours (as of March 2019) contributed to supporting Manchester communities since October 2017.
- The continued delivery of our programme of learning for leaders and managers. Raising the Bar and the Our Manchester Leadership Programme now attended by 52% (as of March 2019) of our managers with a further focus on this area provided by the new Senior Leaders Group and annual Leadership Summit.

Our People is one of a number of thematic strategies and plans which, together with the Directorate Business Plans, articulate how we will deliver on the priorities set out in Our Corporate Plan. Work is now underway to articulate the Our People priorities for 2019/20 within the context of the Corporate Plan.

## **Our Governance**

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

**Manchester City Council**  
**Annual Statement of Accounts 2018/19**

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 this commitment in our [Code of Corporate Governance](#) (The Code) which forms part of our [Constitution](#). The Code outlines how we operate, how decisions are made and the procedures followed to ensure efficiency, transparency and accountability.

Our Internal Audit function provides assurance over the effectiveness of our risk management, internal control and governance arrangements. Internal Audit support, advise and challenge management to assist the development of strategies, systems, policies and procedures that improve ways of working and ensure the best use of resources. Our external auditors assess our Internal Audit function to ensure it forms an effective part of our control environment. 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. Throughout 2018/19 we have:

- Made good progress with the Our Town Hall refurbishment project, with RIBA Stage 3 (Developed Design) having been completed. Although the project itself is not due to complete until 2024, there is assurance that strong governance and risk management processes are in place. Therefore this project will not carry forward onto the Action Plan of "governance challenges" for 2019/20 in the AGS.
- Carried out an intensive work programme to ensure that the Council is compliant with General Data Protection Regulation (GDPR). Services reported increased assurance that information governance processes and procedures are understood and followed by staff, who have all undertaken necessary training, including e-learning. The Council's rating using the Information Commissioner's Office (ICO) data controller online GDPR self-assessment tool is 'overall green'.
- Continued to make significant progress in delivering Our Manchester. Embedding the Our Manchester behaviours is at the heart of the Our People Strategy, which is integral to the delivery of one of the priorities of 'Our Corporate Plan': A well-managed Council. Many activities have been progressed during the past year, such as the 'Raising the Bar' and 'Our Manchester Leadership' programmes, which will help managers understand how they can support their teams to embed the behaviours in everything they do. All Services across the Council have completed an Our Manchester Self-Assessment to provide a clear baseline of how services are embedding Our Manchester in their day-to-day work. The organisational position indicates that the majority of services are self-assessing as 'developing', with the focus of activity going forward to move from 'developing' to 'maturing'.

In this time of such rapid transition our financial, policy and legislative environment is constantly evolving. The skills and diversity of our [leaders](#), continuous review of our Budget and Business Plans and our attitude to risk and [robust risk management arrangements](#) all mean we are well placed to tackle challenges and grasp the opportunities of our ever-changing environment to create value.

While we will not risk challenging our ethical, legal and statutory responsibilities, overall we are a risk-tolerant organisation and know that our measured and proportionate risk taking is essential if we are to deliver change, reform, growth and, ultimately, value. Our corporate and service-level leadership works proactively to



**Manchester City Council**  
**Annual Statement of Accounts 2018/19**

maintain this attitude across the organisation so that innovation is encouraged, promoted and enabled. For example, Our annual Awards for Excellence include an award for an employee who has shown innovation to change our ways of working and 2018/19 will see more focused work undertaken to embed the Our Manchester behaviours including 'Owning it and not being afraid to try new things', and the development of tools to support employees in taking this approach. Such work and initiatives contribute towards embedding a culture of innovation, trust and service improvement.

The use of our capital (e.g. money, partnerships, staff and buildings) is aligned to our culture, ethics and values as described by the Our Manchester Approach. By maintaining solid long-term relationships with suppliers and partners who share our values, looking after our staff and maximising social value, we are better able to sustain our ability to create value over the long-term.

Our approach to financial management including our medium term financial strategy and the role of our Deputy Chief Executive and City Treasurer ensures that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively. This approach supports both long-term achievement of objectives and short-term financial and operational performance.

Social value is a process through which the needs for goods, services and utilities are met in a way that achieves value for money on a whole life basis. This means maximising the social, economic and environmental impacts that can be derived from our procurement spend. We recognise the positive impact that our suppliers can bring to our city and give social value a minimum procurement weighting of 20% to ensure it is a critical part of our procurement process. We have developed a social value toolkit for commissioners and stakeholders to help them build social value into commissioning, and a toolkit for suppliers to help our supply chain understand the role they need to play. We have also incorporated the GMCA social value policy into our own policies and procedures.

We have a [Partnership Governance Framework](#) setting out the high standards of conduct we expect from partner organisations and follow an Ethical Procurement Policy. Our [Ethical Procurement Policy](#) and focus on social value helps us to work with suppliers who are committed to our values and gain maximum benefits to improve social, economic and environmental well-being. For example, the management contractor appointed to the Our Town Hall refurbishment project in January 2019 - Lendlease - has pledged to support the project's delivery of a range of comprehensive social value commitments. These include 150 apprenticeships targeted at Manchester residents, and 45 new jobs targeted at Manchester residents.

We recognise that our staff are a hugely important asset and [Our People](#) is our commitment to our workforce. This People Strategy has been designed to empower and equip staff to deliver the goals of the Our Manchester Strategy, and will do this by listening to them, involving them, respecting them and inspiring them. We are committed to promoting the physical and mental health and wellbeing of our workforce and make available a wide range of support and guidance on a wide range of health and wellbeing topics including a 24/7 telephone based Employee Assistance Programme. We pay all our employees the Manchester Living Wage and influence others in the city to do the same.

**Manchester City Council**  
**Annual Statement of Accounts 2018/19**

## Our Decision Making

We make decisions every day that affect the city and its residents. Our decision making process is designed to enable us to make decisions efficiently and effectively. The most significant of decisions, such as setting the Council's budget, are taken at the Full Council meeting, where all 96 of Manchester's councillors come together. The Council Leader appoints Council members to form an Executive which takes decisions on a wide range of important matters to implement the Council's budget and policies.

Some decisions, such as those to grant planning permission are Non-Executive and are outside the Executive's decision-making powers. Specific committees are set up by the Council to take these decisions such as the Planning and Highways and Licensing and Appeals Committees.

The Council also sets up six Scrutiny Committees. These committees meet to inform and shape service delivery within their areas, making sure services are delivered the way Manchester people would want. The Scrutiny Committees can also 'call in' and review major decisions taken by the Executive or by officers and either confirm the original decisions or recommend a different one.

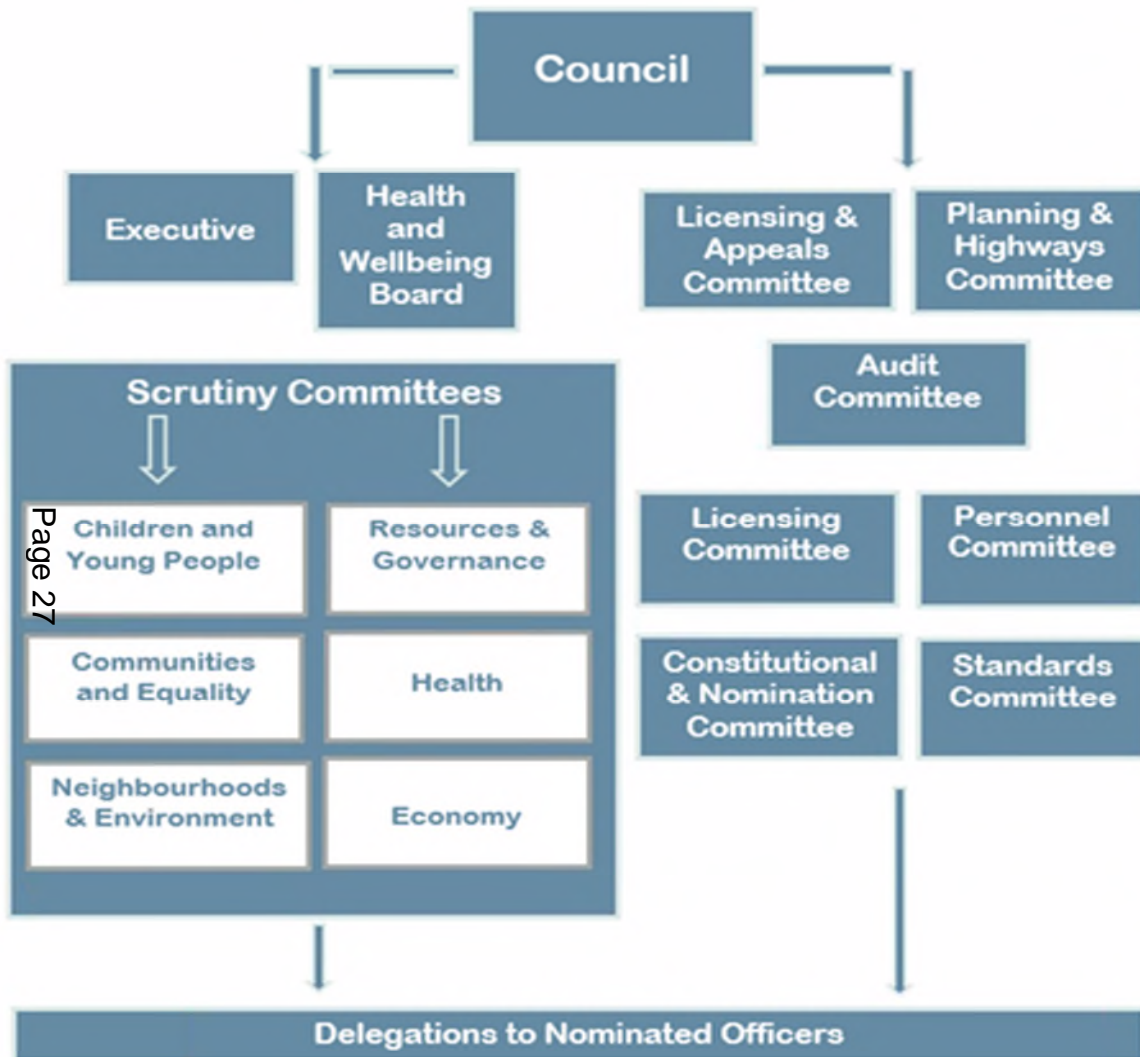
Regular, everyday decisions, such as issuing a fixed-penalty notice, are delegated to nominated officers according to the Scheme of Delegation in our [Constitution](#). This better enables us to deliver efficiency and value for money.

There are additional rules associated with decisions that are defined as Key Decisions according to our [Constitution](#). These include decisions that are likely to involve the spending or saving of a large amount of money in a way that will affect a service, or have a significant effect on communities living or working in two or more of the city's wards. Details of such decisions must be published in the [Register of Key Decisions](#) on the Council's website at least 28 days before the decision is made. The register must include a description of the decision, state the decision maker and list any related documents. This approach allows these decisions to receive appropriate scrutiny and helps to ensure that the right decision is made and value for money is achieved.

We are committed to making our democratic processes as open and transparent as possible, making it easier for our residents to see how the decisions that affect them, their neighbourhoods and their communities are made. Council and Committee meetings are, with very limited exceptions, held in public and the public are welcome to attend or even watch those meetings which are broadcast live on the Council's [website](#).

Public attendance and participation occurs regularly at Planning and Highways Committees and is also common at Scrutiny Committees. Residents might speak at committees, for example to give their opinions on planning applications or proposed changes to service provision. The following chart shows the structure of the Council's decision making process as explained above and describes the role of each group.

**Manchester City Council  
Annual Statement of Accounts 2018/19**



Page 27

**Council** – Made up of the city’s 96 elected councillors and responsible for deciding our budget and policy framework.

**Executive Functions**

**Executive** - Our main decision making body, responsible for implementing our budgetary and policy framework.

**Health and Wellbeing Board** - Works with the NHS, HealthWatch and senior Council Officers to plan, provide and commission health & social care services.

**Non-Executive Functions**

**Licensing Committee** - fulfils the functions of the Licensing Authority in relation to the licensing of premises for the sale or supply of alcohol, the provision of regulated entertainment, the provision of late night refreshment and in relation to the Gambling Act.

**Licensing and Appeals Committee** - Undertakes licensing and registration functions (e.g. taxis, street traders), functions relating to health & safety at work and appeals

**Planning and Highways Committee** - Determines planning applications (however, in exceptional circumstances the Committee may decide not to exercise its delegation in relation to a specific application but to make recommendations to the full Council).

**Audit Committee** - Oversees the effectiveness of governance and risk management arrangements, internal systems of control, and anti-fraud and anti-corruption arrangements. Approves the Council’s Accounts, including external audit verification, and responds to External Audit’s Annual Management Letter.

**Standards Committee** - Promotes and maintains high standards of conduct by Council members.

**Personnel Committee** - Determines employee terms and conditions, grading of senior posts and pension policies.

**Constitutional and Nomination Committee** - Makes recommendations to Council regarding byelaws, amendments to the Constitution and membership of committees.

**Overview and Scrutiny**

**Children and Young People Scrutiny Committee** - Challenges the Council and other public services to make sure that they give young people in Manchester every chance to live happy, fulfilling and successful lives.

**Resources and Governance Scrutiny Committee** - Keeps a close eye on the Council’s finances and makes recommendations to public services on how to meet the needs of Manchester people.

**Communities and Equality Scrutiny Committee** – Challenges public services to make Manchester a safe city and ensures services are equally accessible to all.

**Health Scrutiny Committee** – Looks at how health and social care is delivered by public services and recommends how this can develop to improve the health and wellbeing of Manchester residents.

**Neighbourhoods and Environment Scrutiny Committee** – Monitors the services most visible to the city’s residents such as housing, highways, waste and recycling as well as the council’s planning and environmental policies, and recommends how to improve these.

**Economy Scrutiny Committee** - Ensures that public services do everything they can to maximise the benefits of an improved economy for residents and protect residents in less prosperous times. Ensures the city’s agencies support sustainable economic growth and offer rewarding and fair employment.

Appendix 1, Item 5

**Manchester City Council  
Annual Statement of Accounts 2018/19**

The following table summarises some key activities undertaken by each of the Scrutiny Committees. For more comprehensive details on the role and activities of each Scrutiny Committee and attendance of meetings throughout 2018/19 please see our [web pages](#).

| <b>Scrutiny Committee</b> | <b>Chair</b>       | <b>Activities within 2018/19</b>  |
|---------------------------|--------------------|---|
| Children and Young People | Cllr Bernard Stone | <ul style="list-style-type: none"> <li>- Scrutinised a number of reports in relation to children and young people’s health, including Manchester’s Transformation Plan for Children and Young People’s Mental Health and Wellbeing and the concerning increase in infant mortality rates in Manchester.</li> <li>- Scrutinised the services for Our Children (Looked After Children) and Our Young People (Care Leavers), including examining changes in the numbers of children becoming Looked After. The Committee held an additional session to look at the number of children becoming Looked After in Manchester now and in previous years, how this compared to the rest of the country and the reasons behind the changes.</li> <li>- Considered proposals for the Leaving Care Service, which provides support for Our Young People up to the age of 25. Following the decision to establish this as an in-house service, the Committee has scrutinised its implementation and will continue to monitor its progress in improving outcomes for Our Young People.</li> </ul>  |
| Resources and Governance  | Cllr Sarah Russell | <ul style="list-style-type: none"> <li>- Reviewed how the Council’s Our Manchester Strategy was helping to deliver the required Council savings targets and the effect that it would have on the Council’s future budget process</li> <li>- The Committee was updated on the significant progress that had been made with delivery of the objectives of the Our People Strategy, with the benefit of a now much stronger foundation of basic people management processes.</li> <li>- re-established both its HR Sub Group and Ethical Procurement Sub Group, the latter of which received regular reports throughout the year on how the Council is delivering Social Value through a number of its key contracts, including the Our Town Hall Project and the Council’s Highways contracts, whilst the former has kept a watchful eye on how the Council’s Human Resources were supporting the Council it to achieve its aims and objectives within the Our Manchester Strategy, gaining a better understanding of Directorates workforce strategy proposals and the results and outcomes of the Councils 2018 BHeard survey.</li> </ul> |

**Manchester City Council  
Annual Statement of Accounts 2018/19**

| <b>Scrutiny Committee</b> | <b>Chair</b>      | <b>Activities within 2018/19</b>   |
|---------------------------|-------------------|--|
| Communities and Equality  | Cllr John Hacking | <ul style="list-style-type: none"> <li>- Scrutinised Greater Manchester Police (GMP)'s priorities for the additional resources raised through the Council Tax precept, questioning GMP on their priorities, including highlighting issues raised by local residents and traders. The Committee also looked at how the Community Safety Partnership was responding to violence impacting on young people, including knife crime.</li> <li>- The Committee looked at the progress, challenges and achievements in relation to the Our Manchester Disability Plan, hearing from representatives from a range of partner organisations who have been involved in this work.</li> <li>- The Committee continued to consider the implementation of the new Our Manchester Voluntary and Community Sector (VCS) funding programme, and established a Task and Finish Group to contribute to the improvement of the process for future funding rounds. The Group's improvement recommendations were endorsed by the Committee.</li> </ul>  |
| Health                    | Cllr John Farrell | <ul style="list-style-type: none"> <li>- Continued to monitor the implementation of the three strands of the Locality Plan; The Manchester Local Care Organisation, the Single Commissioning Function, and the Single Hospital Service.</li> <li>- Reviewed and commented on the draft Quality Accounts submitted by Manchester University NHS Foundation Trust and Greater Manchester Mental Health NHS Foundation Trust.</li> <li>- Have welcomed the opportunity to hear from and question a variety of invited guests with specialist knowledge and expertise in a range of subject areas. In particular, the Committee was interested to hear from Dr Matt Evison, Consultant in Respiratory Medicine Manchester University NHS about his involvement</li> <li>- with the CURE programme, a service to prescribe medication to tackle patients' addiction to tobacco and offer intensive support to help them stay smoke-free during their stay at the hospital and once they go home and the lung cancer screening programme.</li> <li>- The Committee also received and endorsed the final report and recommendations of the Public Health Task and Finish Group that had been established to investigate specific areas of public health, namely; smoking, alcohol, physical activity, public health, an ageing population and infection control.</li> </ul> |

**Manchester City Council  
Annual Statement of Accounts 2018/19**

| <b>Scrutiny Committee</b>     | <b>Chair</b>       | <b>Activities within 2018/19</b>  |
|-------------------------------|--------------------|---|
| Neighbourhood and Environment | Cllr Lee-Ann Igbon | <ul style="list-style-type: none"> <li>- Considered reports on a variety of subjects including update reports on enforcement activities such as trading standards tackling counterfeit goods; environmental protection; the initiatives designed to tackle rouge landlords and address poor management practices in the Private Rented Sector; regular updates on the measures taken to improve Waste and Recycling; Green and Blue Infrastructure; progress on the implementation of the plans to improve cycling routes and the promotion of active travel across the city and the continued investment in highways improvement and repairs.</li> <li>- Undertook a site visit to the Longley Lane Recycling Centre where they were given a tour of the facility and took part in an education and awareness session. The Committee had also undertaken visits to meet with the Highways Team</li> <li>- The Council remains committed to reducing its direct carbon emissions by 41% by 2020 from a 2009/10 baseline, and the Committee continue to receive regular progress reports on the delivery of the Climate Change Action Plan.</li> <li>- Established a Task and Finish group to investigate Behaviour Change and Waste, to look at the key role which residents, businesses and visitors to Manchester have in keeping it tidy.</li> </ul> |
| Economy                       | Cllr Hannah Priest | <ul style="list-style-type: none"> <li>- Considered proposals contained within both the Manchester Piccadilly Strategic Regeneration Framework and the Northern Gateway Strategic Regeneration Framework. Both of which represent some of the biggest development opportunities in the UK with the introduction of High Speed 2 (HS2) and Northern Powerhouse Rail (NPR) services and a unique opportunity to deliver approximately 15,000 new homes over the next 15-20 years making the most significant individual contribution to the City Council's and the Greater Manchester Combined Authority's (GMCA) strategies for Residential Growth</li> <li>- Received an update on the implementation of Welfare Reform including the roll-out of Universal Credit across the city and the impact on Manchester's residents and the city's economy.</li> <li>- Considered a refreshed approach to delivering the Council's affordable housing strategy, which aims to ensure Manchester has the right mix of housing that is affordable across a</li> </ul>   |

**Manchester City Council  
Annual Statement of Accounts 2018/19**

| <b>Scrutiny Committee</b> | <b>Chair</b> | <b>Activities within 2018/19</b>  |
|---------------------------|--------------|---|
|                           |              | <p>range of tenure and income levels to support a functioning Manchester and sub-regional economy.</p> <ul style="list-style-type: none"> <li>- Considered reports on the economic impact of the City's Age-Friendly Manchester Strategy, which aims to address the priority areas of employment in the over 50s.</li> <li>- Considered proposals and initial outcomes of a conversation with city centre residents, businesses and visitors about the transport challenges and opportunities that arise from a growing city centre.</li> <li>- Considered proposals to develop a Manchester Local Industrial Strategy (LIS), which will support the delivery of Our Manchester Strategy by producing a delivery plan that will help to create a more inclusive economy.</li> <li>- As Manchester has one of the highest rates of child poverty by local authority area with 43.6% of children under 16 living in poverty, the Committee has kept abreast of the performance of the Family Poverty Strategy, which was launched in October 2017.</li> </ul> |

**Manchester City Council**  
**Annual Statement of Accounts 2018/19**

## Our Operational Models

We deliver and commission a wide range of services across our five Directorates through various operational models which transform inputs through business activities, into outputs and outcomes.

Each Directorate's operational model and their various service delivery models are fully articulated in its [Budget and Business Plans](#). Each Directorate refreshes its Budget and Business Plan and their associated Delivery Plans every year to set out its spending in the context of its objectives and priorities.

The various Delivery Plans provide the framework used to monitor performance towards objectives, workforce development, risk and financial outturn. This monitoring allows operational models to be annually refreshed to reflect progress and ensure that the Directorate and the Council can adapt to changing resources and emerging challenges and opportunities to ensure our long-term viability.

While each Directorate has a distinct operational model, our Budget and Business Plans are all developed simultaneously and in the same way so that their objectives are aligned to those of the Our Manchester Strategy, our Corporate Plan and that the Our Manchester Approach defines the Directorate's operation. This connects our operational models so that when considered together they show how the Directorates will work together and with partners to progress towards the vision set out in the Our Manchester Strategy and to deliver our immediate priorities as described in our Corporate Plan.

While each Directorate will take a lead on certain priorities they are collectively owned by our Chief Executive and the wider Strategic Management Team, ensuring that the connectivity between priorities is recognised and that activity is increasingly designed collaboratively to maximise collective outcomes. For example:

- The connection between supporting good-quality job creation for residents and outcomes young people
- The connection between housing supply and economic growth and homelessness
- The contribution our neighbourhoods have on ensuring Mancunians are healthy, well and safe

This approach has been further strengthened through the establishment of a Corporate Planning and Performance Group which reviews progress against the priorities as well running 'deep dives' to explore cross cutting issues and opportunities in more detail involving representatives from across the Council, as well as with our partners in Manchester Health and Care Commissioning and Manchester Local Care Organisation.

The work of each Directorate and their business model is summarised over the next few pages. This includes some of the key inputs, activities, outputs and outcomes relating to the Directorate and specifically to 2018/19. However, for a more comprehensive picture, the Directorate [Budget and Business Plans](#) published on our website should be referred to. These plans go into more detail regarding the



**Manchester City Council  
Annual Statement of Accounts 2018/19**

Directorate's vision, objectives, strategy, resource allocation, risks, opportunities, governance, performance and outlook. Many of the outcomes from our activity throughout 2018/19 relate to achieving the Our Manchester strategic objectives and may only be seen in subsequent years. These outcomes and progress against delivery of these objectives are discussed in greater detail in the [Our Performance](#) section of this report.

## Corporate Core Directorate

The Directorate directly employs over 1,700<sup>3</sup> staff and provides the strategic leadership required to drive the delivery of the city's priorities as outlined in Our Manchester Strategy and the 15 priorities of the Corporate Plan.

It develops new ideas and connections and drives changes in ways of working, relationships, behaviours, processes and systems. The Directorate provides support and guidance for the organisation through functions such as Human Resources and Organisational Development (HROD), ICT, Finance, Performance, Policy, Legal and Communications. It is also responsible for supporting the democratic arrangements required, including administering the electoral process for the city.

The Directorate is home to the Customer Services Organisation, which provides the first point of contact for residents, businesses and partners; the Revenues and Benefits service, which collects money due to the Council and pays various benefits to eligible residents; and the Registration Service which records events such as births, deaths and marriages. The Coroner's Service also sits within the Corporate Core. The Corporate Core's four main objectives in 2018/19 were:

- To ensure good governance and accountability
- To drive leadership and reform
- To enable the council to function effectively
- To deliver high quality customer-focused services and value for money

An overarching strategic objective was, and remains, to ensure that the Directorate's activity is aligned to the Our Manchester Strategy and that the Our Manchester approach is embedded throughout the Directorate. These objectives are met through the provision of support services for partners internally and externally including front door services for adults and children's social care, effective management of fixed discretionary budgets to ensure support to vulnerable residents and certain businesses in the city, and support to enable effective commissioning and contract management including embedding social value. The Corporate Core also delivers effective strategic planning and performance management, supporting the organisation to prioritise effectively drive the delivery of outcomes for residents. ICT plays a significant role in providing the infrastructure to enable the organisation to operate efficiently.

The Corporate Core facilitates shared strategic policy-making and leadership with the city's wider partners and works with the Greater Manchester Combined Authority (GMCA) to maximise the opportunities of devolution, and nationally on resources

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<sup>3</sup> 1,753 at the end of March 2019 (1,634 FTE).

**Manchester City Council**  
**Annual Statement of Accounts 2018/19**

and long term planning. This includes the development of future focused strategies, including the Local Industrial Strategy, Digital Strategy and Local Development Plan. Much of the Directorate's work is to be enabled through the delivery of Our People Strategy, enabling the workforce to be the best it can be.

Maximising the Social Value benefit that can be derived from the Council's significant procurement spend continues to be a high priority to deliver social, economic and environmental benefits for the residents of Manchester. Independent spend analysis for 2017/18 shows that our top 300 suppliers provided 158,591 hours of support to the voluntary and community sector, created an estimated 1,788 employment opportunities for hard to reach individuals, plus an estimated 665 apprenticeships. The Council recognises that the delivery of Social Value requires working closely with the unions and their members to help monitor the delivery of the Social Value offered by suppliers during the tendering process and that suppliers adhere to the high ethical standards set by the Council. To support this activity the Council and unions have signed a number of charters including the Unite Construction Charter and the Ethical Employment Standards in the Voluntary and Community Sector.

**Manchester City Council  
Annual Statement of Accounts 2018/19**

| Inputs   | Business activities   | Outputs   | Outcomes   |
|--|---|---|--|
| <p>£322.1m gross revenue spending</p> <p>Skills &amp; experience of 1,634 FTE</p> <p>£8.5m capital spend on Town Hall refurbishment</p> <p>£3.7m capital investment in ICT</p> <p>£124m strategic capital investment Manchester Airport</p> <p><b>Manchester People</b></p> <p>Greater Manchester Combined Authority (GMCA)</p> <p>Core cities and professional bodies</p> <p>Contracts with suppliers and providers</p> <p>Partnerships with businesses and third sector organisations</p> <p>ICT Infrastructure</p> <p>Customer Service Centre</p> | <p>Provided <b>specialist support to transformation programmes</b>, such as the Adults Improvement Plan, through a range of functions including technology and programme management</p> <p><b>Embedding social value in commissioning and procurement</b> including commitments to spend at least 75% of expenditure related to awards through frameworks with local businesses</p> <p>Monitored and supported work to reduce demand for children's and adult's social care and health services and work to meet demand through <b>cost-effective service provision</b></p> <p><b>Embedding the Our Manchester approach</b> through, for example, a Voluntary and Community Sector Grants Programme'</p> <p>Worked to deliver the Our People Strategy, <b>enabling the workforce to be the best it can be</b></p> <p>Developed <b>performance reporting</b> (including alignment to our Corporate Plan) and use of <b>Research and Intelligence</b> (including the Our Manchester monitoring and evaluation framework)</p> <p><b>Supported the operation of MHCC and MLCO</b> including through HR and financial management support</p> <p>Developed <b>performance reporting</b> (including alignment to our Corporate Plan) and use of <b>Research and Intelligence</b> (including the Our Manchester monitoring and evaluation framework)</p> <p><b>Developing future focused strategies</b>, including the Local Industrial Strategy, Digital Strategy and Local Development Plan</p> <p>Provided <b>strategic leadership</b> to drive health and care integration and wider work to bring services together for people in places</p> | <p>£171m Council Tax &amp; £356m Business Rates collected in 18-19</p> <p>Dealt with <b>6,997 new Housing Benefit claims</b> and paid residents over <b>£216m</b> in such benefits</p> <p><b>Supported over 7,200 staff</b> with Human Resource and ICT services</p> <p><b>Produced key documents</b> such as the State of the City, Our Integrated Annual Report, our Corporate Plan and Directorate Business Plans</p> <p>Delivered <b>customer services</b> including <b>front door services</b> for social care</p> <p><b>Supported elections</b></p> <p>Ensured effective delivery of statutory <b>Registration and Coronial services</b></p> <p>Supported the organisation to <b>communicate effectively</b> using the appropriate channels and media internally and externally</p> | <p>Increased the response rate in the Annual Staff Survey from <b>49%</b> in 17/18 to <b>55%</b> in 18-19</p> <p><b>Increased Best Companies Index</b> score (from 619 to 630) indicating improved employee engagement and maintained recognition as a <b>'One to Watch' organisation</b> with improvements across all 8 <b>'workforce engagement factors'</b></p> <p><b>Increased % of customers satisfied or very satisfied</b> with the service provided by both the Customer Service Centre and Contact Manchester up to 99.2% in 18-19 from 97.4% in 17-18</p> <p><b>Increased % of transactions made online</b> from <b>45.4%</b> in 17-18 to <b>49.8%</b> in 18-19</p> <p>Facilitation of more effective <b>collaboration between public services</b></p> <p>Proportion of the Council's <b>procurement spend with local suppliers</b> was maintained above 70%</p> <p><b>National award from CIPFA</b> for its 'Achievement in Financial Reporting and Accountability'</p> |

**Manchester City Council**  
**Annual Statement of Accounts 2018/19**

## Our Adult Social Care Directorate

The Directorate directly employs over 1,441<sup>4</sup> staff and is responsible for social care services for adults, public health and safeguarding adults. It focuses on helping people who have to rely more than most on targeted and specialist services in order to make the changes in their lives that will help them become more independent. The Directorate also contains the Homelessness Service which provides outreach services for rough sleepers and undertakes preventative work with the vision of ending homelessness.

Throughout 2018/19, the strategic focus of the Directorate has been on further organisational change and continuing to integrate health and social care to improve people's lives. We have been working with our health partners, the voluntary sector and other stakeholders to implement the city's 'Locality Plan' – [A Healthier Manchester](#). This is the city's approach to improving health outcomes in Manchester, while moving towards long term financial and clinical sustainability. This will be delivered through the integration of commissioning and services through the three pillars of the Locality Plan. These are a Single Commissioning Function (now referred to as MHCC); a Single Local Care Organisation (now referred to as Manchester Local Care Organisation); and a Single Manchester Hospital service (now referred to as Manchester Foundation Trust). The key ambition is for better coordinated proactive care to keep more people well enough so they do not require acute or long term care and to allow more people to be treated as close to home as possible rather than in hospitals. The intention is that this will free up resources across the health and social care system to re-invest in the community and to improve the care provided.

Manchester Health and Care Commissioning (MHCC), established in April 2017, has been responsible for the overall co-ordination of commissioning responsibilities for health, adult social care and public health for the past two years. At the beginning of April 2018, we reached another major milestone in our work to integrate those services with the launch of the Manchester Local Care Organisation (MLCO). This is a new organisation that brings together community health, social care, primary care and mental health services. It will ensure that people who are vulnerable or unwell get the right kind of help at the right time. Working together for a fairer, healthier future. The partnership includes organisations that provide community health, primary care and mental health services, and includes the Council's social care services. It will join up the care that Mancunians get to help keep them out of hospital, and it will also help them to be able to live independently. It will transform how residents experience their community-based health and social care. It will reduce duplication, meaning that different organisations will talk to each other about a patient's care. It will help break down boundaries between our different organisations, ensuring there's a smooth process for helping people in their homes when they are in recovery or dealing with long-term health issues. Some community-based health and social care staff will be working collaboratively within MLCO, with other community-based staff joining them over the next few years. Getting the health and social care basics right is crucial to our city's success. It has an impact on every one of the Our Manchester goals we're all working towards for 2025.

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<sup>4</sup> 1,441 (excluding the Homelessness Service) at the end of March 2019 (1,349 FTE).

**Manchester City Council**  
**Annual Statement of Accounts 2018/19**

An exciting range of new models of care are now being delivered, such as Manchester Community Response, provides 7 day services, including evening times, to respond to crisis and urgent need and help prevent the need for unnecessary hospital admissions. In addition, integrated care will now be delivered through 12 Integrated Neighbourhood Teams (INTs) with new Neighbourhood Leads, and, work around High Impact Primary Care (HIPC) is transforming how we support some of the most vulnerable adults in the city who are high users of health and care services.

The key strategic objectives for health and social care closely align to wider council (and key partners) drivers which are centred on improving neighbourhoods and improving the support available to help improve people's health and wellbeing. There is already close working with the Homelessness and Public Health services and increasing dialogue and shared aspirations with services providing place-based services in local communities. This will provide an improved offer to ensure that people's opportunities are opened up to include access to work and skills, leisure and cultural services etc. to improve self-reliance and personal growth. There are also strengthened services being put in place to better support Carers, through work with carers' agencies in the city and ensuring that all carers have timely access to advice and information, and joining up approaches across Greater Manchester through the [GM Carers' Charter](#).

For adult social care, there are a raft of transformation projects underway to improve systems and processes, social care practice, workforce initiatives and recruitment as well as more specific work around the front door (access), safeguarding, assessment and provider services.

The operational model below helps to explain the complex adult social care operating environment. Along with financial resources, there are a great number of inputs to recognise (including Manchester citizens, our workforce and external care providers, for example) which all play a key role in service delivery. The business activities set out a plethora of current and recent projects which have been put in place to contribute to the transformation of adult social care within an integrated health and care system setting and includes new commissioning activity to develop an improved homecare service for citizens as well as investment in our key partners, the Voluntary and Community Service and Enterprise sector. The outputs we strive to achieve include facts and figures in relation to key social care activity such as numbers of assessments completed and people supported. Finally, the outcomes we aspire to deliver are concerned with improving people's lives in Manchester, particularly those who are vulnerable for whatever reason, reducing people being delayed leaving hospital and overall improving health and wellbeing of the population that may need support from statutory and public sector services.

The Age Friendly Manchester work goes from strength to strength with local older people shaping and influencing policy and services across the city to make [Manchester: a great place to grow older](#). In addition, the [Our Manchester Disability Plan](#) focuses on co-design and production of a range of recommendations that need to be put in place by the City Council, partners and stakeholders and the private sector, to make Manchester a truly accessible city. While we have made, and will continue to make, significant transformational progress we have also continued to deliver our core responsibilities to ensure that statutory duties are met and delivered in a timely and high quality way, with citizens at the heart of everything we do.

**Manchester City Council  
Annual Statement of Accounts 2018/19**

| Inputs   | Business activities   | Outputs  | Outcomes   |
|--|---|--|--|
| <p>£240.4m gross revenue spend</p> <p>Manchester Foundation Trust, MLCO and MHCC</p> <p>Voluntary and Community Sector Enterprise (VCSE)</p> <p>Equipment for Daily Living, Health/Nursing Equipment and Assistive Technology</p> <p>Supported Housing providing accommodation for different citizen groups</p> <p>Carers - providing essential care and support to their loved ones</p> <p>70+ Residential and Nursing care homes in the city</p> <p>Acute Hospital Trusts &amp; Greater Manchester Transformation Fund (GMTF)</p> <p>£191m revenue budget for external care provision</p> <p>Manchester citizens</p> <p>Age-friendly Manchester</p> <p>1,207 FTE workforce</p> | <p>Investment &amp; alignment of social care workforce via MHCC and MLCO</p> <p>Strengthening social work practice</p> <p>Review of bed-based care to inform future commissioning strategy</p> <p>New <b>homecare retender</b> to improve care and support for nearly 2,000 citizens</p> <p>Investing circa <b>£3m in VCSE</b></p> <p>Piloting of new health and care <b>technology</b></p> <p>Joined up approaches to support timely discharge from hospital and provision of new pathways home</p> <p>Further recruitment of reablement staff, including people who were jobless</p> <p>Implement <b>Strength based approaches</b> for workforce and development plan</p> <p>Migration of citizen records and new contracting to <b>new ICT system</b></p> <p>MHCC led management of Social care market</p> <p>Embed <b>Our Manchester Disability Plan</b></p> <p>Continue best practice around <b>Age-friendly Manchester</b></p> <p><b>Co-production</b> with citizens &amp; partners around design of services</p> | <p>Responded to <b>21,000</b> (figure to be revised 20/5 PRI) contacts from citizens, professionals and carers requesting advice and support</p> <p>Provided long-term social care (home care, residential care or a personal budget) to <b>10,000</b> (figure to be revised 20/5 PRI) adults</p> <p>Over <b>1,281,344</b> hours of home care delivered per year to Manchester citizens in need of care and support</p> <p>7 Extra Care schemes, delivered over <b>149,000</b> care hours throughout 2018-19</p> <p>Reablement Service (helping people back to independence) delivered over <b>1,760</b> episodes of care</p> <p><b>311</b> residents aged 65+ supported to move to residential care and <b>157</b> to nursing care</p> <p>We surveyed <b>2,222</b> carers in the annual survey of carers, however, this is a reduction of 1,027 from two years ago</p> <p>Celebrated the <b>first year anniversary</b> of Manchester Local Care Organisation to deliver integrated health and social care services</p> <p>Launched the first <b>Social Work Degree</b> Apprenticeship to enable staff to obtain a professional care qualification</p> | <p>Improved outcomes for <b>Manchester citizens</b> through high quality adult social care services</p> <p>Improved key public <b>health targets</b></p> <p>Increased social care <b>citizen satisfaction</b></p> <p>Well trained and <b>supported workforce</b></p> <p><b>Reductions</b> in: A &amp; E presentations, hospital admissions and care home admissions</p> <p>Increase in Citizens remaining <b>independent</b> at home through early intervention &amp; prevention</p> <p><b>Reduction in residential care</b> demand through alternatives such as Extra Care Housing</p> <p>Increased <b>dementia care placements</b></p> <p><b>Improved patient care pathway</b> and reduction in hospital discharge delays, exceeding England target</p> <p>Increased the number of <b>citizens requiring no further care</b> following Reablement</p> <p>Increase in <b>Age-friendly neighbourhoods</b> and ensuring that communities take account of the needs of older people such as public seating</p> |

**Manchester City Council**  
**Annual Statement of Accounts 2018/19**

## **Our Neighbourhoods Directorate**

The Neighbourhoods Directorate vision is to make Manchester a great place to be! Residents have told us that we need to get the basics right as well as aspiring to be a city amongst the best in the world. Creating places where people want to live which are clean, green, safe and vibrant; easy to access and travel around, are healthy and inclusive and have an excellent sporting and cultural offer is key to delivering our core purpose.

Being led by our Neighbourhood Teams working collaboratively with partners to embed an integrated public service offer within neighbourhoods is a core priority for the Directorate. The Our Manchester approach to working with residents, businesses and partners is now firmly embedded with an emphasis on starting from strengths, developing different types of relationships and services to enable and empower communities to identify creative solutions. Effectively joining up services and putting people at the heart of these will make best use of combined resources and deliver the best outcomes that meet local needs. Bringing Services Together for People in Places is enabling integration of activity with organisations such as Greater Manchester Police, Manchester Local Care Organisation and Housing Providers as well as other council services. This approach is intended to reduce duplication and support residents to get the right support and intervention at the right time to reduce overall demand. The approach is being developed through three key work streams: governance, footprints and plans; workforce and relationships; and understanding people and places. Every service has a role to play in this approach such as being the eyes and ears able to identify issues early, signposting residents into services, coordinating partnership responses, or leadership.

The Directorate generates income from a variety of sources which is used to contribute to the delivery costs our services, this income can come from: permits and license charges, fixed penalty notices, facility rental and hiring fees, and charges we make for our trading services.

Our universal services provide vital support to all residents across the city but we also programme targeted provision to support our priority groups. Libraries, art galleries, leisure centres, parks, play areas and events all deliver a range of activities to engage our diverse communities in line with our Widening Participation Programme. They provide safe spaces and encourage every Mancunian to have a healthy and active lifestyle. In 2018/19 refurbishment of Moss Side Leisure Centre and Library was completed and the management of the Leisure service was successfully contracted to external providers. The Manchester Active card which allow the cardholder to save up to 30% on Pay & Play prices in most facilities across the city, with no joining or annual fee secured over 90,000 users. Additionally, Libraries launched the new Libraries Plus initiative at Withington Library, allowing residents to access services outside core hours through a self-service model. The inaugural Festival of Manchester celebrated the diversity and creativity that exists within our city and enabled residents from across the city to come together and share this experience.

A range of opportunities are provided for residents to volunteer, develop new skills and gain employment and apprenticeships. Throughout the year work has been ongoing to develop our MCR VIP project, an online platform to coordinate and

**Manchester City Council  
Annual Statement of Accounts 2018/19**

promote all volunteering opportunities across the council. It is anticipated that the new platform will be formally launched during volunteer week in June 2019.

Waste and recycling is one of the largest budget areas for the Directorate and we are pleased to have achieved our highest overall levels of recycling (39% across the city and 50% for our 4 bin households 2017/18, 40% provisional figure for 2018/19) and lowest levels of residual waste over the last 10 years. However, as the City grows there is an increased demand for these services which needs to be managed. We are continuing to improve performance focusing on areas of lowest performance; this year we implemented a new approach to recycling in apartment blocks which successfully increased recycling levels from 15% to 19% (when comparing March 18 with March 19 dry recycling rates). Looking to the future we are also working with developers and planning to ensure good recycling facilities are included in the initial design.

The City aims to reduce incidents of litter and fly tipping - therefore education and engagement remains pivotal in changing behaviour. This is being achieved by working together with Keep Britain Tidy via the 'Keep Manchester Tidy' Partnership and a 'Litter Taskforce' made up of communities including young people, businesses and public bodies. The City will continue to take a robust approach to enforcement to underpin this approach. Similarly, the growth of the City and businesses increases the demand for our enforcement and regulatory services. This, together with changes in legislation such as mandatory licensing of Houses in Multiple Occupation also put new demands on the service such as ICT systems needing to be amended or created, and new staff needing to be recruited. There are particular pressures in respect of food safety, regulating allergen controls and inspecting imported food at Manchester airport and difficulties in recruiting suitably qualified staff. To respond to these increasing pressures, additional funding has been identified in the 2019/20 business plan.

In March 2018 the Highways service, responsible for both the maintenance of the highway and the infrastructure investment strategy to enable flow and movement across the city, joined the Neighbourhoods Directorate to further strengthen the connection of people to places. The Highways service is continuing to implement its 5 year, £100m improvement plan in 2018/19 110 roads have been resurfaced (15.5 linear miles); preventative/ pre-treatment repair work has been completed on a further 211 roads (41 linear miles) and 25 footways have been reconstructed (10.5 linear miles).

The Neighbourhoods Directorate also incorporates a number of business units including Bereavement services, managing the hire of vehicles and equipment in Fleet services, Manchester Fayre (School catering), Markets and Pest Control. As trading services these functions adopt commercial strategies, strive to deliver value for money and generate income to offset their operating costs. In 2018 Harpurhey Market was successfully transferred to an external provider invested in the local community. Our business units are often forward facing and have a direct impact on how businesses, partners, residents and visitors experience the city.

In July 2018 the Growth and Neighbourhoods Directorate underwent some structural changes whereby Planning, Licencing and Building Control; and Work and Skills including the Adult Education Service; were transferred from Neighbourhoods to



**Manchester City Council**  
**Annual Statement of Accounts 2018/19**

Strategic Development. The resultant Neighbourhoods Directorate has continued to work directly with colleagues in Strategic Development in the planning and delivery of new neighbourhoods making sure these meet the needs of our diverse and complex communities. Due to the diverse nature of the Directorate work is ongoing on multiple projects with other directorates across the council. For example, working closely with Homelessness to ensure families in temporary accommodation are creating good neighbourhood environments; to ensure people who sleep rough are supported appropriately; and to ensure homeless people who live in unsupported temporary accommodation are helped. The Directorate also works proactively in partnership with businesses, residents and partners to make sure our services develop and respond to local needs to deliver neighbourhoods people want to live in. The Directorate directly employs over 1,600<sup>5</sup> staff and enabling the workforce to be resilient, effective, creative, ambitious and innovative through embedding Our Manchester Principles and developing a culture of trust, honesty and empowerment has been critical.

We are committed to ensuring our staff are equipped with the skills and knowledge needed to be able to work in an Our Manchester way. Staff are actively encouraged to attend the Listening in Action events and the Our Manchester experience. Additionally we support career progression and the Directorate delivered 18 apprenticeship starts in 2018/19 and our managers are supported through Our Manchester Leadership and Raising the Bar training. Following feedback from our staff across the Directorate a priority this year includes focussing on health and wellbeing and supporting our staff to access a range of opportunities to improve their health and wellbeing both in and outside of the workplace.

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<sup>5</sup> 1,640 at the end of March 2019 (1,281 FTE).

Manchester City Council  
Annual Statement of Accounts 2018/19

Page 42



Appendix 1, Item 5

**Manchester City Council  
Annual Statement of Accounts 2018/19**

## **Our Strategic Development Directorate**

The Strategic Development vision is to successfully build Manchester's future. The Strategic Development Directorate seeks to drive effective place making and facilitating the economic growth of the city by creating the necessary conditions needed to promote strong growth in commercial, residential, retail and leisure related development in the city, stimulating new employment, new homes and broadening the City Council's tax base. To ensure that all Manchester residents benefit from this growth by providing good quality training and job creation and developing effective pathways for residents into these jobs. We aim to drive the transformation of the city, define Manchester as an attractive place to live, further improve the quality of life for all residents, increase their social and economic prospects, and enable them to participate fully in the life of the city.

The Directorate is structured into five areas: Development, Property and Estates; Housing and Residential Growth; and City Centre Growth and Regeneration; Planning, Building Control and Licensing; and, Work, Skills and Adult Education Service. The Planning, Building Control and Licensing Teams along with the Work, Skills and Adult Education service joined the Directorate in July 2018. The Directorate has a pivotal role in securing new commercial development, attracting inward investment and securing economic and employment growth. It provides leadership for the Housing function delivering the Residential Growth and Affordable Housing Strategies which seeks to underpin the city's economic growth trajectory. It aligns the management of land and property assets which aims to promote growth with that of operational and investment estates.

The Directorate has a long standing partnership based approach to its work. The Directorate has continued to work directly with colleagues in the Neighbourhoods Directorate in the planning and delivery of new neighbourhoods making sure these meet the needs of our diverse and complex communities. Working closely with Children's and Adult Social Care to ensure the right facilities are developed to meet the needs of all residents and with the Homeless to ensure access to affordable and good quality social and private rented accommodation.

Strong and mature relationships with developers, investors, communities, housing partners, Government Departments, public services and other stakeholders, are critical to the sustainable economic and residential growth of the city. Within the context of the Spatial Framework, all major developments are guided through place specific Regenerations Frameworks which are developed in partnership and in consultation with stakeholders. Consideration through our planning and development processes ensure that a full range of community and environmental issues are considered at the earliest planning stages. Through the Work, Skills and Adult Education teams and the Directorate's commitments to social value we will ensure that Manchester residents are able to benefit directly through the sustainable growth of the city. This work is developed within the context of various key strategies; including but not limited to Working Well, Family Poverty, Affordable Housing, Residential Growth, and Homelessness. Similarly ongoing development to support the City's technology and digital sectors are guided by the Industrial Strategy and other key strategies such as the Skills Strategy.

**Manchester City Council**  
**Annual Statement of Accounts 2018/19**

The Directorate continues to generate income from the property estate despite the challenges faced in respect of increased competition for office accommodation across the city, changing behaviour in respect of retail activity. During 2018/19 revised management processes have contributed to the overall income increasing from the investment property estate and this is being used to support the overall council budget position. This Estate comprises over 4,300 separate income generating interests, the most significant of which is Manchester Airport Group which secured an additional £1m income.

The Council's land and property estate that is used to deliver Council services is managed by the Estates team and they will continue to make best use of the total collective public and community assets (Council and other publicly owned assets) to support estates transformation and deliver modern efficient services to our residents and businesses. Where the Council holds space which is surplus to operational requirements opportunities for Community use are being implemented including community asset transfers. The Operational Estate Strategy and its associated capital investment will also support key Council priorities such as the ambition of a zero carbon city. The Operational Estate accounts for 3% of the City's CO<sub>2</sub> emissions; the latest data for 2017/18 showed that the Council's total direct CO<sub>2</sub> emissions had reduced by 33.8% since 2009/10, putting the Council on target for a 41% reduction by 2020.

There continues to be progress on a large number of complex commercial and residential led mixed use developments being delivered within the City Centre, these include: St Johns with Factory Arts Centre; NOMA; First Street; Oxford Road; Mayfield and Piccadilly. Looking forward, the continuation of the current scale of development is more uncertain due to the ongoing issues around Brexit and the impacts this has on investor confidence. If development levels are reduced this may have an adverse impact on the level of planning fee income achieved, but also reduce the positive benefits of increased business rates income that also supports the overall Council budgets.

Work continues on the delivery of the City Council's Residential Growth Strategy and the Housing Affordability Policy. A revised Residential Growth target of 32,000 homes has been set between April 2015 and March 2025 including a revised target of 6,400 affordable homes (20%); a range of policy ideas are being explored and related delivery proposals will be considered in early 2019.

The Planning service has continued to see a large number of planning applications and the strong relationships with partners and colleagues across the Council contributes to the continued large scale developments that will help contribute to delivering key outcomes of quality, new jobs and homes that people want.

In terms of connecting our residents to the job opportunities being created in the City and the rest of the conurbation the Work & Skills and Manchester Adult Education Services (MAES) teams play a key role in ensuring that these outcomes are secured. The 2018 State of the City Report highlighted that one of the key challenges is ensuring that Manchester residents directly benefit from the economic growth of the City. In particular, the report has shown that 1 in 4 people aged 50-64 are accessing out of work benefits with poor health as a major challenge. The Over

**Manchester City Council  
Annual Statement of Accounts 2018/19**

50s is now a priority for the work of the Work and Skills and MAES teams and work with Public Health is being scoped to address the health challenges.

The Directorate directly employs 735 staff<sup>6</sup> and is committed to enabling the workforce to be more resilient, effective, creative, ambitious and innovative through embedding Our Manchester. In order to achieve this developing a culture of trust, honesty and empowerment is critical. We are committed to ensure our staff are equipped with the skills and knowledge needed to be able to work in an Our Manchester way; staff are actively encouraged to attend the Listening in Action events and the Our Manchester experience. Additionally we support career progression and our managers are supported through Our Manchester Leadership and Raising the Bar training.

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<sup>6</sup> ,753 at the end of March 2019 (596 FTE). Planning Licensing and Building Control, Manchester Adult Education Service and Work and Skills moved to Strategic Development from August 2018.

**Manchester City Council  
Annual Statement of Accounts 2018/19**

Page 46



Appendix 1, Item 5

**Manchester City Council  
Annual Statement of Accounts 2018/19**

## Our Homelessness Directorate

The key role of the Homelessness Directorate is to reduce the number of people becoming homeless and enable better outcomes for those people who are homeless. This is reflected in the three key aims of the new Homeless Strategy for the city. The Directorate has a key focus on early intervention and prevention to stop families and individuals from becoming homeless, preventing disruption to the lives of adults and children. An example of this is the new Section 21 team, who work closely with the court advice team, to help anyone who has a Section 21 issued to them to get the right advice and take the correct processes to reduce the chances of them becoming homeless. The Directorate is also focusing on moving people into permanent accommodation quicker, and two new teams have been established in 2018-19 to focus upon moving people into permanent accommodation, and to help people access private rented sector accommodation better.

The Directorate employs over 229<sup>7</sup> staff and is structured into six in-house business delivery areas: Housing Solutions, Temporary Accommodation, Floating Support and Move-on, Compliance & Private Rented Sector, Outreach Team for people sleeping rough and Allocations. In addition the Homelessness Commissioning arm of the Directorate commissions external providers to work collaboratively with the Directorate to deliver specialist housing related support; information, advice and guidance services; homeless prevention services and day centre services for homeless people.

The Directorate works closely with all other Directorates within the Council, as homelessness affects, and is affected by, other Directorates policies, procedures and working practices. Examples include:

- Working closely with Neighbourhoods to ensure families in temporary accommodation are creating good neighbourhood environments; to ensure people who sleep rough are supported appropriately; and to ensure homeless people who live in unsupported temporary accommodation are helped.
- Working closely with Strategic Housing to ensure access to affordable social and private rented accommodation; access to permanent accommodation; and improve private rented sector accommodation across the city
- Working closely with Children's Services to ensure care leavers who become homeless are supported appropriately and also to ensure that families who are supported by Children's Services do not become homeless.
- Working closely with the Revenue and Benefits service in the Corporate Core to ensure people are receiving the correct benefits and are not getting into arrears; working closely with regards to discretionary housing payments, supporting people as a preventative measure and in moving out into permanent accommodation.
- Working closely with Adult Social Care to ensure people who are homeless and who have mental health, learning difficulties and physical health issues are supported appropriately.

The Homelessness Directorate achieves its objectives by embracing the Our People strategy and Our Manchester behaviours. The Homeless Service knows that people

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<sup>7</sup> 229 at the end of March 2019 (219 FTE).

**Manchester City Council**  
**Annual Statement of Accounts 2018/19**

are more important than processes, procedures or organisational boundaries. The Manchester Homelessness Partnership, consisting of people with personal insight into homelessness, and organisations working to reduce homelessness, have led the development of the Manchester Homelessness Charter and Homeless Strategy. The Our Manchester approach has been taken to significantly change ways of working and what is delivered. People with insight into homelessness have actively shaped the agenda as we are committed to building long term relationships and having honest conversations which give a say and role to both those who need services and those who provide them.

The vision for Homelessness within the city has been co-produced with the Manchester Homelessness Partnership, and is to end homelessness. The Manchester Homelessness Partnership calls on the citizens of Manchester, the city council, healthcare and other public services, charities, faith groups, businesses, institutions and other organisations to adopt the values of the Charter and to implement it through improved working practices and working together in a new way.

The vision for the Homelessness Directorate mirrors the Homelessness Charter vision and the Homelessness Strategy for the City (2018-23). The objectives for the service have been refined into the following three key priorities:

- **Homelessness should be a rare occurrence:** increasing prevention and earlier intervention at a neighbourhood level.
- **Homelessness should be as brief as possible:** improving temporary and supported accommodation to be a positive experience
- **Experience of homelessness should be a one-off occurrence:** increasing access to settled homes

These are the long-term objectives, and the golden thread that runs through homelessness services across the city. Over the past year, in order to progress towards these objectives, the Directorate has transformed, and continues to transform, service delivery. Examples include:

- Redesigning the connect service into a floating support service, thereby improving support and safeguarding to families within dispersed accommodation
- Changing the role of Housing Solutions workers to enact the Homeless Reduction Act and to focus upon prevention
- Utilising New Burdens funding to create a 'move on' team to increase the numbers of families moving on to permanent accommodation
- Utilising New Burdens funding to create a private rented sector team to move people into PRS accommodation.
- Using MHCLG Rough Sleeper Initiative monies to reduce the number of people sleeping rough in the city, preventing 161 people from sleeping rough, and helping 531 people who were sleeping rough off the streets.
- Using Greater Manchester Mayoral 'A Bed Every Night' funding to provide temporary accommodation for over 420 people
- Introduction of several new IT systems to provide functionality for the Homeless Reduction Act. This includes Locata for homeless assessments;



**Manchester City Council**  
**Annual Statement of Accounts 2018/19**

QL for rents; MiCare for support; Ecins issues in the city centre; HClick for Government returns.

The following table sets out how the Homelessness Directorate transforms its key resources through its key operational business activities, into key products and services (outputs) and key outcomes that aim to fulfil the authority's strategic and operational plans and objectives over the short, medium and long term.

The Directorate is steadily moving towards its aims, objectives and vision, but over the next 12 months will continue to transform, with an increasing focus on prevention, in order to reduce the number of people who are becoming homeless.

Manchester City Council  
Annual Statement of Accounts 2018/19

Inputs

£30.2m gross revenue spending  
New Burdens Funding of £120k  
Rough Sleeper Initiative funding of £418k  
219 FTE  
Manchester Homeless Partnership  
Registered Housing Providers  
Local Care Organisation and Manchester Health and Care Commissioning  
Ministry of Housing, Communities and Local Government (MHCLG)  
Greater Manchester Combined Authority  
Strategic Housing  
People who have experienced Homelessness

Business activities

Redesigned Housing Solutions Service delivery model to improve front door services and prevention work in order to better meet demand and support the implementation of the Homeless Reduction Act.  
Redesigned the Floating Support Service delivering support to over 1,500 households in dispersed temporary accommodation  
Redesigned and commissioned various Housing Related support accommodation and resettlement services to create more capacity and improve outcomes for people.  
Recruitment of a staff for and a Private Rented Sector and Move On Team and for a Housing Solutions Hospital Discharge team to help prevent discharge into homelessness  
Developed projects to improve the temporary accommodation environment and support wellbeing.  
Closer working with GM local authorities and lobbying about homeless and housing issues on both a political and communications agenda.  
Re-configured caseloads to prioritise safeguarding  
Introduced Automated bidding to support people readily move on to social housing  
Commenced procurement of new service provider for dispersed temporary accommodation for families.  
Joint work with the voluntary sector and people who have insight into homelessness to co-develop policies, practices and services (e.g. improving standards in unsupported temporary accommodation)

Outputs

Provided temporary accommodation (TA) for 2,494 households where appropriate.  
Dealt with 8,138 homelessness presentations throughout 18-19, 2,589 of which were families and 5,549 were singles/childless couples.  
Made 241 social housing offers to meet demand  
Provision of homeless prevention advice service  
Increased drug and alcohol support provision at day centres and hostels  
Commissioned housing related support services provided short term accommodation to over 1,200 people and Resettlement and Floating Support Services helped 645 people set up/maintain their tenancy.  
Improvement Plan for Housing Solutions Service A bed every night schemes provided 7,350 nights for 420 people in 2018/19  
Commissioned services provided 599 bed spaces in supported accommodation alongside non accommodation based services with capacity to support 615 people  
Citywide advice services provided benefits, debt and housing advice via 1,136 face to face drop in sessions and answered 33,356 calls. The Citizens Advice Manchester website had 99,003 visitors and advised 3,858 people via email & webchat.  
Rough Sleeping Initiative (RSI) partnership established providing outreach and resettlement support, and accommodation with targeted provision young people and prison leavers.

Outcomes

Achieve the vision for the City: Homelessness a rare occurrence, as brief as possible and a one-off occurrence.  
Achieved 375 successful preventions  
Improved BHeard staff survey scores with a 14 percentage point increase in staff being engaged and satisfied compared to 2017-18  
Improved quality of and support provided by TA  
Improved access to social housing offers for those most in need from 387 in 17/18 to 479 in 18/19 - a 23.8% increase  
More quality support for people sleeping rough with mental and physical health issues  
Housing Solutions Service supported 182 households to remain in their accommodation  
Increased government funding at GM level and greater public awareness of homeless issues which enabled practical help from the public.  
80% of people leaving commissioned short term accommodation services/housing related support moved on to greater independence.  
Commissioned advice services prevented 1,032 people from becoming homeless  
153 people moved through the Longford Centre into the Private Rented Sector  
RSI services prevented 161 people from sleeping rough, and helped 531 people who were sleeping rough off the streets.

**Manchester City Council  
Annual Statement of Accounts 2018/19**

## Our Children's Services and Education Directorate

The Directorate employs just over 1,400<sup>8</sup> staff and is responsible for Manchester's Children's Social Care and Education Services. Services include:

- Early Help services
- Early Years services
- Education services
- Special Educational and disability services (0 - 25 years)
- Social Care Services for children and their families
- Youth Justice Services, and
- Services which cover our statutory responsibilities for safeguarding, looked after children and young people, and care leavers.

The priorities, guiding principles and behaviours of Our Manchester, run throughout all our key strategies and approaches being taken forward in the city to improve the experiences and outcomes for our children and young people. These strategies and approaches include the overarching Children and Young People's Plan (Our Manchester, Our Children), the Early Help Strategy, Our Promise to Looked After Children and Care Leavers, All Age Disability, the Youth Justice Plan, the Valuing Young People and Young Carers Strategy; as well our contributions to other strategy and delivery plans, co-developed with partners..

Our Manchester, Our Children' Plan (CYPP) sets out how the city intends to take forward the overall ambition and approach described in the Our Manchester Strategy and Locality Plan in relation to children and young people. This is a plan for children, not children's services. All partners and parts of the city have a role in supporting children and young people, not least families. The plan translates the Our Manchester priorities and the 64 'we wills' into a vision that is focused on 'building a safe, happy, healthy and successful future for children and young people;' this means:

- All children and young people feel safe, their welfare promoted and safeguarded from harm within their homes, schools and communities
- All children and young people grow up happy – having fun and opportunity to take part in leisure and culture activities, and having good social, emotional, and mental wellbeing. It also means that all children and young people feeling that they have a voice and influence as active Manchester citizens.
- The physical and mental health of all children and young people is maximised, enabling them to lead healthy, active lives, and to have the resilience to overcome emotional and behavioural challenges.
- All children and young people have the opportunity to thrive and achieve individual success in a way that is meaningful to them. This may be in their education, or in their emotional or personal lives.

The plan also highlights particularly the areas that Manchester City Council and its partners are 'passionate' about achieving: ensuring children and young people live in safe, stable and loving homes; safely reducing the number of children and young

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<sup>8</sup> 1,428 at the end of March 2019 (1,133 FTE).

**Manchester City Council  
Annual Statement of Accounts 2018/19**

people in care; ensuring children and young people have the best start in the first years of life; and ensuring children and young people fulfil their potential, attend a good school and take advantage of the opportunities in the city.

The 7 Service Priorities which are listed below are underpinned by a series of key delivery actions and activities. These, in turn will be delivered through individual service plans and strategies which will define and describe how they contribute to Children and Young People's Plan and the Council's Corporate Plan priorities to meet the identified risks and challenges and maximise the opportunities available.

In addition, Promoting Inclusion & Preventing Exclusion Strategy (2019) will be a cross cutting theme and support the delivery of improved outcomes for our children and young people.

1. Increase the voice and influence of Manchester's children and young people
2. Support and develop children's readiness for school and adulthood embedded in an approach to early intervention
3. Everyone a leader - an empowered, capable and stable workforce; effective in the management of risk,  
Performance and planning for children
4. Continually improve outcomes for all children and 'reduce the gap' against the national attainment averages
5. Deliver children's services through a locality model to support and promote children living in Stable, Safe and Loving homes - achieving 'permanency' to safely reduce the number of children looked after and/or in need of a statutory service.
6. Sufficient range and choice of high quality early years, school, college, youth play and care provision which provides value for money.
7. Develop and embed the implementation of Manchester's Multi-Agency Safeguarding Arrangements in response to legislative change and aligned with the proposed 'locality delivery model'

The delivery of the Directorate priorities, Our Manchester and Our Children Plan cannot be achieved in isolation, rather, by a strong partnership (internally within MCC and externally with our key partners) and facilitated through effective leadership and management at a locality level, The key strategic objectives for the Directorate, align to wider council and partner drivers, including working with Public Health services to support Manchester's Children and Young People to be healthy, well and safe, and enabling clean, safe and vibrant neighbourhoods through promoting the welfare of young people. It works closely with the work and skills team within the Neighbourhoods Directorate, to play a leading role in ensuring our young people are equipped with the skills they need to benefit from the growth of the city.

The Our Healthier Manchester Locality Plan is moving from a focus on structures to a focus on our outcomes, our people, and our services. The following principles are in place to inform how this will be achieved across Children and Education Services.

- Focuses on person (child and family) centred outcomes across all sectors
- Improve communication and joint working; removing duplication

**Manchester City Council  
Annual Statement of Accounts 2018/19**

- Promote a culture of integration and inclusive approach cross a geographical area to achieve access to services in order for children and their families to receive a timely and 'right' intervention.
- Lean pathways and leadership to support practitioners work effectively together.

Our strong operating culture is characterised by an approach that embraces a strength based approach is evidenced based, is informed by data, restorative in its leadership style which in turn is resulting in an increasingly effective service underpinned by a more coherent and effective partnership. Of particular strength are leadership, culture, compliance and co-operation within the partnership to respond to emerging safeguarding threats. In order to deliver on our priorities the Directorate is increasing our focus and pace on improving the quality of our services. Over the last year we have:

- Working with partners, launched the Complex Safeguarding Hub, located at Greenheys Police station. The implementation of new models of delivery, including Achieving Care together - launched in February 2019 - will improve our ability to protect children and safeguard adults, and will reduce the impact of repeated abuse on children, adults and families.
- Refreshed our Early Help strategy and refreshed our Early Help Practitioner resources.
- Commissioned an external expert, Professor David Thorpe, to help us develop a new model for responding to referrals for social care services and commenced an ambitious programme to reform our 'front door', working with schools in clusters, integration of early years and early help, whilst developing a more locality focus to our work.
- Successfully brought back in house our leaving care service and worked with internal and external partners to develop an improved offer for our Care leavers. This includes work with the Homelessness service to improve housing pathways for care leavers, and WHAT
- Led the way nationally in the delivery of the National Assessment and Accreditation System (NASS) for social workers.
- Implemented the Safe and Together model to improve our practice and how we work together with families where there is domestic abuse and concerns about children. This builds on the strength based practice that Manchester has been utilising for a number of years through the Signs of Safety model.
- Launched our modern slavery strategy and criminal exploitation strategy
- Piloted Curriculum for Life

Our most recent focussed visit from Ofsted recognised 'senior leaders have a good understanding of the strengths of the services and areas that require improvement'. Whilst there has been little change in the number of Looked After Children, provisional figures suggest that the number of Children in Need at the edge of care has reduced. School attendance across the school system is better than national averages, the percentage of schools judged to be good or better has increased and the Directorate is well positioned to make a positive contribution for the children of Manchester to be safe, happy, healthy and successful.

Over the next year we will continue to focus on commitment to achieving positive outcomes for Our Children and change the culture within the wider children's

**Manchester City Council**  
**Annual Statement of Accounts 2018/19**

services partnership to engender engagement and joint ownership. This will be delivered through the continued development and delivery of our significant programmes of reform in relation to integrating early help / early years, reforming our 'front door', reform of social work teams to ensure what and working with schools in locality-based clusters, to ensure that children and their families receive the right services at the right time.

**Manchester City Council  
Annual Statement of Accounts 2018/19**

Page 55

| Inputs  | Business activities   | Outputs  | Outcomes  |
|---|---|--|---|
| <p>£509.3m gross revenue funding</p> <p>1,301 FTE</p> <p>Manchester Safeguarding Children's Board and Children and Young People's Board</p> <p>£29.8m capital investment in 18/19</p> <p>Complex Safeguarding Hub</p> <p>38 Sure Start Centres, 3 Early Help Hubs, Social Work Locality Teams, 183 Schools (incl 66 academies provided by 26 Trusts).</p> <p>Schools Improvement Partnership and Schools Alliance</p> <p>Regional Adoption Agency</p> <p>Voluntary &amp; Community Sector</p> | <p>Delivering the <b>Children and Young People's Plan</b>. Comprehensive <b>performance framework</b> and <b>practice management</b> system. Commissioning of services and resources.</p> <p>Delivering social work via the <b>Signs of Safety model</b>, focussing on <b>strengths and collaboration with families</b></p> <p><b>Launch of Complex Safeguarding Hub</b> in Feb 19 - New pathways for young people <b>vulnerable to exploitation</b>.</p> <p>Appointed first cohort of <b>Social Work Apprentices</b> and launch of <b>National Assessment and Accreditation System (NAAS)</b> during 18/19 - leading the way nationally.</p> <p><b>Development of Locality model</b>, 3 locality hubs with locality leadership team.</p> <p>Development &amp; implementation of <b>school clusters</b>. Schools moving to clusters in 12 neighbourhoods.</p> <p><b>3 year plan in place</b> to ensure <b>sufficient school places</b>. Including <b>special schools</b> and <b>alternative</b> provision</p> <p>Development of a <b>new model for responding to referrals for social care services</b> ( went live Apr 19)</p> <p>Piloted <b>Curriculum for life</b> during 2018/19 academic year</p> <p>Reviewed and relaunched <b>local offer for families of children with SEN</b> during 2018/19</p> | <p>Dealt with over <b>11,500</b> Children's Safeguarding referrals during 18/19</p> <p>At March 2019, over <b>4,650 children supported</b> as children in need (CIN), of which around <b>840</b> had Child Protection Plans and <b>1,218</b> were looked after children (LAC)</p> <p><b>4342 Education, Health and Care Plans</b> maintained by Manchester</p> <p>Production of <b>Inclusion strategy</b> with partners</p> <p><b>Leaving Care Service</b> moved in house Oct 18 with <b>Improved and consistent Care Leavers</b> offer.</p> <p><b>225</b> Young People supported by Youth Justice services</p> <p>Launched our <b>modern slavery strategy, criminal exploitation strategy</b> and refreshed <b>Early Help Strategy</b> during 18/19</p> | <p>Delivery of <b>safer children's services</b>. Rated Good for Leadership, Management and Governance (Ofsted 2018).</p> <p><b>88.8%</b> of schools, <b>96%</b> of Early Years settings and <b>100%</b> of 6th form and college provision <b>rated good or better in March 2019</b></p> <p><b>Increased the % of pupils who were 'school ready'</b> from 63.7% on 2019 to 66.9%, closing the gap with national figures .</p> <p><b>62%</b> of city's primary school pupils <b>achieved expected standard</b> in reading, writing &amp; maths in 2018, <b>up 10% points since 2016</b></p> <p>Outcomes at all key stages improving with <b>progress and outcomes for disadvantaged learners better than this cohort nationally</b> (2018 figures)</p> <p><b>School attendance better than national averages</b></p> <p>Supported 57 children to become adopted and placement of 92 in SGOs</p> <p>13% reduction in first time entrants to Youth Justice service during 18/19</p> |

Appendix 1, Item 5

**Manchester City Council  
Annual Statement of Accounts 2018/19**

## **Our Performance**

This section reports the latest available figures for the key performance indicators we are using to monitor the delivery of our strategic objectives, and some of these figures are provisional. The metrics in this performance section are those used by the Council to monitor delivery of our corporate plan priorities.

The [State of the City report](#), published each October, monitors the extent to which we and our partners are delivering the Our Manchester strategy, the strategy for the city. This contains the most up to date statistics for each financial year, more detailed and thorough analysis and relevant comparator data.

Throughout 2017/18 we developed an Integrated Monitoring Report which brings together the most significant workforce, performance and budget monitoring information into a single report. This gives a single view of success and challenges in terms of achievement of our priorities and our financial position. This concise monthly report has supported our leaders to respond rapidly to dips in performance or budget pressures and was shortlisted for the Good Governance Award as part of the CIPFA Public Finance Innovation Awards 2018. Throughout 2018/19 we further developed our performance reporting by aligning the metrics we monitor to the corporate plan.

Throughout 2018/19 our Directorates have worked together to focus on the delivery of various commitments aligned to the corporate plan priorities. The following pages describe some of the progress we have achieved via the investment and activity described in the 'Our Funding and Spending' and the 'Our Operational Models' sections of this report. Performance is set out under each of the seven thematic priority areas in Our Corporate Plan.

## **Growth that benefits everyone**

- The city's employment offer has continued to increase and diversify. This growth has been driven by continued success in a number of the city's key growth sectors: science and research and development; cultural, creative and digital; and business, financial and professional services. Total employment in Manchester has continued to rise and by 2025 the city is forecast to host 456,800<sup>9</sup> jobs. The latest Business Register and Employment Survey (BRES) informed by ONS data shows that the number of people in employment rose by 11,000 from 381,000 in 2016 to 392,000 in 2017.
- In 2017-18, 71.3% of the Council's procurement spend was with local suppliers, maintaining the high levels seen in 2016/17 (71.7%). This helps ensure local residents have accessible employment opportunities through the Council's spending.
- Inclusive growth is a key priority for us; we want to better connect Manchester people to the benefits and opportunities presented by Manchester's strong economy. Ensuring that our economic growth is truly inclusive remains a challenge for Manchester. According to the 2018 Annual Population Survey, the percentage of the working age (16-64) population in Manchester who

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<sup>9</sup> Greater Manchester Forecasting Model



**Manchester City Council  
Annual Statement of Accounts 2018/19**

were qualified to the equivalent of National Vocational Qualification level 2 (roughly equivalent to 5 A\*-C at GCSE level) or above was 72.7% which was the same proportion which was achieved in 2017. Results for England increased over the same period by 0.4 percentage points to 75% and so the gap between Manchester and England widened.

- There is a direct link between low skills and a low wage economy. The Annual Survey of Hours and Earnings estimates the proportion of employees earning below the Real Living Wage. The Real Living Wage is calculated according to the cost of living and was £9.00 per hour in 2018. The proportion of the city's resident employees earning less than the real living wage increased to 27.9% in 2018-19 from 27.1% in 2017-18. This meant we had the 6th highest rate amongst Core Cities.
- The amount of business rates collected increased by £11m from £345m in 2017-18 to £356m in 2018-19.

## Neighbourhoods

- The Council is committed to reducing waste and increasing the amount of waste recycled to have a positive impact on the environment and reduce the costs of waste collection and disposal. By reducing our waste, reusing where we can, and recycling more, we can all play our part in the environment and help keep costs lower. The introduction of smaller waste bins across the city in mid-2016 aimed to promote increased recycling and less waste. The proportion of household waste recycled in 2016/17 was 36% and a 2017/18 recycling rate of 39% indicates an increase of 3 percentage points. The latest figures for recycling are for Q3 18/19 where recycling was at 37%. This was the second highest rate amongst the Core Cities.
- We all want to make our neighbourhoods cleaner and tidier and people in Manchester have shown that they are passionate about this and have been helping us by reporting issues in various ways so that we can take action. The number of recorded incidents of fly tipping per 1,000 Manchester residents was 32.1 in 2017-18. We will continue to work with local communities to keep our neighbourhoods clean and tidy places we are all rightly proud of.
- The number of visits to Manchester's libraries in a year broke the 3 million barrier in 2018-19. At 3.2 million this represented an increase of over 275,000 visits from those recorded in 2017/18. The success of the Bee in the City art trail over the summer and a programme of popular library events and activities contributed to the increased number of visits. Following its refurbishment, Withington library reopened in October 2018 and became the first Open Plus library in the city where customers are able to use self service facilities outside of staffed hours. In the first five full months of opening it attracted just under 39,000 visits.
- Visits to Manchester Art Gallery also increased by over 20% from 641,361 in 2017-18 to 731,003 in 2018-19. However, the recorded number of visits to our leisure facilities fell by just under 3% from 3.4 million in 2017-18 to 3.3 million in 2018-19. The closure of Moss Side Leisure Centre for the first half of 2018-19 accounted for the reduction in overall recorded visits and in its first four months of opening, the centre has welcomed just over 100,000 visitors.
- We are committed to reduce our direct carbon emissions, from our buildings estate, street lighting and transport, by 41% by 2020 from a 2009/10 baseline. The latest data published at the end of the 2017/18 showed that we had

**Manchester City Council  
Annual Statement of Accounts 2018/19**

reduced our direct emissions by 33.8% to approximately 48,000 tonnes of carbon and that we are track to reach our 2020 target. In March 2018 the Council Executive committed that the council will be zero carbon by 2038 in-line with the cities ambitions. Work is not currently underway to develop details plans outlining how this will be achieved.

## Housing

- In order to meet the demands of a growing population, the city will need to increase the amount of good-quality, energy efficient and affordable new homes for sale and rent in our neighbourhoods. In December 2018, the Council published an updated Residential Growth Strategy (2015 - 2025) which increased the delivery target from 25,000 to 32,000 new homes by March 2025. Fundamental to this is providing the right housing mix for a growing population and increasing homeownership at all price points including homes for first time buyers, three and four bed homes for families and affordable housing. In 2018-19, delivery levels were maintained with 2,927 new homes built<sup>10</sup>, which compared to 2,865 in 2017-18.
- Of the 2,927 newly built homes delivered throughout 2017/18, 2,589 were market housing (including homes for low cost home ownership and sold using Help to Buy) and a further 338 were affordable homes (according to the Government's national definition). This represented an increase from the 297 affordable homes delivered throughout 2017-18<sup>11</sup>. Of the 338 affordable homes built in 2018-19, 56 were available at social rent, 136 at affordable rent, 141 available for shared ownership and 5 rent-to-buy. In addition, c.2,000 affordable homes are set to be built by March 2021 with a further 3,400 planned between April 2021 and March 2025. Sites are currently being identified for these homes, predominantly focussed around four Housing Affordability Zones (Central North Manchester, Beswick, Clayton and Wythenshawe).
- Alongside the Government's definition Manchester believes affordable housing should include low cost home ownership. That's why we have developed our own local definition of affordability: one that reflects the needs of the people who live in the city. This takes the average household income across the city (£27,000), and then uses a standard marker of 30% of that annual income in rent or mortgage repayments to understand what most residents can afford. Council research shows that in 2017-18 there were 3,846 owner occupier sales, of which 48% (1,861) were affordable to Manchester residents earning at or below the average income - a significant increase from 41% (or 1,776) in 2016-17.

## Young people

- Good school results are an essential part of ensuring that Manchester children are developing well and have the right skills to access the

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<sup>10</sup> Includes homes delivered on all schemes including those with under 10 units.

<sup>11</sup> The numbers of affordable housing delivered in 2017-18 has been updated from the 271 reported in the Council's 2017/18 Annual Report due to the inclusion of homes identified in the Homes England annual report.

**Manchester City Council  
Annual Statement of Accounts 2018/19**

opportunities offered by the city's economy in the future. Many years ago Manchester's attainment results at Key Stages 2 and 4 lagged some way behind the national average, however sustained progress has seen that gap reduce. In the academic year of 2017/18, 62% of Manchester's primary school pupils achieved the expected standard in reading, writing and maths. This compared to 64% of England's pupils and represented an improvement of 2 percentage points compared to the city's results in the previous year. In the academic year of 2017/18 35.6% of pupils achieved grade 5 or above in both English and Maths at Key Stage 4, compared to an England rate of 40%

- We want to support our Looked After Children to thrive and succeed at school. Outcomes for Looked After Children for school attainment are significantly below those for all children at a national and local level. 9.1% of our Looked After Children achieved grade 5 or above in both English and Maths at Key Stage 4, ahead of the England rate of 7.8%.
- Related to our comparatively high percentage of children eligible for free school meals (nearly double the national rate at January '18) there are a large number of referrals for Children's Social Care, more than one referral for every ten children living in the city. Related to this c.1% of children in Manchester are Looked After compared to 0.83% as the Core City Average. There were 1,281 Looked After Children at the end of March 2019.
- It is of great importance that children in Manchester get the best start in life, to support them to live happy and successful lives. The % of children achieving a good level of development in the Early Years Foundation Stage gives us an indication of progress in this area; performance was 67% in 2018, 1% point better than in 2017, but slightly behind our 'statistical neighbours' (areas statistically similar to Manchester) at 68.9%.

## Healthy cared-for people

- As part of the devolution agreement with the Government for Greater Manchester to take charge of health and social care spending and decisions, the Council and its partners are currently implementing Manchester's Locality Plan – "A Healthier Manchester". Under this plan the city will commission and deliver health and social care services jointly across the city, and have a single hospital service spanning the entire local authority area. One of the symptoms of a fragmented Health and Social System is delays in the transfer of care. Delays occur when a patient is assessed as ready to leave their current care setting, such as a hospital bed, but they continue to occupy a bed in this care setting. These delays can be from an NHS hospital setting, or a social care setting. The number of delayed transfers of Manchester residents from one care setting to another (which were due to any reason), per 100,000 of the population, was 15.3 in 2017/18 and this compared to a result of 12.4 for England. Provisional figures for 2018/19 show that the rate of delayed transfers of care for Manchester has fallen to 13.9 (national results are not available until June 2019).
- The percentage of respondents to the Annual Adult Social Care Survey who were extremely or very satisfied with their care and support fell from 60.5% in 2017/18 to 57.2% in 2018/19.
- Healthy life expectancy (HLE) is that age that someone born in Manchester during a certain period can expect to live in good health. HLE for males born

**Manchester City Council**  
**Annual Statement of Accounts 2018/19**

in Manchester has increased from 54.3 (for the period 2014-16) to 56.5 (for the period 2015-17). This compares to a rise from 63.3 to 63.4 at a national level so the gap with England was reduced. HLE for females born in Manchester has increased from 54.7 (for the period 2014-16) to 56.2 (for the period 2015-17). This compares to 63.8 at a national level for both 2014-16 and 2015-17, so the gap with England was reduced. HLE is now greater for males than females in Manchester which bucks the historic trend.

- Non-elective admissions have increased from 67,238 in 2017/18 to 73,026 in 2018/19. The resultant directly age standardised admission rate has increased from 136.1<sup>12</sup> to 144.1<sup>13</sup> per 1,000 of the population registered with a GP, which was an increase of 5.9%.
- Homelessness is a significant challenge for the city, particularly following changes to benefits administration including the roll out of Universal Credit which has seen rising levels of rent arrears. 8,038 households presented as homeless in 2018/19, over 2,000 more than in 2017/18. Following the introduction of the Homelessness Reduction Act 2018 comparisons over time cannot be made relating to the number of people presenting as homeless who are owed a duty. In 2018, there were 123 people counted as sleeping rough in on the nationally standardised count which takes place on a date in autumn each year, and this was 29 more than the 2017 count. The rate of people sleeping rough per 10,000 households was 5.4 in 2018 which compared to a core city average of 1.8, and represented an increase of 1.2.

## Connections

- Over recent years we have seen a continued population increase in the city, and private investment in the region has brought employment opportunities, both increasing the demands on the city's transport infrastructure. The total traffic on major roads in Manchester increased from 979,320 thousand vehicle miles in 2016 to 987,447 thousand vehicle miles in 2017, and this additional traffic causes wear and tear on the roads, reflected in the fact that the percentage of the city's road network beyond midlife grading increased from 25.3% in 2017 to 27.14% in 2018. However, the Council has just completed year 2 of a 5-year £80m investment in improving the condition of its highways, and in such a programme there will always be a lag in affecting the overall condition of the network, which we expect to begin to improve from year 4. The Mayor's Challenge funding is beginning to bring a programme of cycling and walking projects with safer areas for cyclists and pedestrians, reflected by a rise in the percentage of journeys by bicycle into the city centre, which increased from 1.85% in 2017 to 2.03% in 2018.
- To enable delivery of transformed public services and support a thriving digital economy, it is crucial to have a reliable digital infrastructure and the percentage of the city's residents with access to high-speed broadband >30Mbits/s increased from 92% in 2017-18 to 95% in 2018-19. Although performance has clearly improved, Manchester presently ranks 7th out of the 8 English core cities suggesting there is still significant work to be done to develop and improve our digital infrastructure.

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<sup>12</sup> 95% confidence limits of 135.1 and 137.1

<sup>13</sup> 95% confidence limits of 143.1 and 145.2

**Manchester City Council**  
**Annual Statement of Accounts 2018/19**

## Well-managed Council

- We are committed to ‘Our People’, the Our Strategy, for the organisation with a clear and stated objective to inspire, connect and empower the workforce and a commitment to embed the Our Manchester behaviours throughout the organisation’s culture and ways of working. The Council’s Best Companies Index score gives us an indication of how engaged staff feel and the impact work to deliver Our People has had over its first two years. There have been year on year improvements in employee engagement over this period and in 2018 we achieved an overall score of 630, an improvement on last year’s result of 619. This securely the Council in the ‘One to Watch’ category of the Survey. - There remain clear areas of focus where more work is needed to further drive engagement at all levels of the organisation and build on this improvement.
- The average days lost due to sickness absence in 2018/19 was 12.29 in 2018/19, which is significantly higher than the average in comparable organisations. It is a corporate priority to reduce sickness absence and support staff to be healthy by ensuring the delivery of the Council’s newly agreed employee health and wellbeing strategy and a focus on ensuring consistent high quality standards of people management.
- We are committed to delivering services right first time, however we know we don’t always get things right and are keen to learn from the complaints we receive from residents when they don’t feel they’ve received the service they should have. 80% of complaints were responded to within the target timescale of ten working days, compared to 87% in the previous year.
- The percentage of business rates collected for 2018/19 was 0.8% points higher than that collected in 2017/18 (96.6%), however the actual amount collected (£356m) was over £11m more than in 2017/18.
- Whilst the percentage of council tax collected for 2018/19 was slightly lower than that collected in 2017/18 (93.01%), the actual amount collected (£171m) was over £7m more than in 2017/18.

## Our Risks and Opportunities

Our corporate approach to risk management ensures that we have robust processes in place to support the delivery of our strategic goals, including those contained within the Our Manchester Strategy. We use dynamic risk management to identify the risks to the delivery of our priorities and objectives, to determine appropriate ways of mitigating the risk and for ongoing scrutiny and assurance of factors that could inhibit our ability to deliver. 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.

The constantly evolving CRR is refreshed quarterly and at any one time captures roughly twenty risks deemed to have a significant potential to impact on the delivery of the our strategic objectives. These consist of “cross cutting” risks that affect all services and high level risks, identified in Directorate risk assessments, which are viewed as having the potential, if they emerge, to impact upon the delivery of the corporate objectives as articulated in the Corporate Plan. Our CRR includes risks

**Manchester City Council**  
**Annual Statement of Accounts 2018/19**

relating to, for example, finance, EU Exit, cyber security, legal and statutory compliance, delivery of transformation, safeguarding and health and safety.

Risks are scored on the CRR in the context of their *potential* impacts if uncontrolled; the purpose of the risk management approach is to ensure early intervention and regular scrutiny in order to ensure that risks are controlled, allowing the Council to manage impacts and deliver opportunities as well as to provide effective services and service change. The table below gives examples of the types of risk actively managed and assured at a corporate level. It shows some of the risks recorded on the CRR which are deemed as warranting direct scrutiny at a corporate and Directorate level due to their risk score.

**Manchester City Council  
Annual Statement of Accounts 2018/19**

| Theme                    | Risk Description   | Risk Owner                              | Existing key controls and sources of assurance  |
|--------------------------|--|---|---|
| Our Finances & Resources | Planned savings are not achieved resulting in increased pressure on reserves and requirement for unplanned savings and cuts to services to achieve a balanced budget.  | Deputy Chief Executive & City Treasurer | Robust regular process of budget setting, business and delivery plans and budget monitoring in place with assessment of key financial risks. Reporting to DMTs and SMT; Executive and Scrutiny Committees.  |
| Our Performance          | Consequences of Brexit impact negatively on a range of budget and other assumptions for the Council, partners and residents of the City. These include impacts on business rates, care and health budgets, airport revenues and welfare budgets; as well as wider impacts on recruitment and retention, economic development, housing and infrastructure projects. | Chief Executive                         | Brexit Preparedness Group<br>Pan GM Planning Session in February 2019 and Head of Policy attendance and feedback from GM Brexit Group.<br>Reporting to Council, Resilience Forum and SMT<br>Engagement via GM Brexit governance arrangements and through AGMA Civil Contingencies and Resilience Unit.  |
| Our People               | Capability of the workforce is not aligned effectively to key priorities and organisational requirements. This includes:<br>-capacity in core managerial and technical disciplines;<br>-leadership capacity and capability to drive change and transformation; and<br>-workforce motivation and engagement.  | Chief Executive                         | Corporate Plan is supported by Our People Strategy and staff engagement including Listening in Action, Our Manchester Experience and regular communications. Leadership and wider skills development programmes in place. Directorate workforce development and Bheard improvement plans. Reporting to SMT, Executive and Resources and Governance Scrutiny.  |
| Our Partnerships         | Failure to achieve the desired and intended outcomes of health and social care integration increases further pressure on Council and health budgets; and impacts on the ability to achieve improved health outcomes for Manchester residents   | Chief Executive                         | Active senior leadership engagement in HSC governance with MHCC and MLCO. Joint business and budget planning with MHCC and MLCO in place. Risk managed at SMT level with DASS and other Chief Officers. Review of system wide assurance framework with health and Council audit and risk providers reported to Audit Committee February 2019. Reporting to the Executive, Health and Wellbeing Board and Health Scrutiny Committee. |
| Our Performance          | Loss of ICT system access impacts ability to operate and deliver services to residents. May arise from risks relating to core infrastructure (applications and network), hardware obsolescence (WYSE terminals), system availability (unsupported systems, insufficient licenses) or cyber-attack.   | Deputy Chief Executive & City Treasurer | Transfer to HCI technology in data centre to improve resilience of core infrastructure. Corporate and Service Business Continuity Plans and robust incident management process in place. Programme of ICT investment with reporting to ICT Board, Capital Strategy Board, SMT, Executive and Scrutiny.  |

**Manchester City Council  
Annual Statement of Accounts 2018/19**

From July 2019, the corporate risk profile will also be included in the Integrated Performance Report; the focus on reporting will be on the degree to which Directorates have been active in the monitoring and implementation of their mitigating action plans (adjusting them where necessary in order to exert maximum control), and in identifying the cohort of risks that are directly within the control of the Council and reporting on our effectiveness in ensuring we establish optimum control.

Whilst the corporate risk profile is always developing in light of changes in either Council priorities, or national policy, overall systems for managing risk demonstrate a good level of understanding of the purpose of and approach to risk management, across services. This view has been endorsed in 2019 by the publication of the outcomes of an Internal Audit review of risk management arrangements, which provided Substantial Assurance as to the effectiveness of risk management activity at a Directorate level.

Our risk management activity can broadly be described at four levels;

- Our Senior Management Team (SMT) is responsible for ensuring the effective management of the risks in the CRR.
- Directorates maintain their own risk register and record risks to their Budget and Business Plan objectives and future service development plans in their associated Delivery Plans.
- Services within Directorates maintain their own risk register to complete a consistent golden thread from corporate level priority risks to more detailed risks specific to service delivery teams.
- Major Projects and Programmes identify, monitor and treat their risks in order to ensure delivery of project objectives, on time and within budget.

Consistent and effective risk management continues to be embedded throughout the organisation with over 3,000 officers across the Council receiving formal training in risk management and business continuity management. Collectively, risk management at all levels of our organisation allows us to manage operational and strategic risks that affect our ability to create value over the short, medium and long term.

Over recent years there has been a climate of increased and sustained pressure in terms of austerity, demographic changes and increased expectations on public services, meaning that it is important to deliver more with less.

Consequently, our strategic focus has been on driving growth and transformation and reforming public services. We have had to innovate in order to seize opportunities to develop new ways of working, new delivery models and efficiencies; all of these have been essential in transforming the Council and enabling us to respond positively in a climate of austerity. Systematic risk assessment and risk management is essential to both the identification and delivery of opportunities.

Our Risk Strategy 2018-20 ([Item 12](#)) explains how our risk management resources are focused on our highest strategic priorities while providing a level of support for Directorate priorities. It describes how the Council is developing an adaptive and integrated approach to risk management that aligns our risk resources to our strategic priorities and recognises that all Directorates contribute to these priorities.



## Manchester City Council Annual Statement of Accounts 2018/19

Our Business Continuity Strategy 2017-20 ([Item 12](#)) describes our approach to ensuring that we can readily respond to any incident that could impact on the provision of critical and statutory services. We aim to quickly respond and return to 'business as usual' whatever the cause of the incident (for example, loss of a building, a power failure, extreme weather). It explains the vital contribution of all services in developing their own local business continuity plans and describes how these plans are drawn together to develop a Corporate Business Continuity Plan that supports responses to any major incidents that may occur.

The Council's Risk Management and Business Continuity Strategies are updated annually, considered by the Audit Committee and endorsed and owned by SMT. Both are available to all staff via the Risk and Resilience Intranet page, along with a wide range of tools and guidance to assist staff in undertaking effective risk and business continuity management.

### Our Outlook

Our monthly Integrated Monitoring Report provides our leaders with the regular and up to date financial information on the current financial year so they can monitor projected net spend and respond rapidly to risks and budget pressures in the short term. During the year, financial performance is reported regularly to the SMT, Resources and Governance Scrutiny Committee and the Executive Committee.

The financial position for future years is reported in our Medium Term Financial Plan (MTFP). This was approved by the Full Council meeting in March 2018 for the two year period 2018/19 to 2019/20. Forecasting future year's anticipated spending and resources through robust medium term financial planning allows us to anticipate the level of savings required so we can secure the ongoing viability of service budgets. Our MTFP is refreshed each year to provide a stable financial base for the planning of savings in Directorate's budget and business plans.

Our MTFP was refreshed and approved in March 2019 and is available on our [website](#). Our MTFP 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 2019/20.

We are experiencing a number of challenges which are both internal and external to the Council. These challenges include continued reductions in Government funding, 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 include trying to deliver transformational changes such as public sector reform to ensure that we deliver improved services for our residents by improved working with our partners such as Health, Housing providers, Greater Manchester Police, Department for Work and pensions. Working to achieve the new arrangements for Health and Social Care under the Local Care Organisation/Care

**Manchester City Council**  
**Annual Statement of Accounts 2018/19**

Together to deliver savings. Maintaining the city's infrastructure and the uncertainty surrounding our business rates income represent further challenges.

In our MTFP we updated our resources to include the increased projected business rates income of £8.6m (which included our share of benefits from the 100% growth retention pilot), the increased projected council tax income of £3m, and a £8.9m increase in the dividend received from Manchester Airport Group.

There has been a comprehensive review of how our available resources are utilised to invest in the priority areas agreed with our residents. The MTFP highlighted that there is a need to invest more into the Council's front line services such as social care, services for the homeless and helping to mitigate some of the impacts of welfare reform. The increased investment that was approved for each Directorate is detailed in the table below.

| Directorate  | 2019/20<br>(£'000) |
|--|--------------------|
| Children's investment  | 4,635              |
| Adults investment  | 4,233              |
| Welfare reform   | 1,100              |
| Food inspection  | 255                |
| Homelessness - enhanced enforcement activity in the private rental sector          | 500                |
| Further action to tackle littering, fly tipping and poor business waste management | 500                |
| Anti-Social Behaviour  | 500                |
| Youth Funding  | 150                |

The impact of funding reductions combined with the pressures of increased demand has resulted in a need to reduce spend by £25.5m in 2018/19; and a further £14.8m in 2019/20, (£9m of approved savings and £5.8m of recovery savings proposals).

In order to support our investment priorities and deliver a balanced budget Directorates have produced budget delivery plans within [Budget and Business Plans](#) to reduce resource commitments.

**Manchester City Council**  
**Annual Statement of Accounts 2018/19**

Our current MTFP as referenced in our Annual Statement of Accounts is summarised in the table below.

|  | 2018 / 19<br>(£000) | 2019 / 20<br>(£000) |
|--|---------------------|---------------------|
| <b>Resources Available</b>                         |                     |                     |
| Business Rates related funding                     | 324,753             | 314,653             |
| Council Tax  | 154,070             | 166,507             |
| Other non-ring fenced Grants and Contributions     | 38,735              | 54,426              |
| Dividends and Use of Airport Reserves              | 53,342              | 62,390              |
| Use of other Reserves to support the budget        | 8,743               | 12,859              |
| <b>Total Resources Available</b>                   | <b>579,643</b>      | <b>610.835</b>      |
| <b>Resources Required</b>                          |                     |                     |
| <i>Corporate Costs:</i>                            |                     |                     |
| Levies/Charges                                     | 68,655              | 69,990              |
| Contingency  | 3,103               | 1,600               |
| Capital Financing                                  | 44,507              | 44,507              |
| Transfer to Reserves                               | 7,286               | 6,902               |
| <b>Subtotal Corporate Costs</b>                    | <b>123,511</b>      | <b>122,999</b>      |
| <i>Directorate Costs:</i>                          |                     |                     |
| Additional Allowances and other pension costs      | 10,030              | 10,030              |
| Insurance Costs                                    | 2,004               | 2,004               |
| Directorate Budgets                                | 439,919             | 465,692             |
| Inflationary Pressures and budgets to be allocated | 4,139               | 9,945               |
| <b>Subtotal Directorate Costs</b>                  | <b>456,092</b>      | <b>487,671</b>      |
| <b>Total Resources Required</b>                    | <b>579,643</b>      | <b>610,670</b>      |
| <b>Balance / Gap</b>                               | <b>0</b>            | <b>(165)</b>        |

## Our Basis of Preparation and Presentation of the Narrative Report

This section explains how we have determined the content to include in the Narrative Report. The content and style of the Narrative Report is based upon the [International Integrated Reporting \( <IR> \) Framework's](#) principles based guidance.

The recommended report content guidance within the <IR> Framework has been aligned with that for financial statements within the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 ('[the Code](#)') in order to ensure that good quality financial information is shown in line with accepted accounting

## **Manchester City Council Annual Statement of Accounts 2018/19**

principles. The sections of the Narrative Report and content within these sections have then been tailored so that they are relevant to our organisation.

Integrated Reporting has a combined emphasis on conciseness, the connectivity of information, the various resources and their interdependencies and strategic focus and future orientation. To support conciseness, relevant officers have worked together to evaluate matters in terms of their potential impacts on value creation and prioritised the inclusion of those matters deemed most important.

The metrics discussed in the Our Performance section are some of the key metrics that are accepted by the organisation as needing to be monitored to ensure we create value by delivering the priorities of our Corporate Plan and therefore the goals of the Our Manchester Strategy and the priority objectives that the people of Manchester said they value the most. These metrics are monitored regularly by our leaders through agreed tools. Featuring these metrics in the Our Performance section supports the presentation of a balanced and unbiased picture of performance that highlights both desirable performance and areas of challenge.

To further support conciseness we have linked inter-connected sections of the report to limit repetition and included external links to more detailed information. This has allowed us to present information in a clear, concise and accessible way for the public while ensuring reliability and completeness.

## **Our Financial Performance**

### **Financial Summary 2018/19**

The revenue and capital budgets for the forthcoming financial year are agreed by full Council in March.

The **gross revenue spend** represents the entirety of our revenue expenditure totalling £1,555m in 2018/19. This includes the money spent on housing benefit payments and the funding of schools which is mainly funded by Government grants. Most of our gross revenue budget is spent on the services delivered through the various Directorates. A much smaller proportion is used to fund capital projects, loan repayments, corporate items such as insurance, levies for functions such as waste disposal and transport and costs associated with owning and maintaining Council houses. A small sum is also set aside to meet unforeseen costs.

Between 2011/12 and 2018/19 the Council has had to deliver £378m of savings with a further £15m required in 2019/20, following the cumulative effect of reductions in funding from the Government.

### **Our Total (Gross) Revenue Funding and Spending in 2018/19**

#### **Where the money came from:**

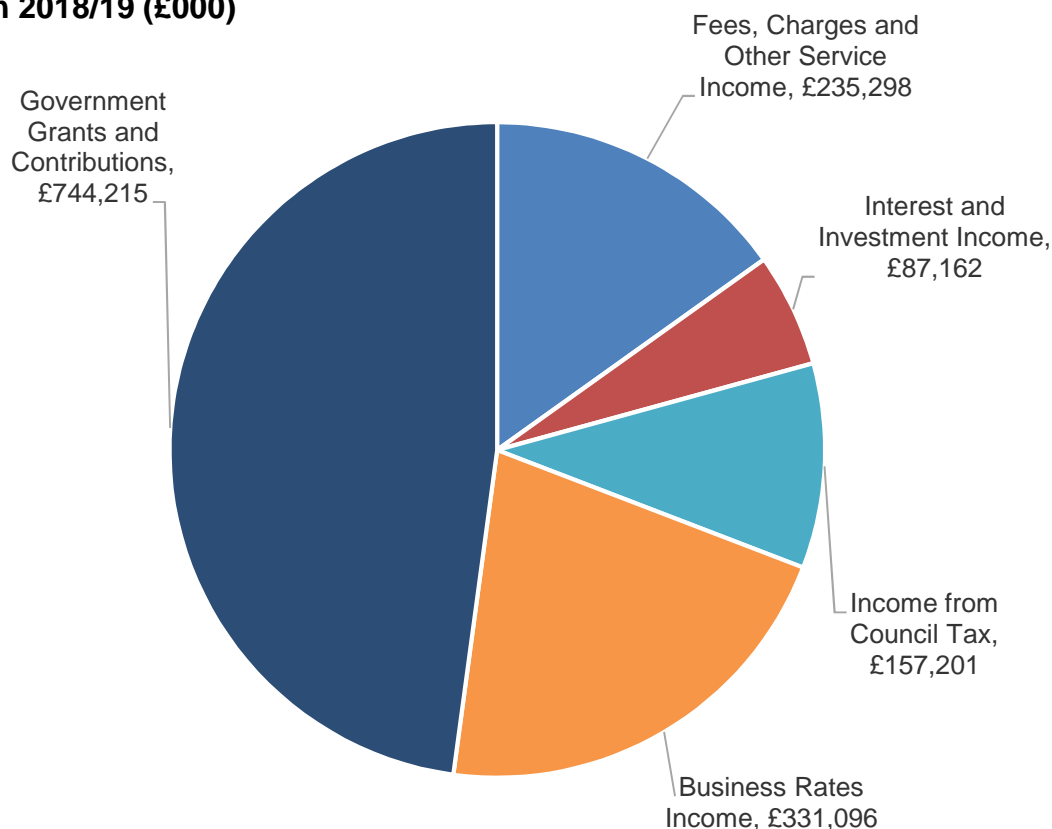
In 2018/19, 55% of our income came from Government funding with the remainder coming from business rates, council tax, fees and charges and other income such as dividends and interest. Most of the Government grant funding consists of the

**Manchester City Council  
Annual Statement of Accounts 2018/19**

Dedicated Schools Grant (£317m), which is mainly passed on to schools, and funding to support claimants in receipt of Housing and Council Tax Support (£214m).

The following chart shows how we funded our total **gross revenue spending of £1.555m** in 2018/19 from the different types of income received during the year.

**How we funded our spending  
in 2018/19 (£000)**



| <b>Funding Source</b>               |  |
|-------------------------------------|--|
| Other Service Income                | The total of the fees and charges generated by the Council. For example residential and nursing home care, licences and planning application fees, property rental income, income for services provided for other councils and school meals. |
| Business Rates Income               | The Council's business rates income due to the Council.  |
| Income from Council Tax             | The total amount of council tax due to the Council.  |
| Government Grants and Contributions | The total of all the revenue grants and contributions received by the Council including Housing Benefit Subsidy , Dedicated Schools Grant, Pupil Premium, Troubled Families, Asylum Seekers and Learning and Skills Council.                 |
| Interest and Investment Income      | Items of income such as interest, investment income and dividends received.  |

**Manchester City Council  
Annual Statement of Accounts 2018/19**

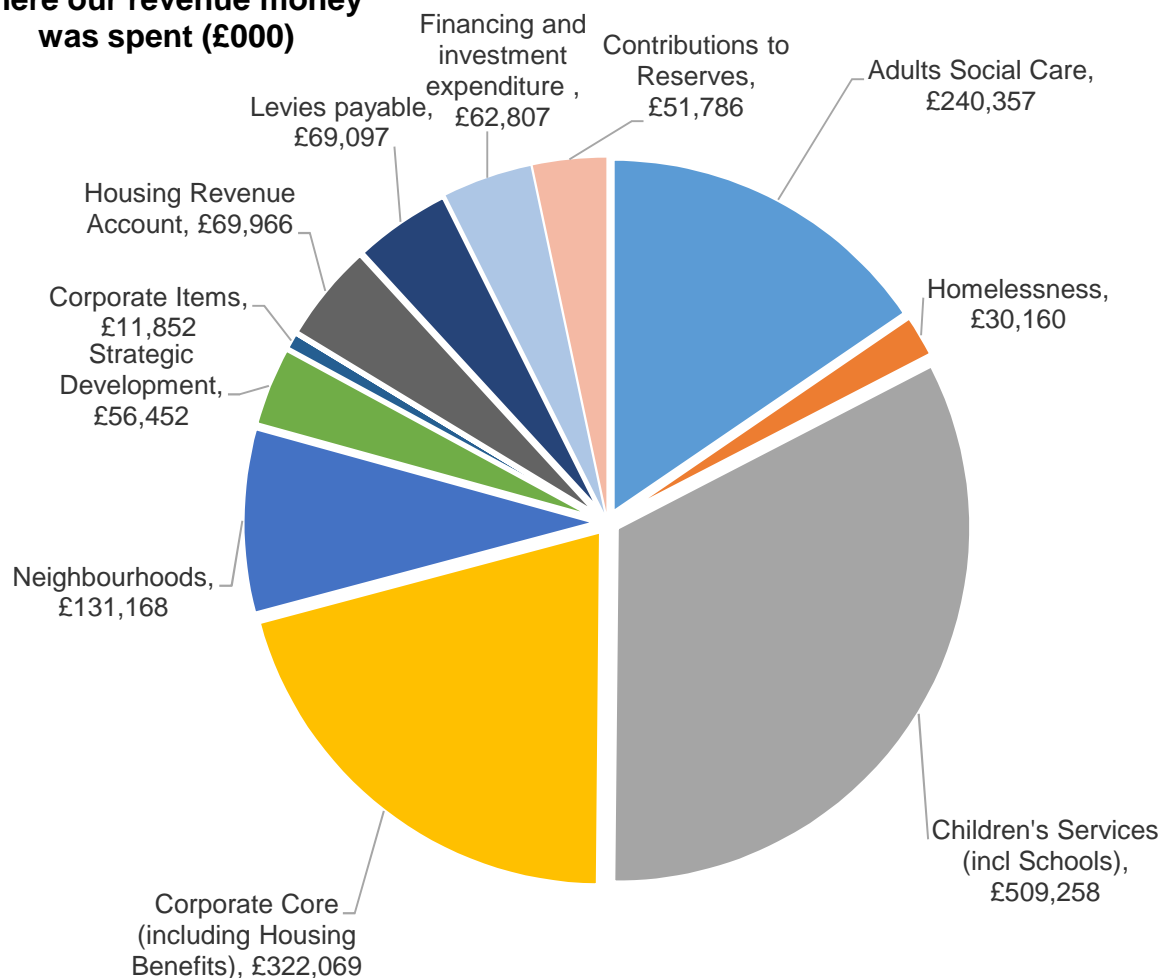
**How the money was spent in 2018/19:**

The Council's budget for the financial year runs from 1 April to the following 31 March. We consult on our budget each year before deciding on the priorities and setting the budget in March.

The Council spends money on a whole range of services to help support the people of Manchester to achieve and enjoy a better quality of life. This spending can be both revenue and capital. Revenue spending relates to the day-to-day running costs of the Council such as staffing, purchasing services from third parties, some costs associated with repairing and maintaining capital assets, utilities and minor equipment.

The overall gross revenue spend was £1,555m in 2018/19. The gross expenditure reported includes significant items of spend including that directly transferred to schools, (funded by the specific Dedicated Schools Grant), financial support to residents in receipt of housing benefit and the total cost of providing services such as social care before resident contributions to the cost of their care are taken into account. The following chart shows where our revenue money was spent in 2018/19 analysed across our services.

**Where our revenue money  
was spent (£000)**



**Manchester City Council**  
**Annual Statement of Accounts 2018/19**

| <b>Spend Area</b>                       | <b>Description</b>   |
|---|--|
| Adults Social Care                      | Responsible for adult social care services, such as home care and residential care and public health with statutory responsibilities for safeguarding adults. The Adults budget includes the pooled budgets for the Local Care Organisation (LCO) and Manchester Health and Care Commissioning (MHCC)  |
| Children's Services (including Schools) | Responsible for social care services for children including statutory responsibilities for safeguarding children and for education functions, skills and youth services and the provision of nursery, primary, secondary and specialist education services provided to children in Manchester, along with home to school transport and patrol crossings.   |
| Homelessness                            | The Service provides outreach services for rough sleepers and undertakes preventative work with the vision of ending homelessness.   |
| Corporate Core                          | The Corporate Core supports the rest of the organisation through Human Resources and Organisational Development (HR/OD), ICT, Finance, Legal, Democratic, Communications and other services. The Core also delivers a range of services directly to residents including the collection of Council Tax and Business Rates, Customer Contact Centre and Registrars. This also includes the cost of benefits awarded, which are then mainly recouped from Central Government. |
| Neighbourhoods                          | Provides leadership and focus for the sustainable growth and transformation of the City's neighbourhoods so that the City is clean, safe and green for communities to take pride in and ownership of their area and lives. Specific services include waste collection, recycling and street cleaning, libraries and galleries, parks and leisure, planning, licencing and highways.  |
| Strategic Directorate                   | The Directorate has a pivotal role in securing new commercial development, attracting inward investment and securing employment growth, along with providing leadership to the Council's Housing function and delivering the Council's Residential Growth Strategy. The management of the Council's land and property assets is closely aligned with the management of the Council's operational and investment estates.   |
| Corporate Items                         | This includes the costs of financial services e.g. insurances.   |
| Financing and investment Expenditure    | This relates to items of expenditure such as revenue funding of capital, loan repayments and interest payments made by the Council.  |
| Housing Revenue Account                 | The Housing Revenue Account (HRA) contains the costs of owning and maintaining properties that are let to tenants and income from renting Council houses to tenants.   |
| Levies payable                          | Transport and Waste Disposal Levy payments for services provided at a Greater Manchester level and charged to districts  |
| Contribution to reserves                | The in-year contribution to usable reserves which are then held specifically for future spend and obligations for key projects   |

**Manchester City Council**  
**Annual Statement of Accounts 2018/19**

### Net Revenue Budget 2018/19

Our net revenue budget of c£580m is funded mainly from Business Rates and Council Tax receipts, there are also other sources of income which are shown within the Directorate budgets including government grants and contributions; fees and charges; and interest and investment income.

Spend against the budget is reported at regular intervals to Executive. In year changes to the budget position, either due to the reallocation of budgets between spend areas or a change in the level of budgeted resources are also reported as part of the monitoring reports.

The final position for the year ended 31 March is reported to Executive in the following June. The outturn position is also reported to Resources and Governance Scrutiny Committee and Audit Committee.

At the end of the year we had overspent against our net revenue budget by £293k and this was funded from our General Fund Reserve. The main variations to the budget are set out below.

| Manchester City Council Programme | Net Revenue Budget in 2018/19 (£000) | Net Revenue Expenditure for 2018/19 (£000) | Overspend or (Underspend) (£000) |
|-----------------------------------|--------------------------------------|--|----------------------------------|
| Total Available Resources         | (578,828)                            | (580,628)                                  | (1,800)                          |
| Total Corporate Budgets           | 122,578                              | 119,972                                    | (2,606)                          |
| <b>Directorate Budgets</b>        |                                      |  |                                  |
| Children's Services               | 112,855                              | 119,877                                    | 7,022                            |
| Adult Social Care                 | 182,901                              | 186,126                                    | 3,225                            |
| Homelessness                      | 9,643                                | 10,711                                     | 1,068                            |
| Corporate Core                    | 70,650                               | 67,187                                     | (3,463)                          |
| Neighbourhoods                    | 72,909                               | 72,273                                     | (636)                            |
| Strategic Development             | 7,293                                | 4,776                                      | (2,517)                          |
| <b>Total Directorate Budgets</b>  | <b>456,250</b>                       | <b>460,949</b>                             | <b>4,699</b>                     |
| <b>Total Use of Resources</b>     | <b>578,828</b>                       | <b>580,921</b>                             | <b>2,093</b>                     |
| <b>Net</b>                        | <b>0</b>                             | <b>293</b>                                 | <b>293</b>                       |

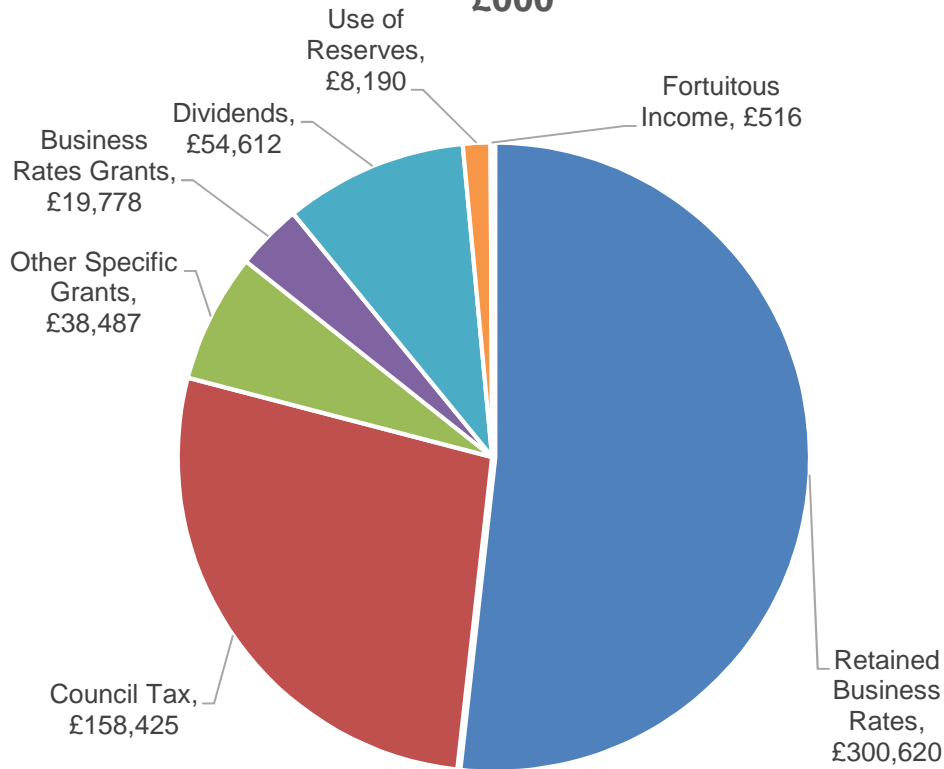
The General Fund Reserve will be £22m following the funding of the in-year overspend. It is considered that this is a reasonable level of general reserves given



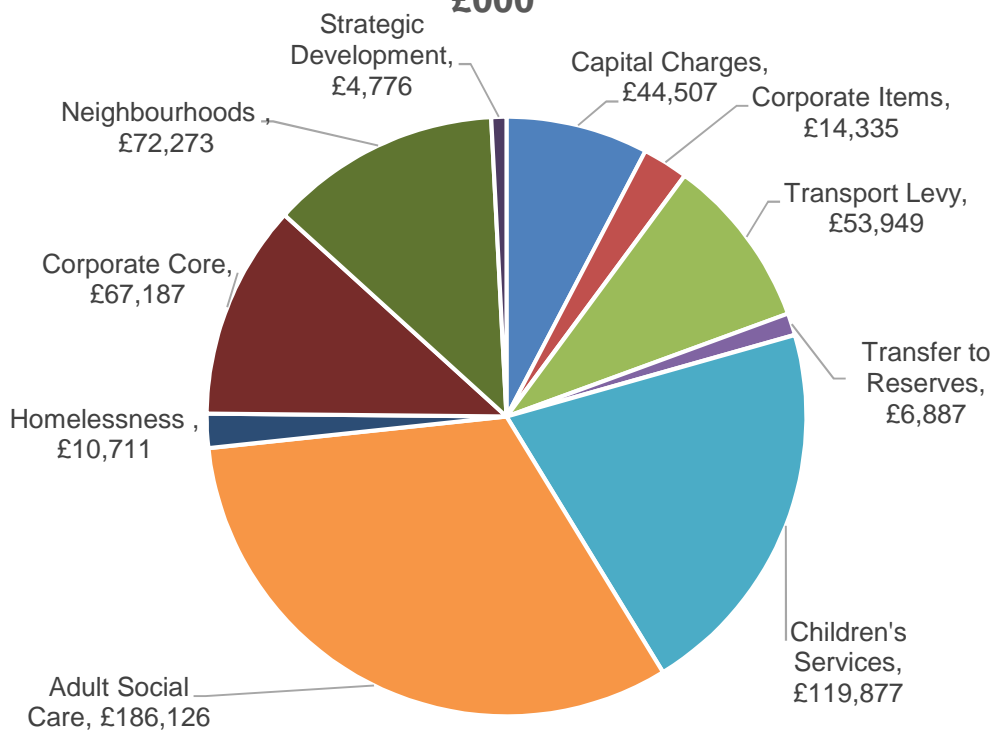
**Manchester City Council  
Annual Statement of Accounts 2018/19**

the level of risk faced by the Council. The following pie charts show the net resources available and net revenue expenditure in diagrammatic form.

**Net Resources Available  
£000**



**Net Use of Resources  
£000**



**Manchester City Council**  
**Annual Statement of Accounts 2018/19**

The available resources are £1.8m higher than assumed in the budget and this is mainly due to the receipt of additional dividend income during the year.

**Corporate budgets** include capital financing costs, insurance costs, contingency funds, and budgets such as for managing the costs of inflation and rising demand for services, which are then allocated to Directorates when they are required, levies and any planned transfers to reserves. The underspend on the Corporate budgets totals £2.6m. This partly relates to the release of unallocated budget held until year end in case of any unforeseen pressures.

The net position on Directorate budgets is an overspend of £4.7m. The main reasons are as follows:-

- The overall position for Children's Services is an overspend of £7m. This mainly relates to placement costs for our looked after children where both the numbers requiring care and the cost of that care have increased and the costs of supporting those leaving care.
- Adults Social Care have an overspend of £3.2m due to the increased need to provide services for people with mental health needs and learning disabilities.
- The budget for homelessness services overspent by £1.1m largely due to the increased numbers and cost pressures for bed and breakfast accommodation and Homelessness Prevention.
- The Corporate Core has an underspend of £3.5m. This mainly relates to staffing savings and a reduced bad-debt provision.
- The overall position Neighbourhoods is an underspend of £0.6m. This mainly relates to staffing savings and the receipt of additional income for parks, leisure and events, bereavement services and pest control.
- Strategic Development has an underspend of £2.5m; this is mainly reported in the Investment Estate underspend of £1.759m due to increased rental income for land used for car parking and business rate refunds for Heron House and the Arndale Centre.

The Council also operates a Housing Revenue Account (HRA) which contains the costs of owning and maintaining properties that are let to tenants and rental income from these 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 15,891 dwellings during 2018/19. The final outturn position for the HRA is a favourable variation of £11.064m which largely relates to funding for the capital programme that will now be required in the next financial year.

The HRA figures are included within the Comprehensive Income and Expenditure Statement, however, there is also a separate HRA Income and Expenditure Statement within the accounts.

The Comprehensive Income and Expenditure Statement (CIES) also includes items that do not form part of the Council's revenue budget such as depreciation and is therefore different to the spend per Directorate in the table is different to that shown in the Comprehensive Income and Expenditure Statement. The Expenditure and Funding Analysis Note within the accounts shows the reasons for the differences in

**Manchester City Council**  
**Annual Statement of Accounts 2018/19**

the Directorate figures reported in the CIES and those included in the outturn report to Executive.

The Movement in Reserves Statement shows the removal of these items as they are an accounting entry and not a true cost to the Council. It also shows the change in the general fund reserves. A reconciliation showing the outturn position and the change in general reserves is shown later in the narrative report.

### Capital Expenditure

The capital budget was approved as part of the suite of budget reports presented to Council in March 2019. Changes to the budget are reported to Executive either as capital update reports or as separate stand-alone reports. Capital spend is reported to Executive in quarterly capital budget monitoring reports. The sources of capital funding are approved when the capital budget is set. In 2018/19 the final position for the year end 31 March 2019 was reported to Resources and Governance Scrutiny Committee and Audit Committee as well as to Executive.

Capital expenditure relates to spend on the purchase or improvement of assets that have a long-term value to the Council, like land and buildings. The Council and its residents receive a benefit from the capital expenditure invested in the assets for a long period of time (more than one year). In contrast, revenue expenditure is spent on the day to day running costs of the Council which includes repair and maintenance costs needed to keep existing capital assets in working order but where benefits are shorter term, usually for up to just one year.

Capital expenditure has to be financed from one of the following sources:

- Borrowing.
- Grants or contributions from the Government or another third party.
- Use of the HRA Major Repairs Reserve.
- Capital receipts which are proceeds from the sale of capital assets or the repayment of capital loans.
- Contributions from revenue funding (revenue contributions).

### Capital Spend

The Council spent £452.8m on capital related projects in 2018/19, which is summarised in the following tables. This was against a latest budget position of £495.8m with the majority of unused budget being re-profiled into future years.

At the end of the year we had underspent against our Capital Budget by £43.0m.

The underspend for the Council is largely due to the timing of spend for Strategic Development which will now be incurred in 2019/20. Most of the remaining underspend relates to the reassessment of the timing of spend, whereby the spending will take place in 2019/20.

**Manchester City Council**  
**Annual Statement of Accounts 2018/19**

| Project Name  | Outturn<br>(31 March<br>2019) |
|---|-------------------------------|
|   |                               |
| <b>Highways Planned Maintenance Programme</b>       | 17,314                        |
| Manchester/Salford Inner Relief Road (MSIRR)        | 3,728                         |
| Street Lighting PFI                                 | 12,124                        |
| SEMMMS A6 Stockport                                 | 2,707                         |
| Other capital projects                              | 2,394                         |
| <b>Total Highways Programme</b>                     | <b>38,267</b>                 |
|   |                               |
| Indoor Leisure - Moss Side                          | 5,529                         |
| Velodrome Track                                     | 642                           |
| Other capital projects                              | 2,744                         |
| <b>Total Neighbourhoods Programme</b>               | <b>8,915</b>                  |
|   |                               |
| The Factory   | 28,404                        |
| Asset Management Programme                          | 7,292                         |
| Strategic Acquisitions Programme                    | 10,408                        |
| Civic Quarter Heat Network                          | 2,936                         |
| Estates Transformation - Hulme District Office      | 4,446                         |
| Ross Place Refurbishment                            | 1,266                         |
| <b>Development Programme - East Manchester</b>      |                               |
| Digital Asset Base - One Central Park               | 6,733                         |
| Eastern Gateway - New Islington Marina              | 1,549                         |
| <b>Development Programme - City Centre</b>          |                               |
| City Labs 2   | 1,652                         |
| Manchester College                                  | 17,600                        |
| <b>Development Programme - Enterprise Zone</b>      |                               |
| Airport City Power Infrastructure (EZ)              | 2,415                         |
| <b>Development Programme - Stand Alone Projects</b> |                               |
| Digital Business Incubators                         | 1,500                         |
| Other capital projects                              | 14,136                        |
| <b>Total Strategic Development Programme</b>        | <b>100,337</b>                |
|   |                               |
| Our Town Hall refurbishment                         | 8,518                         |
| <b>Total Town Hall Refurbishment Programme</b>      | <b>8,518</b>                  |
|   |                               |
| Private Sector Housing Programme                    |                               |
| Brunswick PFI Land Assembly                         | 2,639                         |
| Disabled Facilities Grant                           | 8,190                         |
| Armitage Nursery & Community Facility               | 1,185                         |
| Extra Care  | 3,555                         |
| Ben St. Regeneration                                | 4,874                         |
| Homelessness  | 5,000                         |
| Other capital projects                              | 1,368                         |

**Manchester City Council**  
**Annual Statement of Accounts 2018/19**

| Project Name   | Outturn<br>(31 March<br>2019) |
|--|-------------------------------|
| <b>Total Private Sector Housing Programme</b>          | <b>26,811</b>                 |
| Public Sector Housing                                  |                               |
| <b>Northwards</b>                                      | 8,670                         |
| North Manchester New Builds                            | 6,213                         |
| Other capital projects                                 | 280                           |
| <b>Total Public Sector Housing (HRA) Programme</b>     | <b>15,163</b>                 |
| Children's Services Programme                          |                               |
| <b>Basic Need Programme</b>                            | 27,308                        |
| <b>Schools Maintenance Programme</b>                   | 2,100                         |
| Other capital projects                                 | 396                           |
| <b>Total Children's Services Programme</b>             | <b>29,804</b>                 |
| ICT Capital Programme                                  |                               |
| New Social Care System                                 | 1,341                         |
| End User Computing                                     | 838                           |
| Other capital projects                                 | 1,549                         |
| <b>Total ICT Programme</b>                             | <b>3,728</b>                  |
| Corporate Capital Programme                            |                               |
| Airport Strategic Investment                           | 124,250                       |
| BioMedical Investment                                  | 4,542                         |
| Other capital projects                                 | 1,229                         |
| <b>Total Corporate Capital Programme</b>               | <b>130,021</b>                |
| <b>Total Manchester City Council Capital Programme</b> | <b>361,563</b>                |
| Projects carried out on behalf of Greater Manchester   |                               |
| Housing Investment Fund                                | 91,161                        |
| <b>Total GM projects</b>                               | <b>91,161</b>                 |
| <b>Total CAPITAL PROGRAMME</b>                         | <b>452,724</b>                |

**Manchester City Council**  
**Annual Statement of Accounts 2018/19**

The following table shows how we funded our **capital spending of £452.8m** in 2018/19 from the different types of income received.

|   | 2018/19      |               |
|---|--------------|---------------|
|   | £m           |               |
|   | <b>MCC</b>   | <b>For GM</b> |
| Borrowing   | 225.4        | 74.6          |
| Government Grants such as Basic Need funding from the Department for Education to fund additional school places     | 76.5         | 0.0           |
| External Contributions such as contributions from Transport for Greater Manchester to support transport initiatives | 12.1         | 0.0           |
| Capital Receipts from the sale of Council properties and loan repayments  | 24.5         | 16.6          |
| HRA Major Repairs Reserve   | 14.1         | 0.0           |
| Revenue Contributions by the Council  | 9.0          | 0.0           |
| <b>Total</b>  | <b>361.6</b> | <b>91.2</b>   |

The Greater Manchester programme is hosted by the Council, but is managed by the Combined Authority which also monitors the projects. The Council is currently working with the Greater Manchester Combined Authority to finalise the novation of a number of Housing Investment Funding projects following the granting of the relevant borrowing power to the Combined Authority.

**Manchester City Council  
Annual Statement of Accounts 2018/19**

## 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 to 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 2018/19 ('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 is recognized 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 is essential as local authorities carry out essential functions to the local community.

**Manchester City Council  
Annual Statement of Accounts 2018/19**

*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 2018/19 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 Accountancy Code of Practice requires that the Council's accounts are set out with the core financial statements grouped together, followed by detailed notes, the supplementary statements and the group accounts.

**The core 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 are followed by three further sections:

- 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 Account 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.



**Manchester City Council  
Annual Statement of Accounts 2018/19**

### 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 over the last few years 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. There are two new accounting standards that are applicable for 2018/19. These are IFRS9 Financial Instruments and IFRS15 Revenue from Contracts with Customers. As part of the preparation of the 2018/19 Statement of Accounts a review of all revenue streams has been undertaken and it has been determined that the adoption of IFRS15 does not have any material impact on the recognition of revenue in the Council's accounts. The 2018/19 accounts fully incorporate the changes introduced by these accounting standards

Accounting policies are set out in note 7 to the financial statements.

### Business Rates 100% Retention Pilot

The ten Greater Manchester authorities including Manchester are able to retain 100% of Business Rates income collected rather than the 50% previously. However any business rates income in excess of Manchester's assessed funding need is still paid back to government to be redistributed but the Council does now retain all of the growth it achieves in its business rates base. Under the new regime Revenue Support Grant and Public Health grant are not be received for 2018/19 but with the assumption that such spend will now be funded by Business Rates income.

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.

As 1% of business rates is transferred to the Greater Manchester Combined Authority (fire and rescue element) the Council retains 99% of business rates in 2018/19.

### 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 2018/19. 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.

As a result of participation in the business rates retention pilot in 2018/19 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.

**Manchester City Council**  
**Annual Statement of Accounts 2018/19**

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 will be 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 2018/19 is shown below:

| Local Authority              | Levy Saving<br>£000 | Retained by Local Authority<br>£000 | Retained by Pool<br>£000 |
|------------------------------|---------------------|-------------------------------------|--------------------------|
| Cheshire West and Chester    | 798                 | 399                                 | 399                      |
| Cheshire East                | 2,746               | 1,373                               | 1,373                    |
|                              |                     |                                     | 1,772                    |
| Less administration costs    |                     |                                     | (20)                     |
| <b>Retained for the Pool</b> |                     |                                     | <b>1,752</b>             |

The amount retained by the Pool has been transferred to the Greater Manchester Combined Authority (GMCA).

**Manchester City Council  
Annual Statement of Accounts 2018/19**

## 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 rather than by the standard service classifications previously required by the Service Reporting Code of Practice (SeRCOP). This format aims to be more 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 12 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
- Corporate expenditure and income.

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 tax payers. (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 £607.686m.

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 of 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 £77.395m.

Corporate Expenditure and Income includes:

- corporate expenditure and income such as interest paid and received, investment property rental income and the change in values of investment properties (net income totalling £40.391m)
- general income due to the Council from Council taxpayers, National Non Domestic ratepayers (NNDR) and general government grants including grants to fund capital expenditure (net income totalling £636.303m).

**Manchester City Council**  
**Annual Statement of Accounts 2018/19**

These three sections are totalled to produce an overall accounting deficit on the provision of services of £8.387m.

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 provision of services to the revaluation of non-current assets;
- impairment losses on non-current assets charged to the revaluation reserve;
- the gain on investments classified as fair value through other comprehensive income;
- re-measurements of the defined benefit pension scheme relating to changes in pension assumptions.

The following table shows the reconciliation from the overall underspend to the accounting deficit reported in the Consolidated Income and Expenditure Statement by adding the notional accounting adjustments shown in the CIES and removing transfers to earmarked reserves.

|  | General Fund<br>£m | HRA<br>£m       | Total<br>£m     |
|--|--------------------|-----------------|-----------------|
| <b>Over / (Under)spend</b>                       | <b>0.293</b>       | <b>(11.064)</b> | <b>(10.771)</b> |
| Budgeted transfer (to) / from general reserves   | (0.031)            | 6.552           | 6.521           |
| <b>Net transfer (to) / from general reserves</b> | <b>0.262</b>       | <b>(4,512)</b>  | <b>(4,250)</b>  |
| Transfers (to) earmarked reserves                | (47.536)           | 0               | (47.536)        |
| Notional accounting adjustments                  | 74.072             | (13.899)        | 60.173          |
| <b>Deficit / (Surplus) per CIES</b>              | <b>26,798</b>      | <b>(18,411)</b> | <b>8,387</b>    |

Note 13 to the accounts shows the notional accounting adjustments that do not affect 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 2017 to 31 March 2019.

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.

It is a requirement placed on all Councils that the level of reserves is reviewed regularly by the City Treasurer and due consideration is given to all local financial

**Manchester City Council**  
**Annual Statement of Accounts 2018/19**

risks and liabilities when doing so. The reserves are fully reported in the Budget Report presented to Full Council each year.

The reserves position for 31 March 2018 has been adjusted for changes as a result of the introduction of IFRS9 Financial Instruments to give a revised position at 1 April 2018.

### Usable Reserves

Usable reserves are defined as those that the Council could utilise to fund capital or revenue expenditure. 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 needs to maintain reserves as, unlike central government borrowing money over the medium-term, other than for investment in assets, is not allowed and there is a requirement to balance budgets on an annual basis.

The increase in usable reserves of £105.147m is mainly due to increases in the usable capital receipts reserve, capital grants unapplied and capital fund reserve to fund capital schemes for the general fund and the HRA, as well as the capital financing reserve which has been set up to fund future increases in borrowing costs as a result of the Council's capital programme. This reflects the significant size of the Council's capital programme, which is c. £1.15bn for the next 5 years, and is a product of timing issues between funding being received and expenditure being incurred.

Reserves have also been set aside to support the financial position from 2019/20 as reporting during the budget setting process. This follows the announcement of additional one off government funding, particularly for social care, made available through the Autumn Budget, Finance Settlement and the GMCA Budget Setting process.

The usable reserves (as reported at Note 44 to the financial statements) are held for the following purposes:

| Type of Reserve   | 31 March 2018<br>£000 | 31 March 2019<br>£000 |
|---|-----------------------|-----------------------|
| <b>CAPITAL</b>  |                       |                       |
| Reserves held for capital purposes including capital receipts and capital grants unapplied        | 90,550                | 142,289               |
| <b>SUB TOTAL</b>  | <b>90,550</b>         | <b>142,289</b>        |
| <b>REVENUE</b>  |                       |                       |
| Statutory reserves that have to be set aside e.g. On street parking reserve, bus lane enforcement | 13,807                | 20,117                |
| Reserves held for PFIs to meet contracted future costs  | 1,976                 | 2,389                 |

**Manchester City Council**  
**Annual Statement of Accounts 2018/19**

| Type of Reserve   | 31 March 2018<br>£000 | 31 March 2019<br>£000 |
|---|-----------------------|-----------------------|
| Reserves held to smooth risk or for assurance including the insurance reserve of £17.6m and airport dividend reserve of £47.1m (the dividend is used a year in arrears) | 79,356                | 100,295               |
| Business Rates Reserves   | 15,204                | 19,189                |
| Revenue reserves held to support capital including the Capital Fund   | 100,072               | 113,389               |
| Reserves held to encourage economic growth or for public sector reform e.g. Our Manchester reserve, Town Hall reserve   | 25,028                | 37,354                |
| Small specific reserves   | 2,424                 | 3,879                 |
| Grants and contributions held to meet expenditure commitments over more than one year   | 17,224                | 8,057                 |
| <b>SUB TOTAL</b>  | <b>255,092</b>        | <b>304,670</b>        |
| Housing Revenue Account reserve (£35.6m earmarked for future PFI payments and other potential liabilities)  | <b>99,939</b>         | <b>104,452</b>        |
| General Fund reserve  | <b>22,307</b>         | <b>22,045</b>         |
| Schools reserves (this belongs to schools and is for their use only)  | <b>27,490</b>         | <b>27,069</b>         |
| <b>TOTAL</b>  | <b>495,378</b>        | <b>600,525</b>        |

### Unusable Reserves

Unusable reserves hold unrealised gains or losses for assets not yet disposed of and also 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 below:

| Unusable Reserve                          | 31 March<br>2018<br>£000s | 31 March<br>2019<br>£000s |
|---|---------------------------|---------------------------|
| Revaluation Reserve                       | 1,115,677                 | 1,181,989                 |
| Available For Sale Reserve                | 12,723                    | 0                         |
| Financial Instruments Revaluation Reserve | 0                         | 13,994                    |
| Pensions Reserve                          | (805,280)                 | (952,607)                 |
| Capital Adjustment Account                | 1,353,139                 | 1,335,376                 |
| Deferred Capital Receipts Reserve         | 2,894                     | 3,760                     |
| Financial Instruments Adjustment Account  | 1,549                     | (1,114)                   |
| Collection Fund Adjustment Account        | 27,301                    | 21,665                    |
| Short-term Accumulated Absences Account   | (6,290)                   | (5,690)                   |
|   | <b>1,701,712</b>          | <b>1,597,373</b>          |

**Manchester City Council**  
**Annual Statement of Accounts 2018/19**

In accordance with IFRS9 Financial Instruments the Available for Sale Reserve is no longer allowable in 2018/19. A new reserve has been established (the Financial Instruments Revaluation Reserve) which contains accumulated gains and losses relating to financial assets classed as Fair Value through Other Comprehensive Income (FVOCI).

The negative pensions reserve of £952.6m has increased by £147.3m from the previous year. This matches the pension liability in the balance sheet as measured under International Accounting Standard (IAS) 19.

The purpose of IAS19 is to create a comparison of the pension obligations of different employers. The IAS19 calculations are carried out using a prescribed method which is different to the formal actuarial triennial valuations of the fund. IAS19 valuations have no effect on the level of contributions that need to be paid into the fund which are set by the triennial actuarial valuation. 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 £0.809m during 2018/19.

The increase in usable reserves is mainly due to:

- £9m increase in the airport dividend reserve which will support the 2019/20 revenue budget.
- £52m increase in reserves held for capital purposes namely capital receipts and capital grants
- £17m increase in the capital fund and capital financing reserve due to capital expenditure being delayed into future years. This reserve will be used to support future capital schemes.
- £5m increase in HRA reserves due to delays in capital expenditure funded from revenue resources.

The reduction in unusable reserves of £104.3m is mainly due to:

- £147.3m increase in the minus pension reserve following the IAS19 actuarial valuation of the pension liability as outlined above
- £17.8m decrease 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 partly offset by
- £66.3m increase in revaluation reserve from the revaluations of non-current assets, during 2018/19 mainly in relation to council dwellings and other land and buildings.

The increase in the net worth is matched by an increase in value of net assets of the Council of £0.808m.

### **The Council's Balance Sheet**

The Balance Sheet shows a summary of the Council's financial position as at the 31 March 2019, 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.

**Manchester City Council  
Annual Statement of Accounts 2018/19**

| Assets                    | £000s                           | Liabilities                        | £000s            |
|---------------------------|---------------------------------|------------------------------------|------------------|
| Council Dwellings         | 605,069                         | Borrowing                          | 733,515          |
| Other Land and Buildings  | 1,919,561                       | Provisions for Future Liabilities  | 258,942          |
| Heritage Assets           | 538,272                         | Liability for Pension Scheme       | 952,607          |
| Investment Properties     | 422,814                         | Capital Grants Received in Advance | 19,290           |
| Other Assets              | 126,441                         | Money owed by the Council          | 171,165          |
| Investments               | 149,131                         |                                    |                  |
| Money owed to the Council | 572,129                         |                                    |                  |
| <b>Total</b>              | <b>4,333,417</b>                | <b>Total</b>                       | <b>2,135,519</b> |
|                           | <b>Net Worth of the Council</b> |                                    | <b>2,197,898</b> |

The net worth of the Council is £2,197.898m. This is split between usable reserves of £600.525m and unusable reserves of £1,597.373m.

### Cash Flow Statement

This summarises the total movement on Cash and Cash equivalents during the year for revenue and capital purposes.

### 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.



**Manchester City Council  
Annual Statement of Accounts 2018/19**

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.

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 reconciliation of the single entity surplus to the group deficit / surplus, the Group Balance Sheet, the Group Cash Flow Statement and notes to the Group Accounts.

#### 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 or decrease in the year, on the basis upon which rents are raised, is shown in the movement on the Housing Revenue Account Statement.

**Manchester City Council**  
**Annual Statement of Accounts 2018/19**

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 (NDR) 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 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.

**Borrowing Limit**

In 2018/19 the Council had an authorised limit for borrowing of £1,670.8m (£1,454.8m for external debt and £216.0m for other long term liabilities such as PFIs and finance leases). The actual level of external debt at 31 March 2019 is £733.513m.

During 2018/19 the Council borrowed £150m from the Public Work Loans Board (PWLb). This is the first time for some years that the Council has significantly increased external debt, and reflected the need to fund the Council's capital programme including Highways works, the Our Town Hall project, the Factory project and investment in the Airport. Further debt was taken from the HCA and Salix. The Council also transferred the loan from MHCLG for the Housing Investment Fund to the Greater Manchester Combined Authority, which in return provided a temporary loan to the Council for the Housing Investment Fund investments which have not novated to the Combined Authority yet. The Council had held the debt on behalf of the Combined Authority until the Authority received the relevant borrowing powers, which were enacted during the financial year, allowing the Council to transfer it. The Council also repaid c. £48m of market debt which was due for repayment.

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

|                      | 2017/18<br>£000s | 2018/19<br>£000s |
|----------------------|------------------|------------------|
| Long-term Borrowing  | 482,531          | 607,232          |
| Short-term Borrowing | 51,948           | 126,283          |
| <b>Total</b>         | <b>534,479</b>   | <b>733,515</b>   |

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

Whilst the 2018/19 Capital Programme was funded notionally by borrowing of £300m, the debt outstanding on the balance sheet at 31 March 2019 has increased by £199m as the Council's Treasury Management Strategy is to use cash backed reserves, i.e. internal borrowing, in lieu of external borrowing where possible.

This is due to historic low interest rates not providing the Council with value on its investments as borrowing rates are substantially higher than investment returns.

**Manchester City Council  
Annual Statement of Accounts 2018/19**

### 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 2019 had reduced by £23.3m from 31 March 2018.

### Major Acquisitions and Disposals

The Council's significant acquisitions of non-current assets during 2018/19 included;  
The former Precision Plate Printing site in East Manchester £4.8m  
The former Spire Hospital site in Whalley Range £4.6m

Significant disposals in 2018/19 included schools which transferred to academy status. Their value upon disposal was £16.7m. Other significant disposals were:

Land at Angel Meadows £2.8m  
Part of the former Stagecoach Bus Depot in Moss Side £1.4m  
Land at the rear of the Irish World Heritage Centre £1m

### Investment in Manchester Airport Group

The Council's shareholding remains at 35.5%. The Council receives significant dividend income during the year from this investment. This is a key item of funding in the Council's Medium Term Financial Plan (MTFP).

### 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 2019, the Housing Energy Services, 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 (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 14.

**Manchester City Council  
Annual Statement of Accounts 2018/19**

### 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 – during 2006/07 the Council established a partnership arrangement with Morrison PLC for the provision of building maintenance services for the Council and Northwards Housing.
- 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.
- Car Parks Partnership – the Council has entered into a partnership with National Car Parks Limited to manage its car parks.
- 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.

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 2018/19

**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)

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 2019 and their income and expenditure for the year ended 31 March 2019



Carol Culley  
Deputy Chief Executive and City Treasurer  
31 May 2019

**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 narrative report.

| Restated 2017/18 Gross Expenditure £000s | Restated 2017/18 Gross Income £000s | Restated 2017/18 Net Expenditure £000s | Notes   | 2018/19 Gross Expenditure £000s | 2018/19 Gross Income £000s | 2018/19 Net Expenditure £000s |
|--|-------------------------------------|--|---|---------------------------------|----------------------------|-------------------------------|
| 235,608                                  | 55,615                              | 179,993                                | <b>Continuing operations</b>  | 248,592                         | 55,253                     | 193,339                       |
| 22,344                                   | 15,019                              | 7,325                                  | Adults Social Care  | 31,396                          | 20,338                     | 11,058                        |
| 575,242                                  | 422,129                             | 153,113                                | Homelessness  | 558,948                         | 401,684                    | 157,264                       |
| 384,891                                  | 299,873                             | 85,018                                 | Children's Services   | 339,617                         | 248,000                    | 91,617                        |
| 144,798                                  | 51,250                              | 93,548                                 | Corporate Core  | 178,891                         | 76,042                     | 102,849                       |
| 72,496                                   | 27,649                              | 44,847                                 | Neighbourhoods  | 96,043                          | 41,944                     | 54,099                        |
| 6,820                                    | 8,855                               | (2,035)                                | Strategic Development   | 6,155                           | 4,278                      | 1,877                         |
| 11,296                                   | 0                                   | 11,296                                 | Corporate Items   | 17,937                          | 0                          | 17,937                        |
| 57,758                                   | 87,304                              | (29,546)                               | Council Wide Costs  | 63,867                          | 86,221                     | (22,354)                      |
| <b>1,511,253</b>                         | <b>967,694</b>                      | <b>543,559</b>                         | Housing Revenue Account   | <b>1,541,446</b>                | <b>933,760</b>             | <b>607,686</b>                |
|  |                                     |  | <b>Net cost of services</b>   |                                 |                            |                               |
| 12,994                                   | 7,261                               | 5,733                                  | <b>Other operating expenditure</b>  | 12,946                          | 7,215                      | 5,731                         |
| 69,256                                   | 0                                   | 69,256                                 | Loss on disposal of non-current assets  | 69,097                          | 0                          | 69,097                        |
| 2,553                                    | 0                                   | 2,553                                  | Levies not included in net cost of services   | 2,567                           | 0                          | 2,567                         |
| <b>84,803</b>                            | <b>7,261</b>                        | <b>77,542</b>                          | Payments to government housing capital receipts pool  | <b>84,610</b>                   | <b>7,215</b>               | <b>77,395</b>                 |
| 133,164                                  | 192,866                             | (59,702)                               | <b>Total other operating expenditure</b>  | 173,292                         | 213,683                    | (40,391)                      |
| 0  | 597,413                             | (597,413)                              | Financing and investment income and expenditure   | 0                               | 636,303                    | (636,303)                     |
| <b>1,729,220</b>                         | <b>1,765,234</b>                    | <b>(36,014)</b>                        | Taxation and non-specific grant income and expenditure  | <b>1,799,348</b>                | <b>1,790,961</b>           | <b>8,387</b>                  |
|  |                                     |  | <b>(Surplus) / Deficit on provision of services</b>   |                                 |                            |                               |
|  |                                     |  | <b>Items that will not be subsequently classified in (Surplus) of Provision of Services</b>                             |                                 |                            |                               |
|  | (188,417)                           | 10,977                                 | (Surplus) on revaluation of property, plant and equipment assets  |                                 |                            | (98,626)                      |
|  | 0                                   | 0                                      | Impairment losses on non-current assets charged to the Revaluation Reserve  |                                 |                            | 6,682                         |
|  |                                     |  | (Surplus) or deficit from investments in equity instruments designated at fair value through other comprehensive income |                                 |                            | (2,738)                       |
|  | (89,658)                            | (89,658)                               | Re-measurements of the net defined benefit liability  |                                 |                            | 85,487                        |
|  |                                     |  | <b>Items that will be subsequently classified in (Surplus) of Provision of Services</b>                                 |                                 |                            |                               |
|  | (6,410)                             | (6,410)                                | (Surplus) on revaluation of available for sale financial assets   |                                 |                            | 0                             |
|  | <b>(273,508)</b>                    | <b>(273,508)</b>                       | <b>Total other comprehensive income and expenditure</b>   |                                 |                            | <b>(9,195)</b>                |
|  | <b>(309,522)</b>                    | <b>(309,522)</b>                       | <b>Total comprehensive income and expenditure</b>   |                                 |                            | <b>(808)</b>                  |

Page 94



Carol Cullley  
Deputy Chief Executive and City Treasurer

**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 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.

|   | Note      | General Fund Reserves<br>£000s | Housing Revenue Account<br>£000s | Capital Receipts Reserve<br>£000s | Capital Grants Unapplied<br>£000s | Major Repairs Reserve<br>£000s | Total Usable Reserves<br>£000s | Total Unusable Reserves<br>£000s | Total Council Reserves<br>£000s |
|---|-----------|--------------------------------|----------------------------------|-----------------------------------|-----------------------------------|--------------------------------|--------------------------------|----------------------------------|---------------------------------|
| <b>Balance at 1 April 2017</b>  |           | <b>(255,036)</b>               | <b>(90,991)</b>                  | <b>(39,135)</b>                   | <b>(22,494)</b>                   | <b>(1,383)</b>                 | <b>(409,038)</b>               | <b>(1,478,529)</b>               | <b>(1,887,567)</b>              |
| <b>Movement in reserves during 2017/18</b>  |           |                                |                                  |                                   |                                   |                                |                                |                                  |                                 |
| Total comprehensive income and expenditure  | CIES      | (9,672)                        | (26,342)                         | 0                                 | 0                                 | 0                              | (36,014)                       | (273,508)                        | <b>(309,522)</b>                |
| Adjustments between accounting basis and funding basis under regulations              | 5b and 13 | (40,183)                       | 17,394                           | (32,885)                          | 3,965                             | 1,383                          | (50,326)                       | 50,326                           | <b>0</b>                        |
| (Increase) or decrease in year  |           | <b>(49,855)</b>                | <b>(8,948)</b>                   | <b>(32,885)</b>                   | <b>3,965</b>                      | <b>1,383</b>                   | <b>(86,340)</b>                | <b>(223,182)</b>                 | <b>(309,522)</b>                |
| <b>Balance at 31 March 2018</b>   |           | <b>(304,890)</b>               | <b>(99,939)</b>                  | <b>(72,020)</b>                   | <b>(18,528)</b>                   | <b>(0)</b>                     | <b>(495,378)</b>               | <b>(1,701,712)</b>               | <b>(2,197,090)</b>              |
| <b>Re-classification as a result of introduction of IFRS9 (financial instruments)</b> |           | <b>(1,622)</b>                 | <b>0</b>                         | <b>0</b>                          | <b>0</b>                          | <b>0</b>                       | <b>(1,622)</b>                 | <b>1,622</b>                     | <b>0</b>                        |
| <b>Balance at 1 April 2018</b>  |           | <b>(306,512)</b>               | <b>(99,939)</b>                  | <b>(72,020)</b>                   | <b>(18,528)</b>                   | <b>(0)</b>                     | <b>(497,000)</b>               | <b>(1,700,090)</b>               | <b>(2,197,090)</b>              |
| <b>Movement in reserves during 2018/19</b>  |           |                                |                                  |                                   |                                   |                                |                                |                                  |                                 |
| Total comprehensive income and expenditure  | CIES      | 26,798                         | (18,411)                         | 0                                 | 0                                 | 0                              | <b>8,387</b>                   | <b>(9,195)</b>                   | <b>(808)</b>                    |
| Adjustments between accounting basis and funding basis under regulations              | 5b and 13 | (74,070)                       | 13,898                           | (9,840)                           | (38,988)                          | (2,913)                        | <b>(111,914)</b>               | <b>111,914</b>                   | <b>(0)</b>                      |
| (Increase) or decrease in year  |           | <b>(47,272)</b>                | <b>(4,513)</b>                   | <b>(9,840)</b>                    | <b>(38,988)</b>                   | <b>(2,913)</b>                 | <b>(103,527)</b>               | <b>102,719</b>                   | <b>(808)</b>                    |
| <b>Balance at 31 March 2019</b>   |           | <b>(353,784)</b>               | <b>(104,452)</b>                 | <b>(81,860)</b>                   | <b>(57,516)</b>                   | <b>(2,913)</b>                 | <b>(600,525)</b>               | <b>(1,597,373)</b>               | <b>(2,197,898)</b>              |

666666

## 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 current and preceding financial year

| 31 March<br>2018<br>£000s |   | Note    | 31 March<br>2019<br>£000s |
|---------------------------|---|---------|---------------------------|
|                           | <b>Non-current assets</b>   |         |                           |
| 2,422,022                 | Property, plant and equipment                                       | 24      | 2,524,630                 |
| 539,254                   | Heritage assets   | 27      | 538,272                   |
| 414,985                   | Investment properties   | 33      | 422,814                   |
| 284                       | Intangible non-current assets                                       |         | 352                       |
| 134,449                   | Long-term investment in subsidiaries, associates and joint ventures | 36      | 136,096                   |
| 7,973                     | Other long-term investments   | 36      | 13,035                    |
| 197,272                   | Long-term debtors   | 37      | 299,652                   |
| <b>3,716,239</b>          | <b>Total non-current assets</b>                                     |         | <b>3,934,851</b>          |
|                           | <b>Current assets</b>   |         |                           |
| 8,945                     | Short-term investments  | 36      | 9,017                     |
| 537                       | Inventories and long-term contracts                                 |         | 478                       |
| 161,396                   | Short-term debtors  | 37      | 272,477                   |
| 127,792                   | Cash and cash equivalents   | 53      | 104,477                   |
| 10,414                    | Short-term assets held for sale                                     | 29      | 11,773                    |
| 481                       | Intangible current assets   | 38      | 344                       |
| <b>309,565</b>            | <b>Total current assets</b>   |         | <b>398,566</b>            |
| <b>4,025,804</b>          | <b>Total assets</b>   |         | <b>4,333,417</b>          |
|                           | <b>Current liabilities</b>  |         |                           |
| (51,948)                  | Short-term borrowing  | 43      | (126,283)                 |
| (178,964)                 | Short-term creditors  | 39      | (169,805)                 |
| (38,320)                  | Short-term provisions   | 42      | (32,430)                  |
| (15,538)                  | Short-term deferred liabilities                                     | 41      | (15,137)                  |
| <b>(284,770)</b>          | <b>Total current liabilities</b>                                    |         | <b>(343,655)</b>          |
| <b>3,741,034</b>          | <b>Total assets less current liabilities</b>                        |         | <b>3,989,762</b>          |
|                           | <b>Long-term liabilities</b>  |         |                           |
| (1,096)                   | Long-term creditors   | 39      | (1,360)                   |
| (62,839)                  | Long-term provisions  | 42      | (63,098)                  |
| (482,531)                 | Long-term borrowing   | 40 & 43 | (607,232)                 |
| (150,617)                 | Long-term deferred liabilities                                      | 41      | (148,277)                 |
| (41,581)                  | Capital grants receipts in advance                                  | 39      | (19,290)                  |
| (805,280)                 | Pensions liability  | 47      | (952,607)                 |
| <b>(1,543,944)</b>        | <b>Total long-term liabilities</b>                                  |         | <b>(1,791,864)</b>        |
| <b>2,197,090</b>          | <b>Net assets</b>   |         | <b>2,197,898</b>          |
|                           | <b>Financed by:</b>   |         |                           |
| 495,378                   | Usable reserves   | 44      | 600,525                   |
| 1,701,712                 | Unusable reserves   | 45      | 1,597,373                 |
| <b>2,197,090</b>          | <b>Total reserves</b>   |         | <b>2,197,898</b>          |



Carol Culley  
Deputy Chief Executive and City Treasurer

31 May 2019



**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).

| 2017/18<br>£000s |  | Note | 2018/19<br>£000s |
|------------------|--|------|------------------|
| (36,014)         | Net (surplus) / deficit on the provision of services   |      | 8,387            |
| (163,180)        | Adjustments to net (surplus) / deficit on the provision of services for non-cash movements                                   | 54   | (252,618)        |
| 183,420          | Adjustments for items included in the net (surplus) on the provision of services that are investing and financing activities | 55   | 148,286          |
| <b>(15,774)</b>  | <b>Net cash flows from operating activities</b>  |      | <b>(95,945)</b>  |
| (27,669)         | Investing activities   | 57   | 292,813          |
| 11,971           | Financing Activities   | 58   | (173,553)        |
| <b>(31,472)</b>  | <b>Net (increase) or decrease in cash and cash equivalents</b>   |      | <b>23,315</b>    |
| 96,320           | Cash and cash equivalents at the beginning of the reporting period   |      | 127,792          |
| <b>127,792</b>   | <b>Cash and cash equivalents at the end of the reporting period</b>  | 53   | <b>104,477</b>   |

## Notes to the Core Financial Statements

|         |  |
|---------|--|
| Note 1  | Reclassification and remeasurement of financial assets at 1 April 2018   |
| Note 2  | Corporate Items  |
| Note 3  | Council Wide Costs   |
| Note 4  | Expenditure and Funding Analysis   |
| Note 5  | Note to the Expenditure and Funding Analysis   |
| Note 6  | Prior Period Restatement   |
| Note 7  | Accounting Concepts and Policies   |
| Note 8  | Critical Accounting Judgements   |
| Note 9  | Key Sources of Estimation Uncertainty  |
| Note 10 | Impact of Accounting Changes that have been issued but not yet adopted   |
| Note 11 | Significant items warranting additional disclosure   |
| Note 12 | Expenditure and Income Analysis  |
| Note 13 | Adjustments between accounting and funding basis under regulations   |
| Note 14 | Long-Term Contracts  |
| Note 15 | Trading Operations   |
| Note 16 | National Health Services Act 2006 Pooled Funds   |
| Note 17 | Financing and investment income and expenditure  |
| Note 18 | Taxation and non-specific grant income   |
| Note 19 | Revenue grants credited to the Comprehensive Income and Expenditure Statement  |
| Note 20 | Members Allowances   |
| Note 21 | Officers' Emoluments and Senior Employees' Remuneration  |
| Note 22 | Exit Packages  |
| Note 23 | Audit Fees   |
| Note 24 | Property, Plant and Equipment  |
| Note 25 | Disposal of Assets   |
| Note 26 | Accounting for Local Government Schools  |
| Note 27 | Heritage Assets  |
| Note 28 | Valuation of Property, Plant and Equipment   |
| Note 29 | Assets Held for Sale   |
| Note 30 | Assets Recognised Under PFI and Similar Arrangements   |
| Note 31 | Assets Held as Lessee  |
| Note 32 | Assets Held as Lessor  |
| Note 33 | Investment Properties  |
| Note 34 | Capital Expenditure and Capital Financing  |
| Note 35 | Contracted Capital Commitments   |
| Note 36 | Investments  |
| Note 37 | Debtors and Payments in Advance  |
| Note 38 | Intangible Current Assets  |
| Note 39 | Creditors and Receipts in Advance  |
| Note 40 | Analysis of Long-term Borrowing  |
| Note 41 | Deferred Liabilities   |
| Note 42 | Provisions   |
| Note 43 | Financial Instruments  |
| Note 44 | Usable Reserves  |
| Note 45 | Unusable Reserves  |
| Note 46 | Dedicated Schools Grant  |
| Note 47 | Local Government Pension Scheme  |
| Note 48 | Teachers' Pension Scheme   |
| Note 49 | National Health Service Pension Scheme   |
| Note 50 | Contingent Assets and Liabilities  |
| Note 51 | Related Party Transactions   |
| Note 52 | Trust Funds  |
| Note 53 | Analysis of Cash and Cash Equivalents  |
| Note 54 | Cash Flow Statement - Adjustments to net surplus on the provision of services for non-cash movements   |
| Note 55 | Cash Flow Statement - Adjustments for items included in the net surplus on the provision of services that are investing and financing activities |
| Note 56 | Cash Flow Statement - Operating Activities   |
| Note 57 | Cash Flow Statement - Investing Activities   |
| Note 58 | Cash Flow Statement - Financing Activities   |
| Note 59 | Cash Flow Statement - Reconciliation of liabilities arising from Financing Activities  |
| Note 60 | Events after the Balance Sheet Date  |
| Note 61 | Authorisation for Issue of the Statement of Accounts   |

**Note 1. Reclassification and remeasurement of financial assets at 1 April 2018**

This note shows the effect of the reclassification of financial assets following the adoption of IFRS9 Financial Instruments by the 2018/19 Code of Practice on Local Authority Accounting and the revised valuations at 1 April 2018 compared to those previously shown at 31 March 2018 in the 2017/18 published accounts.

|  | Carrying amount brought forward at 1 April £000 | New classification at 1 April 2018 |  |  |
|--|---|------------------------------------|--|--|
|  |   | Amortised Cost £000                | Fair Value through other comprehensive income £000 | Fair Value through profit or loss £000 |
| <b>Previous classifications</b>                    |   |                                    |  |  |
| Loans and receivables                              | 317,019   | 218,023                            | 0  | 98,997                                 |
| Available for sale                                 | 18,408  | 0                                  | 16,275   | 2,133                                  |
| Financial instruments adjustment - MMC             | 154   | 0                                  | 154  | 0                                      |
| Unquoted equity investment at cost less impairment | 1,306   | 0                                  | 1,306  | 0                                      |
| Reclassified amounts at 1 April 2018               |   | 218,023                            | 17,735   | 101,130                                |
| Impairments at 1 April 2018                        |   | (572)                              | 0  | 0                                      |
| <b>Remeasured carrying amounts at 1 April 2018</b> |   | <b>217,451</b>                     | <b>17,735</b>                                      | <b>101,130</b>                         |

**Effect of reclassification and measurement on the balance sheet**

The table below shows how the new balances at 1 April 2018 for financial assets are incorporated into the balance sheet.

|  | New classification at 1 April 2018 |  |  |  |  |
|--|------------------------------------|--|--|--|--|
|  | Amortised Cost £000                | Fair Value through other comprehensive income £000 | Fair Value through profit or loss £000 | Non financial instrument balances £000 | Total Balance Sheet carrying amount £000 |
| <b>Remeasured carrying amounts at 1 April 2018</b> | <b>217,451</b>                     | <b>17,735</b>                                      | <b>101,130</b>                         | <b>300,940</b>                         | <b>637,256</b>                           |
| Short term investments (a)                         | 8,945                              | 0  | 0                                      | 0                                      | 8,945                                    |
| Long term investments (b)                          | 0                                  | 17,735   | 2,133                                  | 122,554                                | 142,422                                  |
| Short term debtors                                 | 7,611                              | 0  | 98,997                                 | 54,788                                 | 161,396                                  |
| Long term debtors                                  | 73,103                             | 0  | 0                                      | 123,598                                | 196,701                                  |
| Cash and cash equivalents                          | 127,792                            | 0  | 0                                      | 0                                      | 127,792                                  |

(a) The short term investments relate to investments with Bank of Scotland and HSBC. These have been reclassified from loans and receivables to amortised cost as they are held to collect cash flows and the cash flows are solely principal and interest.

(b) The details of long term investments are shown in note 36.

The equity investments in Manchester Airport Holdings Ltd (£112.354m) and Destination Manchester Ltd (£10.2m) are classed as non financial instrument balances as these companies are included within the Group Accounts.

The other equity investments are held to collect cash flows but those cash flows are in the form of dividends and are therefore not solely principal and interest. As a result of these type of cash flows the investments initially fall within the Fair Value through Profit or Loss category. With the exception of two investments in M&G dividend funds the Council has applied its discretion to designate these investments as Fair Value through Other Comprehensive Income as they are considered to be strategic investments. Long term investments were previously classed as available for sale, unquoted equity held at cost less impairment or within the financial instruments adjustment account.

The details of short and long term debtors are shown in note 37.

Debtors relating to Manchester Airport Holdings Ltd, Destination Manchester Ltd, prepayments, taxation, business rates and council tax are not classed as financial instruments. The other short term debtors have been reclassified from loans and receivables to fair value through profit or loss as they are held to collect cash that is not principal and interest.

Long term debtors that are classed as financial instruments have been reclassified from loans and receivables to amortised cost as the cash received relating to these debtors is solely principal and interest.

Cash and cash equivalents have been re-categorised from loans and receivables to amortised cost.

#### Reclassification and measurement of impairment losses at 1 April 2018

This table shows the impairment loss allowances as a result of the reclassification of financial assets for those assets classed as amortised cost.

|   | Amortised cost<br>£000 |
|---|------------------------|
| Impairment allowance brought forward from 1 April 2018                      | (572)                  |
| Remeasurement from incurred losses to expected losses basis at 1 April 2018 | 0                      |
| <b>Impairment loss allowance at 1 April 2018</b>                            | <b>(572)</b>           |

All assets classed as amortised cost have been assessed for impairment. Where there has been no significant increase in credit risk since the loan was given the amount included as impairment is 12 months expected credit losses i.e. the likelihood of default by the borrower over the next 12 months.

Where there is a significant increase in credit risk since the asset was recognised the amount included as impairment is the lifetime expected credit losses i.e. the estimated amount of default over the life of the asset.

The asset would become impaired if the debtor fails to meet its obligations i.e. failure to pay principal or interest due.

**Note 2. Corporate Items**

The table below analyses the figure included in the corporate items line of the Comprehensive Income and Expenditure Statement.

|  | <b>2017/18<br/>£000s</b> | <b>2018/19<br/>£000s</b> |
|--|--------------------------|--------------------------|
| <b>Gross Expenditure</b>   |                          |                          |
| Insurance Costs  | 4,083                    | 3,534                    |
| Apprentice Levy  | 848                      | 905                      |
| Other Central Expenditure  | 1,889                    | 1,716                    |
|  | 6,820                    | 6,155                    |
| <b>Gross Income</b>  |                          |                          |
| Insurance Income   | 1,023                    | 258                      |
| Higher Education Fund Grant  | 1,241                    | 1,178                    |
| Other Grants   | 1,294                    | 93                       |
| Fortuitous Income including events income and business rates refunds on council properties | 3,608                    | 689                      |
| Other Central Income   | 1,689                    | 2,060                    |
|  | 8,855                    | 4,278                    |
| <b>Total Corporate Items</b>   | <b>(2,035)</b>           | <b>1,877</b>             |

**Note 3. Council Wide Costs**

The table below analyses the figure included in the council wide costs line of the Comprehensive Income and Expenditure Statement.

|   | <b>2017/18<br/>£000s</b> | <b>2018/19<br/>£000s</b> |
|---|--------------------------|--------------------------|
| Pensions Past Service Costs                         | 983                      | 1,331                    |
| Financial Asset Impairment in accordance with IFRS9 | 0                        | 1,071                    |
| Depreciation - Non Operational Properties           | 338                      | 571                      |
| Impairment - Non Operational Properties             | 9,975                    | 14,964                   |
| <b>Total Council Wide Costs</b>                     | <b>11,296</b>            | <b>17,937</b>            |

# Manchester City Council Annual Statement of Accounts 2018/19

## Note 4. 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.

| 2017/18   |   |   |  |  | 2018/19   |                        |   |   |  |   |
|---|---|---|--|--|---|------------------------|---|---|--|---|
| Restated As reported to Members                   | Adjustments to arrive at net amount chargeable to the general fund and HRA balances | Net expenditure chargeable to the general fund and HRA balances | Adjustments between funding and accounting basis | Restated Net expenditure in the Comprehensive Income and Expenditure Statement |   | As reported to Members | Adjustments to arrive at net amount chargeable to the general fund and HRA balances | Net expenditure chargeable to the general fund and HRA balances | Adjustments between funding and accounting basis | Net expenditure in the Comprehensive Income and Expenditure Statement |
| £000  | £000  | £000  | £000   | £000   |   | £000                   | £000  | £000  | £000   | £000  |
|   | Note 5a   |   | Note 5b  |  |   |                        | Note 5a   |   | Note 5b  |   |
| 176,664   | (4,214)   | 172,451   | 7,542  | 179,993  | Adult Social Care                                       | 186,126                | (1,022)   | 185,104   | 8,235  | 193,339   |
| 7,772   | (1,484)   | 6,288   | 1,037  | 7,325  | Homelessness  | 10,711                 | (888)   | 9,823   | 1,235  | 11,058  |
| 106,074   | 7,703   | 113,777   | 39,336   | 153,113  | Children's Services                                     | 119,877                | 5,773   | 125,650   | 31,614   | 157,264   |
| 59,946  | 6,024   | 65,970  | 19,048   | 85,018   | Corporate Core  | 67,187                 | 6,881   | 74,068  | 17,549   | 91,617  |
| 106,045   | (52,846)  | 53,199  | 40,349   | 93,548   | Neighbourhoods (a)                                      | 72,273                 | (16,607)  | 55,666  | 47,183   | 102,849   |
| 6,708   | 27,246  | 33,953  | 10,894   | 44,847   | Strategic Development                                   | 4,776                  | 20,664  | 25,440  | 28,659   | 54,099  |
| 8,171   | (10,207)  | (2,036)   | 0  | (2,036)  | Corporate Items   | 13,030                 | (10,082)  | 2,948   | (1,071)  | 1,877   |
| 0   | 0   | 0   | 11,296   | 11,296   | Council Wide Costs                                      | 0                      | 0   | 0   | 17,937   | 17,937  |
| (8,949)   | (3,203)   | (12,152)  | (17,394)   | (29,546)   | Housing Revenue Account                                 | (4,512)                | (3,943)   | (8,455)   | (13,899)   | (22,354)  |
| 462,431   | (30,981)  | 431,450   | 112,108  | 543,558  | Net Cost of Services                                    | 469,468                | 776   | 470,244   | 137,442  | 607,686   |
| (467,461)   | (22,792)  | (490,253)   | (89,319)   | (579,572)  | Other Income and Expenditure                            | (473,718)              | (48,311)  | (522,029)   | (77,270)   | (599,299)   |
|   |   |   |  |  | (Surplus) / Deficit on Provision of Services            |                        |   |   |  |   |
| (5,030)   | (53,773)  | (58,803)  | 22,789   | (36,014)   |   | (4,250)                | (47,535)  | (51,785)  | 60,172   | 8,387   |
| Opening General Fund and HRA Reserves             |   | 346,027   |  |  | Opening General Fund and HRA Reserves IFRS9 restatement |                        |   | 404,830   | 1,622  |   |
| Surplus on General Fund and HRA Reserves in year  |   | 58,803  |  |  | Plus Surplus on General Fund and HRA Reserves in year   |                        |   | 51,785  |  |   |
| Closing General Fund and HRA Reserves at 31 March |   | 404,830   |  |  | Closing General Fund and HRA Balance at 31 March        |                        |   | 458,237   |  |   |

(a) The reason for the reduction for the amount reported to Members for Neighbourhoods between 2017/18 and 2018/19 is mostly due to the reduction in Waste Levy of £35.5m. This was offset by an increase in the Transport Levy.

Adjustments to arrive at the net amount chargeable to the general fund and HRA balances (shown in note 5a) 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), 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 5b) 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 5.

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

**Note 5. Note to the Expenditure and Funding Analysis**

| (a) Adjustments to arrive at net amount chargeable to the general fund and HRA balances<br>2017/18  |  |   |  |  |
|---|--|---|--|--|
| Other Adjustments   | Adjustments<br>relating to other<br>income and<br>expenditure<br>(i)<br>£000 | Adjustments<br>relating to<br>transfers to /<br>from reserves<br>(ii)<br>£000 | Restated<br>Adjustments<br>relating to<br>internal<br>recharges<br>(iii)<br>£000 | Restated<br>Total<br>Adjustments<br>£000 |
| Adults Social Care  | (2,598)  | (1,000)   | (616)  | (4,214)                                  |
| Homelessness  | 44   | 430   | (1,958)  | (1,484)                                  |
| Children's Services   | 4,518  | 5,763   | (2,578)  | 7,703                                    |
| Corporate Core  | 1,742  | 2,743   | 1,539  | 6,024                                    |
| Neighbourhoods  | (48,227)   | (5,327)   | 708  | (52,846)                                 |
| Strategic Development   | 19,349   | 5,376   | 2,521  | 27,246                                   |
| Corporate Items   | (10,298)   | (293)   | 384  | (10,207)                                 |
| Corporate Items   | 0  | 0   | 0  |  |
| Housing Revenue Account   | (3,203)  | 0   | 0  | (3,203)                                  |
| Net Cost of Services  | (38,673)   | 7,692   | 0  | (30,981)                                 |
| Other Income and Expenditure<br>from the Expenditure and<br>Funding Analysis  | 38,673   | (61,465)  | 0  | (22,792)                                 |
| Difference between General<br>Fund and HRA Deficit and<br>Comprehensive Income and<br>Expenditure Statement Deficit<br>on the Provision of Services | 0  | (53,773)  | 0  | (53,773)                                 |

| (a) Adjustments to arrive at net amount chargeable to the general fund and HRA balances<br>2018/19  |  |   |  |                              |
|---|--|---|--|------------------------------|
| Other Adjustments   | Adjustments<br>relating to other<br>income and<br>expenditure<br>(i)<br>£000 | Adjustments<br>relating to<br>transfers to /<br>from reserves<br>(ii)<br>£000 | Adjustments<br>relating to<br>internal<br>recharges<br>(iii)<br>£000 | Total<br>Adjustments<br>£000 |
| Adults Social Care  | 0  | 498   | (1,520)  | (1,022)                      |
| Homelessness  | 0  | (515)   | (373)  | (888)                        |
| Children's Services   | 2,035  | 4,716   | (978)  | 5,773                        |
| Corporate Core  | 3,510  | (1,122)   | 4,493  | 6,881                        |
| Neighbourhoods  | (7,578)  | (6,433)   | (2,596)  | (16,607)                     |
| Strategic Development   | 14,188   | 5,678   | 798  | 20,664                       |
| Corporate Items   | (9,870)  | (388)   | 176  | (10,082)                     |
| Council Wide  | 0  | 0   | 0  | 0                            |
| Housing Revenue Account   | (3,943)  | 0   | 0  | (3,943)                      |
| Net Cost of Services  | (1,658)  | 2,434   | 0  | 776                          |
| Other Income and Expenditure<br>from the Expenditure and<br>Funding Analysis  | 1,658  | (49,969)  | 0  | (48,311)                     |
| Difference between General<br>Fund and HRA Surplus and<br>Comprehensive Income and<br>Expenditure Statement Surplus<br>on the Provision of Services | 0  | (47,535)  | 0  | (47,535)                     |

(i) Adjustments relating to other income 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.

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

| (b) Adjustments between Funding and Accounting Basis 2017/18  |  |                                  |   |                                |                           |
|---|--|----------------------------------|---|--------------------------------|---------------------------|
| Adjustments between funding and accounting basis  | Adjustments for Capital Purposes (i)<br>£000 | Pension Adjustments (ii)<br>£000 | Collection Fund Adjustments (iii)<br>£000 | Other Adjustments (iv)<br>£000 | Total Adjustments<br>£000 |
| Adults Social Care  | 997  | 6,569                            | 0   | (24)                           | 7,542                     |
| Homelessness  | 0  | 1,041                            | 0   | (4)                            | 1,037                     |
| Children's Services   | 18,074                                       | 21,071                           | 0   | 191                            | 39,336                    |
| Corporate Core  | 5,057  | 14,004                           | 0   | (13)                           | 19,048                    |
| Neighbourhoods  | 34,005                                       | 6,350                            | 0   | (6)                            | 40,349                    |
| Strategic Development   | 9,190  | 1,705                            | 0   | (1)                            | 10,894                    |
| Council Wide Costs  | 10,313                                       | 983                              | 0   | 0                              | 11,296                    |
| Housing Revenue Account   | (17,690)                                     | 297                              | 0   | (1)                            | (17,394)                  |
| Net Cost of Services  | 59,946                                       | 52,020                           | 0   | 142                            | 112,108                   |
| Other Income and Expenditure from the Expenditure and Funding Analysis  | (111,014)                                    | 10,264                           | 8,865                                     | 2,566                          | (89,319)                  |
| Difference between General Fund and HRA Deficit and Comprehensive Income and Expenditure Statement Surplus on the Provision of Services | (51,068)                                     | 62,284                           | 8,865                                     | 2,708                          | 22,789                    |

| (b) Adjustments between Funding and Accounting Basis 2018/19  |  |                                  |   |                                |                           |
|---|--|----------------------------------|---|--------------------------------|---------------------------|
| Adjustments between funding and accounting basis  | Adjustments for Capital Purposes (i)<br>£000 | Pension Adjustments (ii)<br>£000 | Collection Fund Adjustments (iii)<br>£000 | Other Adjustments (iv)<br>£000 | Total Adjustments<br>£000 |
| Adults Social Care  | 1,612  | 6,620                            | 0   | 3                              | 8,235                     |
| Homelessness  | 0  | 1,235                            | 0   | 0                              | 1,235                     |
| Children's Services   | 12,404                                       | 19,763                           | 0   | (553)                          | 31,614                    |
| Corporate Core  | 6,430  | 11,118                           | 0   | 1                              | 17,549                    |
| Neighbourhoods  | 39,434                                       | 7,744                            | 0   | 5                              | 47,183                    |
| Strategic Development   | 25,288                                       | 3,382                            | 0   | (11)                           | 28,659                    |
| Corporate Items   | (1,071)                                      | 0                                | 0   | 0                              | (1,071)                   |
| Council Wide Costs  | 16,606                                       | 1,331                            | 0   | 0                              | 17,937                    |
| Housing Revenue Account   | (14,136)                                     | 237                              | 0   | 0                              | (13,899)                  |
| Net Cost of Services  | 86,567                                       | 51,430                           | 0   | (555)                          | 137,442                   |
| Other Income and Expenditure from the Expenditure and Funding Analysis  | (95,839)                                     | 10,412                           | 5,636                                     | 2,521                          | (77,270)                  |
| Difference between General Fund and HRA Surplus and Comprehensive Income and Expenditure Statement Surplus on the Provision of Services | (9,272)                                      | 61,842                           | 5,636                                     | 1,966                          | 60,172                    |

(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 and is held within the Collection Fund.

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



**Note 6. Prior Period Restatement**

The prior period is restated so that 2017/18 is presented in a comparable way to 2018/19.

**Service Expenditure and Income**

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 2017/18 gross income and expenditure figures have been restated to reflect transfers of services between directorates in 2018/19. These include the separation of Homelessness from Adults Social Care, the transfer of Highways from Corporate Core to Neighbourhoods and the transfer of the health visitors budget from Children's Services to Adults Social Care.

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

|                                   | As reported in the<br>2017/18 CIES<br>£000 | Adjustments<br>between<br>internal<br>reporting<br>classifications<br>£000 | As restated<br>2017/18<br>£000 |
|-----------------------------------|--|--|--------------------------------|
| <b>Net Expenditure</b>            |  |  |                                |
| <b>Directorate Line</b>           |  |  |                                |
| Adults Social Care                | 179,553                                    | 440  | 179,993                        |
| Homelessness                      | 0  | 7,325  | 7,325                          |
| Children's Services               | 160,877                                    | (7,764)  | 153,113                        |
| Corporate Core                    | 107,900                                    | (22,882)   | 85,018                         |
| Neighbourhoods                    | 71,317                                     | 22,231   | 93,548                         |
| Strategic Development             | 44,197                                     | 650  | 44,847                         |
| Corporate Items                   | (2,035)                                    | 0  | (2,035)                        |
| Council Wide Costs                | 11,296                                     | 0  | 11,296                         |
| Housing Revenue Account           | (29,546)                                   | 0  | (29,546)                       |
| <b>Total Net Cost of Services</b> | <b>543,559</b>                             | <b>0</b>   | <b>543,559</b>                 |

|   |                  |          |                  |
|---|------------------|----------|------------------|
| <b>Gross Expenditure</b>                            |                  |          |                  |
| <b>Directorate Line</b>                             |                  |          |                  |
| Adults Social Care                                  | 250,187          | (14,579) | 235,608          |
| Homelessness  | 0                | 22,344   | 22,344           |
| Children's Services                                 | 583,006          | (7,764)  | 575,242          |
| Corporate Core                                      | 414,299          | (29,408) | 384,891          |
| Neighbourhoods                                      | 132,602          | 12,196   | 144,798          |
| Strategic Development                               | 55,285           | 17,211   | 72,496           |
| Corporate Items                                     | 6,820            | 0        | 6,820            |
| Council Wide Costs                                  | 11,296           | 0        | 11,296           |
| Housing Revenue Account                             | 57,758           | 0        | 57,758           |
| <b>Total Net Cost of Services Gross Expenditure</b> | <b>1,511,253</b> | <b>0</b> | <b>1,511,253</b> |

|  |                |          |                |
|--|----------------|----------|----------------|
| <b>Gross Income</b>                            |                |          |                |
| <b>Directorate Line</b>                        |                |          |                |
| Adults Social Care                             | 70,634         | (15,019) | 55,615         |
| Homelessness                                   | 0              | 15,019   | 15,019         |
| Children's Services                            | 422,129        | 0        | 422,129        |
| Corporate Core                                 | 306,399        | (6,526)  | 299,873        |
| Neighbourhoods                                 | 61,285         | (10,035) | 51,250         |
| Strategic Development                          | 11,088         | 16,561   | 27,649         |
| Corporate Items                                | 8,855          | 0        | 8,855          |
| Council Wide Costs                             | 0              | 0        | 0              |
| Housing Revenue Account                        | 87,304         | 0        | 87,304         |
| <b>Total Net Cost of Services Gross Income</b> | <b>967,694</b> | <b>0</b> | <b>967,694</b> |

## Manchester City Council Annual Statement of Accounts 2018/19

**Note 7. Accounting Concepts and Policies**

The Statement of Accounts summarises the Council's transactions for the 2018/19 financial year and its position at the year end 31 March 2019. The Council is required to prepare an Annual Statement of Accounts by the Accounts and Audit Regulations 2015 which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (The Code) 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.

**7.1. Underlying Assumptions****7.1.1 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.

This assumption is made because local authorities carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue-raising powers arising at the discretion of central government). If an authority were in financial difficulty, the prospects are that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year. The Code is clear that transfers of services under combinations of public sector bodies (such as local government reorganisation) do not negate the presumption of going concern. However if there are material concerns about the financial health of the authority this would be raised as part of the statutory responsibilities of the Section 151 Officer and by the external auditors as part of the accounts audit process.

The accounts have been prepared on the assumption that the Council will continue and there are no material concerns over its financial position which would impact on this conclusion.

## Manchester City Council Annual Statement of Accounts 2018/19

**7.1.2 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 are examples of legislative accounting requirements which have been applied when compiling these accounts:

- Capital receipts from the disposal of property, plant and equipment are treated in accordance with the provisions of the Local Government Act 2003.
- The Local Government Act 2003 requires the Council to set aside a minimum revenue provision.
- The Housing Revenue Account is compiled following proper practice as defined by the Local Government and Housing Act 1989 and section 21 of the 2003 Act.

**7.2. Accounting Policies****7.2.1 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. Expenditure that is not considered to increase the value of an asset includes fees, expenditure below £10,000 and 60% of the value of expenditure on council dwellings. This percentage is the amount by which the open market value of council dwellings is reduced to give a balance sheet value of 40% (the social housing discount). In addition all property, plant and equipment, where expenditure in excess of £500,000 has been incurred during 2018/19, have been considered by the Council's Valuers who have quantified the amount of downward valuation.

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 assets are then revalued using methods of valuation on the basis recommended by CIPFA and in accordance with the guidance notes issued by the Royal Institution of Chartered Surveyors (RICS).

## Manchester City Council Annual Statement of Accounts 2018/19

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 sufficient 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, in accordance with Ministry of Housing, Communities and Local Government (MHCLG) guidance, at open market value less a specified notified percentage, known as the social housing discount.

Community assets and infrastructure 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 have a valuation date of 1 April 2018. Any material change that occurs after the valuation date is taken account of in the balance sheet value.

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 of Reserves Statement to the Capital Adjustment Account.

## Manchester City Council Annual Statement of Accounts 2018/19

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.

### **7.2.2 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 unless that depreciation is immaterial. 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 considered to be 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.

### **7.2.3 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.

## Manchester City Council Annual Statement of Accounts 2018/19

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.

#### **7.2.4 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:

## Manchester City Council Annual Statement of Accounts 2018/19

- 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.
- Contingent rents (the increase in the amount payable to the operator due to an indexation factor in the contract) - 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 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.

### 7.2.5 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 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

## Manchester City Council Annual Statement of Accounts 2018/19

commensurate with the benefits to the users of the financial statements the assets are not recognised on 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 6.2.8). The proceeds of any disposals are accounted for in accordance with the Council's general provisions relating to the derecognition of property, plant and equipment (policy 6.2.3).

### **7.2.6 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 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.

### **7.2.7 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 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.



## Manchester City Council Annual Statement of Accounts 2018/19

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 at 31 March 2019 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 is allocated between the central council budgets 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 as part of the Children's Services line.

### **7.2.8 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.

## Manchester City Council Annual Statement of Accounts 2018/19

**7.2.9 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 have 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.

Where capital expenditure is incurred through providing loans to organisations, and those loans are indemnified or have financial guarantees protecting against loss, no MRP is charged in relation to the capital expenditure.

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.

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 HRA.

**7.2.10 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 7.2.15c.

## Manchester City Council Annual Statement of Accounts 2018/19

**7.2.11 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.

**7.2.12 Accruals of Income and Expenditure**

Activity is accounted for in the year that it takes place, not when cash payments are made or received. In particular, revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.

Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.

Supplies are recorded as expenditure when they are consumed.

Provision is made for debts that are not considered to be collectable – referred to as impairment of financial assets. This provision 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 provision made.

## Manchester City Council Annual Statement of Accounts 2018/19

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.

### **7.2.13 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.

### **7.2.14 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 classed as either short or long term dependant on the likely date of settlement.

### **7.2.15 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

## Manchester City Council Annual Statement of Accounts 2018/19

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.

#### **7.2.16 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

## Manchester City Council Annual Statement of Accounts 2018/19

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.

Certain reserves are kept to manage the accounting treatment for Property, Plant and Equipment and retirement benefits and do not represent usable resources for the Council. These are shown as unusable reserves in the Movement in Reserves Statement and Balance Sheet.

### **7.2.17 Revenue Recognition**

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

Revenue is measured at the fair value of the consideration received or receivable. In most cases, the consideration receivable is in the form of cash and cash equivalents and the amount of revenue is the amount of cash and cash equivalents receivable.

Where the Council is acting as an agent of another organisation the amounts collected for that organisation are excluded from revenue.

Revenue 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.

Revenue for Council Tax and Business Rates is recognised when the amount of revenue can be measured reliably and it is probable the revenue will be received by the Council.

### **7.2.18 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.

### **7.2.19 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.

## Manchester City Council Annual Statement of Accounts 2018/19

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 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 classed 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.

### **7.2.20 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

## Manchester City Council Annual Statement of Accounts 2018/19

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 on 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.

### **7.2.21 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 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.

### **7.2.22 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.



## Manchester City Council Annual Statement of Accounts 2018/19

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 and Public Health 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.

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 also shown as council wide items.

## Manchester City Council Annual Statement of Accounts 2018/19

- 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 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 on the basis of cash flows rather than as benefits are earned by employees.

## Financial Instruments

### 7.2.23 Financial Assets

Financial Assets e.g. investments (excluding those in companies included in the Council's group accounts) 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.

## Manchester City Council Annual Statement of Accounts 2018/19

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 derecognition (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.

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 are reversed to an unusable reserve - the Financial Instruments Revaluation.

### **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.

## Manchester City Council Annual Statement of Accounts 2018/19

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 a number of 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 forgone 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 managed by a transfer from the Financial Instruments Adjustment Account to the Movement in Reserves Statement.

#### **7.2.24 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.

#### **7.2.25 Financial Liabilities**

Financial liabilities (e.g. borrowings and creditors) are recognised when the other party has met a commitment under the contract that creates an obligation for the Council to transfer economic benefits. 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

## Manchester City Council Annual Statement of Accounts 2018/19

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.

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.

## Manchester City Council Annual Statement of Accounts 2018/19

Following the HRA debt settlement there are no outstanding HRA premiums and discounts.

**7.2.26 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 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.

**7.2.27 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.

**7.2.28 Material Items of Income and Expenditure**

Where items of income and expenditure are material, their nature and amount is disclosed separately either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

## Manchester City Council Annual Statement of Accounts 2018/19

**7.2.29 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.

**7.2.30 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 interest in those companies included in its group accounts are recorded as long term investments at cost.

**7.2.31 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.

**7.2.32 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.

## Manchester City Council Annual Statement of Accounts 2018/19

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.

### 7.2.33 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.

### Note 8. Critical Accounting Judgements

In applying the accounting policies set out in Note 7 the Council has to make certain judgements about complex transaction or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:



## Manchester City Council Annual Statement of Accounts 2018/19

**8.1 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 trustee. 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 trustee 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 Note 26 to the accounts.

## Manchester City Council Annual Statement of Accounts 2018/19

**8.2 PFI and Similar Arrangements**

The Council is deemed to control the services provided via its PFI arrangements and also 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 £282.688m (£269.632m in 2017/18) 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.

**8.3 Classification of Leases**

The Council has undertaken an analysis to classify the leases it holds, both as a lessee and lessor, as either operating or finance leases. The accounting policy for leases has been applied to these arrangements and there are no assets (£0.014m in 2017/18) recognised as Property, Plant and Equipment in the Council's Balance Sheet.

**8.4 Investment Properties**

The Council has reviewed all assets in accordance with the accounting policy for investment properties and as a result assets valued on that basis total £442.814m (£414.985m in 2017/18) and are recognised as Investment Properties in the Council's Balance Sheet.

**8.5 Valuation of Property Plant and Equipment**

The Council's fixed 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.

## Manchester City Council Annual Statement of Accounts 2018/19

- council dwellings were valued in accordance with Ministry of Housing, Communities and Local Government (MHCLG) guidance at open market value less a specified, notified percentage known as the social housing discount.
- community assets and infrastructure have been valued at depreciated historical cost.
- properties classified as non-operational have been valued on the basis of market value for the highest or best use.

Council dwellings are revalued annually. All other non-current assets, with the exception of those valued at depreciated historical cost 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, Urban Vision and Jacobs, external valuers commissioned by the Council with a valuation date of 1 April 2018. Jacobs provided indexation factors for the percentage increase in value from the date of the last valuation to 31 March 2019 for each category of asset. These were applied to the asset values, where material, to provide a more accurate balance sheet value.

### **8.6 Valuation of Heritage Assets**

The Code permits councils to measure community assets in the same way as heritage assets. However the Council has decided that these should continue to be measured at depreciated historical cost.

The Code states that valuation of heritage assets may be made by any method that is appropriate and relevant. There is no requirement for valuations to be carried out or verified by external valuers. The Council has therefore chosen to use market valuation, where this is available. Where a market valuation is not available insurance valuation has been used. Where this information is not available, and cannot be obtained at a cost which is commensurate with the benefits to users of the financial statements, the assets are not recognised in the Balance Sheet. Items with a value of less than £100,000 are excluded from the balance sheet.

As a result assets valued at £538.272m (£539.254m in 2017/18) have been classed as Heritage Assets.

### **8.7 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.

## Manchester City Council Annual Statement of Accounts 2018/19

**8.8 Better Care Fund (BCF)**

The Better Care Fund Pooled Budget arrangements commenced on 1 April 2015. The Council is the host for the Manchester BCF. The accounting arrangements for the BCF are dependent on whether the Council, as host, has control of the fund. The agreement with the Manchester Clinical Commissioning Group (CCG) states that relevant decisions have to 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 BCF should be accounted for as a joint operation and as a result accounts for its share of the fund's assets, liabilities, expenditure and income.

**8.9 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 9. 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 2019 for which there is a risk of adjustment in the following financial year are:

**9.1 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 employed by the Council. If the actual results differ from the assumptions the value of PPE will be over or understated. This would be

## Manchester City Council Annual Statement of Accounts 2018/19

adjusted when the assets were next revalued. It is estimated that the carrying value of property, plant and equipment would increase by £18.8m for every 1% increase in valuation.

### **9.2 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 £5.8m for every year the useful lives are reduced.

However, due to capital regulations, there would be no impact on the general fund balance.

Urban Vision have provided percentages, based on their 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.

### **9.3 Valuation of Investments in Non-Group Entities**

The Council has various investments in entities, which due to materiality of the entity or the share of the investment in the entity, are not included in its Group Accounts. These investments will be included in the balance sheet at Fair Value through Profit and Loss or Fair Value through Other Comprehensive Income. Where there is a quoted price for these investments that will be used as the fair value. Where there is no quoted price the Council will value these based on the Council's share of the reserves based on its shareholding. Where any equity is purchased in year the fair value will be the purchase price unless there is evidence to the contrary.

### **9.4 Compensation Provisions**

The Council has made various provisions in relation to compensation claims submitted to the Council. These provisions are based on the number of claims outstanding at the end of the financial year, the average settlement amount for each type of claim and the likelihood of each type of claim being settled. It is not certain that the precedents set in previous years will be applicable to the current outstanding claims. An increase of 1% in the estimate average settlement would have the effect of adding £0.118m to the provision required. An increase of 1% in the likelihood of each claim being settled would have the effect of adding £0.109m to the provision.

## Manchester City Council Annual Statement of Accounts 2018/19

**9.5 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). This is based on percentage reductions in rateable values for hereditaments where there was an outstanding appeal at 31 March 2019. This provision includes the estimated impact on 2018/19 income of appeals anticipated to be lodged in future years. The percentages used for appeals against the 2005 and 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 new check, challenge, appeal process. An increase of 1% in the percentage reduction would have the effect of adding £7.912m to the total provision required (Council's share £7.833m).

**9.6 Arrears**

At 31 March 2019 the Council had a balance of short term debtors of £402.626m. This included sundry debtors of £184.65m (including housing benefit overpayments), housing investment fund loans of £118.71m, housing rent debtors of £8.216m, council tax debtors of £57.169m and business rates debtors of £33.881m. A review of these outstanding balances suggests that an impairment of doubtful debts of £130.149m (£59.332m sundry debtors, £6.263m housing rents, £40.851m council tax and £23.703m business rates) was appropriate. However in the current economic climate it is not certain that such an allowance would be sufficient. If collection rates were to deteriorate by 1% this would require an additional £1.772m (£1.011m sundry debtors, £0.032m housing rents, £0.536m council tax and £0.193m business rates) to be set aside.

**9.7 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. The effects on the net pension liability of changes in individual assumptions can be measured. For instance a 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £387.799m, a 0.5% increase in the salary increase rate would result in a £49.123m increase in the pension liability and a 0.5% increase in the assumed pension rate increase would result in a £332.818m increase in the pension liability.

## Manchester City Council Annual Statement of Accounts 2018/19

**Note 10. Impact of Accounting Changes Issued But Not Yet Adopted**

The Code of Practice on Local Authority Accounting requires the Council 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 2018/19 Code.

The Code has introduced changes in accounting policies which will be required from 1 April 2019 and will therefore be valid for the 2019/20 accounts. The changes introduced by the 2019/20 Code that will be adopted by the Council and its Group are:

- Amendments to IAS 40 Investment Property: Transfers of Investment Property
- Annual Improvements to IFRS Standards 2014 - 2016 Cycle
- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- IFRIC 23 Uncertainty over Income Tax Treatments

*Amendments to IAS40 Investment Property: Transfers of Investment Property*

The amendment provides clarification about when a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. Transfers to or from investment property should only be made where there is a change of use for example as a result of commencement of owner occupation, commencement of development with a view to sale, end of owner occupation, commencement of an operating lease to another party or end of construction or development.

*Annual Improvements to IFRS Standards 2014-2016 Cycle*

These improvements relate to the following:

- IFRS1 First Time Adoption of International Financial Reporting Standards - this amendment will not apply to local authorities
- IFRS12 Disclosure of Interests in Other Entities - this clarifies the scope of IFRS5 Non-current Assets for Sale and Discontinued Operations. These are not common transactions for local authorities.
- IAS28 Investments in Associates and Joint Ventures – this amendment applies when an investment in an associate or joint venture is held by, or is held indirectly through, a venture capital organisation or a mutual fund, unit trust or similar entity. This amendment will not have an effect on the Council.

*IFRIC22 Foreign Currency Transactions and Advance Consideration*

IFRIC 22 provides requirements about which exchange rate to use in reporting foreign currency transactions (such as revenue transactions) when payment is made or received in advance. This does not apply regularly to local authorities although may apply to pension funds.

Manchester City Council Annual Statement of Accounts 2018/19

*IFRIC23 Uncertainty over Income Tax Treatments*

This clarification specifies how to account for current and deferred tax. This does not have any impact on the Council but could affect group companies.



**Note 11. 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 of property plant and equipment and investment properties of £77,238,000 (£24,564,000 in 2017/18) has been included within net cost of services:

|                         | <b>2017/18<br/>£000s</b> | <b>2018/19<br/>£000s</b> |
|-------------------------|--------------------------|--------------------------|
| Adults Social Care      | 292                      | 270                      |
| Children's Services     | 2,502                    | 2,194                    |
| Corporate Core          | 0                        | 480                      |
| Neighbourhoods          | 922                      | 10,509                   |
| Strategic Development   | 4,600                    | 1,831                    |
| Council Wide Costs      | 9,975                    | 14,964                   |
| Housing Revenue Account | 1,773                    | 4,585                    |
| Investment properties   | 4,500                    | 42,405                   |
| <b>Total</b>            | <b>24,564</b>            | <b>77,238</b>            |

**Note 12. Expenditure and Income Analysis**

The Council's expenditure and income is analysed as follows:

|   | 2017/18<br>£000    | 2018/19<br>£000    |
|---|--------------------|--------------------|
| <b>Expenditure</b>  |                    |                    |
| Employee Benefit Expenses                                 | 505,919            | 524,003            |
| Other Service Expenses                                    | 857,148            | 862,829            |
| Capital Charges including Depreciation and impairment (a) | 155,065            | 200,174            |
| Interest Payments   | 34,941             | 32,263             |
| Pensions Interest Costs                                   | 91,344             | 95,469             |
| Precepts and Levies                                       | 69,256             | 69,097             |
| Payments to Housing Capital Receipts Pool                 | 2,553              | 2,567              |
| Loss on Disposal of Non-current Assets (general fund)     | 12,994             | 12,946             |
| <b>Total Expenditure</b>                                  | <b>1,729,220</b>   | <b>1,799,348</b>   |
| <b>Income</b>   |                    |                    |
| Fees, Charges and Other Service Income                    | (248,911)          | (235,297)          |
| Interest and Investment Income                            | (68,332)           | (87,162)           |
| Return on Pension Assets                                  | (70,033)           | (74,025)           |
| Capital Charges related income                            | (154,137)          | (160,387)          |
| Income from Council Tax                                   | (148,977)          | (150,376)          |
| Business Rates Income                                     | (313,376)          | (332,285)          |
| Government Grants and Contributions                       | (754,207)          | (744,214)          |
| Gain on Disposal of Fixed Assets (HRA)                    | (7,261)            | (7,215)            |
| <b>Total Income</b>                                       | <b>(1,765,234)</b> | <b>(1,790,961)</b> |
|   |                    |                    |
| <b>(Surplus) / Deficit on the Provision of Services</b>   | <b>(36,014)</b>    | <b>8,387</b>       |

(a) Segmental Split of Capital Charges including Depreciation and Impairment

|  | 2017/18<br>£000 | 2018/19<br>£000 |
|--|-----------------|-----------------|
| Adults Social Care   | 997             | 1,613           |
| Children's Services  | 61,666          | 31,668          |
| Corporate Core   | 24,170          | 6,732           |
| Neighbourhoods   | 18,155          | 43,950          |
| Strategic Development  | 16,754          | 36,634          |
| Council Wide Costs   | 14,812          | 57,941          |
| HRA  | 18,511          | 21,635          |
| <b>Total Capital Charges including Depreciation and Impairment</b> | <b>155,065</b>  | <b>200,173</b>  |

Note - there has been no charge to the Homelessness Directorate

**Note 13. 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 2017/18:

|  | Usable Reserves       |                                  |                          |                          |                       |                       | Unusable Reserves       |
|--|-----------------------|----------------------------------|--------------------------|--------------------------|-----------------------|-----------------------|-------------------------|
|  | General Fund Reserves | Housing Revenue Account Reserves | Capital Receipts Reserve | Capital Grants Unapplied | Major Repairs Reserve | Total Usable Reserves | Total Unusable Reserves |
|  | £000s                 | £000s                            | £000s                    | £000s                    | £000s                 | £000s                 | £000s                   |
| <b>Reversal of items debited or credited to the comprehensive income and expenditure statement:</b>  |                       |                                  |                          |                          |                       |                       |                         |
| Depreciation   | (51,220)              | 0                                | 0                        | 0                        | (16,114)              | (67,334)              | 67,334                  |
| Amortisation of intangible assets  | (128)                 | 0                                | 0                        | 0                        | 0                     | (128)                 | 128                     |
| Impairment / revaluation losses charged to the comprehensive income and expenditure statement  | (22,791)              | (1,773)                          | 0                        | 0                        | 0                     | (24,564)              | 24,564                  |
| Movement in fair value of investment property  | 33,443                | 0                                | 0                        | 0                        | 0                     | 33,443                | (33,443)                |
| Financing of capital expenditure on council dwellings  | 0                     | 0                                | 0                        | 0                        | 17,497                | 17,497                | (17,497)                |
| Capital grants and contributions   | 68,780                | 1,183                            | 0                        | 53,685                   | 0                     | 123,648               | (123,648)               |
| Revenue expenditure funded from capital under statute  | (12,695)              | (624)                            | 0                        | (49,720)                 | 0                     | (63,039)              | 63,039                  |
| Gain / (loss) on disposal of non-current assets  | (12,994)              | 7,261                            | 0                        | 0                        | 0                     | (5,733)               | 5,733                   |
| Amount by which pension costs calculated in accordance with IAS19 are different from pension contributions due   | (61,986)              | (298)                            | 0                        | 0                        | 0                     | (62,284)              | 62,284                  |
| Private finance initiative charges to the HRA  | 0                     | 10,101                           | 0                        | 0                        | 0                     | 10,101                | (10,101)                |
| Differences between statutory accounting and amounts recognised as income and expenditure in relation to financial instruments   | 88                    | 0                                | 0                        | 0                        | 0                     | 88                    | (88)                    |
| 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 | (8,865)               | 0                                | 0                        | 0                        | 0                     | (8,865)               | 8,865                   |
| Statutory provision for the repayment of debt - minimum revenue provision  | 15,829                | 0                                | 0                        | 0                        | 0                     | 15,829                | (15,829)                |
| Statutory provision for the repayment of debt - finance lease liabilities  | 48                    | 0                                | 0                        | 0                        | 0                     | 48                    | (48)                    |
| Statutory provision for the repayment of debt - private finance initiatives  | 3,395                 | 0                                | 0                        | 0                        | 0                     | 3,395                 | (3,395)                 |
| HRA capital receipts to housing central pool   | (2,553)               | 0                                | 2,553                    | 0                        | 0                     | 0                     | 0                       |
| Revenue contribution to finance capital  | 8,568                 | 1,543                            | 0                        | 0                        | 0                     | 10,111                | (10,111)                |
| Premiums and discounts charged to revenue  | 493                   | 0                                | 0                        | 0                        | 0                     | 493                   | (493)                   |
| Principal repayment of ex-GMC debt   | 2,175                 | 0                                | 0                        | 0                        | 0                     | 2,175                 | (2,175)                 |
| Capital receipts received  | 0                     | 0                                | (57,767)                 | 0                        | 0                     | (57,767)              | 57,767                  |
| Use of capital receipts reserve to finance capital expenditure   | 0                     | 0                                | 79,147                   | 0                        | 0                     | 79,147                | (79,147)                |
| Write down of finance lease liability  | 413                   | 0                                | 0                        | 0                        | 0                     | 413                   | (413)                   |
| Write down of long term debtor   | (24)                  | 0                                | 0                        | 0                        | 0                     | (24)                  | 24                      |
| Capital receipts for long term debtors   | 0                     | 0                                | (56,818)                 | 0                        | 0                     | (56,818)              | 56,818                  |
| Transfer to short term accumulated absences account  | (158)                 | 0                                | 0                        | 0                        | 0                     | (158)                 | 158                     |
| <b>Total adjustments</b>   | <b>(40,182)</b>       | <b>17,393</b>                    | <b>(32,885)</b>          | <b>3,965</b>             | <b>1,383</b>          | <b>(50,326)</b>       | <b>50,326</b>           |

The table below shows the adjustments made in 2018/19:

|  | Usable Reserves       |                                  |                          |                          |                       |                       | Unusable Reserves       |
|--|-----------------------|----------------------------------|--------------------------|--------------------------|-----------------------|-----------------------|-------------------------|
|  | General Fund Reserves | Housing Revenue Account Reserves | Capital Receipts Reserve | Capital Grants Unapplied | Major Repairs Reserve | Total Usable Reserves | Total Unusable Reserves |
|  | £000s                 | £000s                            | £000s                    | £000s                    | £000s                 | £000s                 | £000s                   |
| <b>Reversal of items debited or credited to the comprehensive income and expenditure statement:</b>  |                       |                                  |                          |                          |                       |                       |                         |
| Depreciation   | (56,014)              | 0                                | 0                        | 0                        | (16,997)              | (73,011)              | 73,011                  |
| Amortisation of intangible assets  | (130)                 | 0                                | 0                        | 0                        | 0                     | (130)                 | 130                     |
| Impairment / revaluation losses charged to the comprehensive income and expenditure statement  | (72,653)              | (4,585)                          | 0                        | 0                        | 0                     | (77,238)              | 77,238                  |
| Movement in fair value of investment property  | 29,690                | 0                                | 0                        | 0                        | 0                     | 29,690                | (29,690)                |
| Financing of capital expenditure on council dwellings  | 0                     | 0                                | 0                        | 0                        | 14,084                | 14,084                | (14,084)                |
| Capital grants and contributions   | 97,524                | 583                              | 0                        | (9,476)                  | 0                     | 88,632                | (88,632)                |
| Revenue expenditure funded from capital under statute  | (20,229)              | (52)                             | 0                        | (29,512)                 | 0                     | (49,793)              | 49,793                  |
| Gain / (loss) on disposal of non-current assets  | (12,946)              | 7,215                            | 0                        | 0                        | 0                     | (5,731)               | 5,731                   |
| Amount by which pension costs calculated in accordance with IAS19 are different from pension contributions due   | (61,603)              | (237)                            | 0                        | 0                        | 0                     | (61,840)              | 61,840                  |
| Private finance initiative charges to the HRA  | 0                     | 10,886                           | 0                        | 0                        | 0                     | 10,886                | (10,886)                |
| Differences between statutory accounting and amounts recognised as income and expenditure in relation to financial instruments   | (3,260)               | 0                                | 0                        | 0                        | 0                     | (3,260)               | 3,261                   |
| 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 | (5,636)               | 0                                | 0                        | 0                        | 0                     | (5,636)               | 5,636                   |
| Statutory provision for the repayment of debt - minimum revenue provision  | 17,810                | 0                                | 0                        | 0                        | 0                     | 17,810                | (17,810)                |
| Statutory provision for the repayment of debt - finance lease liabilities  | 14                    | 0                                | 0                        | 0                        | 0                     | 14                    | (14)                    |
| Statutory provision for the repayment of debt - private finance initiatives  | 3,667                 | 0                                | 0                        | 0                        | 0                     | 3,667                 | (3,667)                 |
| HRA capital receipts to housing central pool   | (2,567)               | 0                                | 2,567                    | 0                        | 0                     | 0                     | 0                       |
| Revenue contribution to finance capital  | 8,854                 | 89                               | 0                        | 0                        | 0                     | 8,943                 | (8,943)                 |
| Premiums and discounts charged to revenue  | 547                   | 0                                | 0                        | 0                        | 0                     | 547                   | (547)                   |
| Principal repayment of ex-GMC debt   | 2,284                 | 0                                | 0                        | 0                        | 0                     | 2,284                 | (2,284)                 |
| Capital receipts received  | 0                     | 0                                | (28,561)                 | 0                        | 0                     | (28,561)              | 28,561                  |
| Use of capital receipts reserve to finance capital expenditure   | 0                     | 0                                | 41,117                   | 0                        | 0                     | 41,117                | (41,117)                |
| Write down of long term debtor   | (24)                  | 0                                | 0                        | 0                        | 0                     | (24)                  | 24                      |
| Capital receipts for long term debtors   | 0                     | 0                                | (24,962)                 | 0                        | 0                     | (24,962)              | 24,962                  |
| Transfer to short term accumulated absences account  | 600                   | 0                                | 0                        | 0                        | 0                     | 600                   | (600)                   |
| <b>Total adjustments</b>   | <b>(74,072)</b>       | <b>13,899</b>                    | <b>(9,839)</b>           | <b>(38,988)</b>          | <b>(2,913)</b>        | <b>(111,914)</b>      | <b>111,914</b>          |

**Note 14. Long-term Contracts**

Undischarged obligations arising from PFI and similar transactions as at 31 March 2019 were as follows:

| Scheme                                    | Payments                        |                             |                              |                              | Total<br>£000s | Indexation   | Contract<br>Expiry | Scheme Details  |
|---|---------------------------------|-----------------------------|------------------------------|------------------------------|----------------|--------------|--------------------|---|
|   | Liability<br>Repayment<br>£000s | Lifecycle<br>Costs<br>£000s | Interest<br>Charges<br>£000s | Service<br>Charges*<br>£000s |                |              |                    |   |
| <b>Housing Energy Services Contract</b>   |                                 |                             |                              |                              |                | GDP Deflator | 2020               | Energy Services Contract - provision and maintenance of energy services for a number of blocks of flats – service commenced in 1999/00. Total obligation as at start of contract of £10,196,000 to be met from PFI grant and the Housing            |
| Payments within 1 year                    | 241                             | 70                          | 20                           | 89                           | 420            |              |                    |   |
|   | 241                             | 70                          | 20                           | 89                           | 420            |              |                    |   |
| <b>Miles Platting Housing</b>             |                                 |                             |                              |                              |                | 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                    | 2,553                           | 3,476                       | 2,842                        | 7,012                        | 15,883         |              |                    |   |
| Payments within 2 to 5 years              | 7,781                           | 13,902                      | 10,074                       | 34,278                       | 66,035         |              |                    |   |
| Payments within 6 to 10 years             | 11,772                          | 17,378                      | 9,722                        | 49,799                       | 88,671         |              |                    |   |
| Payments within 11 to 15 years            | 13,890                          | 17,378                      | 5,902                        | 59,140                       | 96,310         |              |                    |   |
| Payments within 16 to 20 years            | 11,048                          | 10,427                      | 1,455                        | 38,359                       | 61,289         |              |                    |   |
|   | 47,044                          | 62,561                      | 29,995                       | 188,588                      | 328,188        |              |                    |   |
| <b>Plymouth Grove Housing</b>             |                                 |                             |                              |                              |                | 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 and the Housing Revenue Account.                       |
| Payments within 1 year                    | 633                             | 730                         | 1,609                        | 2,417                        | 5,389          |              |                    |   |
| Payments within 2 to 5 years              | 2,891                           | 2,918                       | 5,721                        | 10,731                       | 22,261         |              |                    |   |
| Payments within 6 to 10 years             | 5,308                           | 3,648                       | 5,165                        | 15,432                       | 29,553         |              |                    |   |
| Payments within 11 to 15 years            | 6,463                           | 2,918                       | 1,823                        | 14,011                       | 25,215         |              |                    |   |
|   | 15,295                          | 10,214                      | 14,318                       | 42,591                       | 82,418         |              |                    |   |
| <b>Temple School</b>                      |                                 |                             |                              |                              |                | 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                    | 219                             | 0                           | 226                          | 287                          | 732            |              |                    |   |
| Payments within 2 to 5 years              | 1,212                           | 0                           | 655                          | 1,220                        | 3,087          |              |                    |   |
| Payments within 6 to 10 years             | 861                             | 0                           | 130                          | 656                          | 1,647          |              |                    |   |
|   | 2,292                           | 0                           | 1,011                        | 2,163                        | 5,466          |              |                    |   |
| <b>Wright Robinson Sports College</b>     |                                 |                             |                              |                              |                | 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 Dedicated Schools Grant (DSG).      |
| Payments within 1 year                    | 1,080                           | 461                         | 1,365                        | 1,667                        | 4,573          |              |                    |   |
| Payments within 2 to 5 years              | 5,065                           | 1,844                       | 4,716                        | 7,215                        | 18,840         |              |                    |   |
| Payments within 6 to 10 years             | 8,402                           | 2,305                       | 3,824                        | 10,354                       | 24,885         |              |                    |   |
| Payments within 11 to 15 years            | 6,597                           | 1,410                       | 887                          | 7,148                        | 16,042         |              |                    |   |
|   | 21,144                          | 6,020                       | 10,792                       | 26,384                       | 64,340         |              |                    |   |
| <b>Public Lighting</b>                    |                                 |                             |                              |                              |                | 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                    | 1,958                           | 620                         | 1,465                        | 2,572                        | 6,615          |              |                    |   |
| Payments within 2 to 5 years              | 9,109                           | 2,479                       | 4,731                        | 10,995                       | 27,314         |              |                    |   |
| Payments within 6 to 10 years             | 14,669                          | 3,098                       | 2,824                        | 15,559                       | 36,150         |              |                    |   |
| Payments within 11 to 15 years            | 1,303                           | 155                         | 18                           | 1,031                        | 2,507          |              |                    |   |
|   | 27,039                          | 6,352                       | 9,038                        | 30,157                       | 72,586         |              |                    |   |
| <b>Brunswick Housing</b>                  |                                 |                             |                              |                              |                | 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 and the Housing Revenue Account.                            |
| Payments within 1 year                    | (10,913)                        | 0                           | 4,715                        | 2,386                        | (3,812)        |              |                    |   |
| Payments within 2 to 5 years              | 6,125                           | 0                           | 16,545                       | 9,795                        | 32,465         |              |                    |   |
| Payments within 6 to 10 years             | 8,803                           | 0                           | 17,435                       | 13,721                       | 39,959         |              |                    |   |
| Payments within 11 to 15 years            | 11,781                          | 0                           | 13,881                       | 15,360                       | 41,022         |              |                    |   |
| Payments within 16 to 20 years            | 22,918                          | 0                           | 6,410                        | 16,749                       | 46,077         |              |                    |   |
|   | 38,714                          | 0                           | 58,986                       | 58,011                       | 155,711        |              |                    |   |
| <b>Refuse Vehicles Service Concession</b> |                                 |                             |                              |                              |                | 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                    | 541                             | 0                           | 59                           | 16,180                       | 16,780         |              |                    |   |
| Payments within 2 to 5 years              | 1,814                           | 0                           | 135                          | 52,585                       | 54,534         |              |                    |   |
|   | 2,355                           | 0                           | 194                          | 68,765                       | 71,314         |              |                    |   |
| <b>Total</b>                              | <b>154,124</b>                  | <b>85,217</b>               | <b>124,354</b>               | <b>416,748</b>               | <b>780,443</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.

The Council has seven PFI Schemes and one Service Concession as follows:

- Miles Platting, HRA (Housing) Services PFI Scheme
- Plymouth Grove, HRA (Housing) Services PFI Scheme
- Energy (Heating), 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)). In the Housing Energy Services PFI Scheme, the contractor is required to provide a service to specified properties to specified standards (the actual number of properties may be affected by demolitions, stock transfers and 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.

In accordance with the terms and conditions of the PFI contract, the Council was obliged to transfer a piece of land to the Miles Platting contractor (Renaissance) for the development of housing stock for private sale. However, due to the prevailing state of the housing market, it was more logical to make a payment to the contractor to represent the value of the land. A payment of £920,000 was made in 2010/11.

#### **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.

Temple Primary School transferred to academy status during 2018/19.

#### **Growth and Neighbourhoods PFI Scheme**

The Street Lighting PFI Scheme specified that 41,698 street lights 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 street lights 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 statements.

#### **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 15. Trading Operations**

Trading services are disclosed in line with the requirements of the Service Reporting Code of Practice and are mainly activities of a commercial nature which are financed substantially by charges made to the recipients of the service. These trading services are shown in the table below:

|                                  | <b>2017/18<br/>(Surplus) / Deficit *<br/>£000s</b> | <b>2018/19<br/>Turnover<br/>£000s</b> | <b>2018/19<br/>Expenditure<br/>£000s</b> | <b>2018/19<br/>(Surplus) / Deficit*<br/>£000s</b> |
|----------------------------------|--|---------------------------------------|--|---|
| Highways maintenance             | 2,474  | (7,311)                               | 8,580                                    | 1,269   |
| Schools and welfare catering     | 2,038  | (13,974)                              | 15,947                                   | 1,973   |
| Other catering                   | (581)  | (197)                                 | 157                                      | (40)  |
| Corporation estates              | (1,916)  | (3,666)                               | 1,639                                    | (2,027)   |
| Markets                          | (24)   | (10,724)                              | 10,326                                   | (398)   |
| <b>Total (Surplus) / Deficit</b> | <b>1,991</b>                                       | <b>(35,872)</b>                       | <b>36,649</b>                            | <b>777</b>  |

\* Included within the cost of all trading operations are costs that do not affect usable reserves such as depreciation, impairment and IAS19 pension costs.

**Note 16. 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.

**Better Care Fund (BCF)**

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 Groups (CCG) and the Council establish a pooled fund from 1 April 2015 for this purpose.

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. As part of the partnership arrangements, the CCG and the Council have agreed to establish and maintain an Integrated Care Budget (ICB) of which the BCF is a subset. The partnership between the CCG and the Council is supported through a Section 75 partnership arrangement (S75). There is a Financial Framework which sets out the detailed financial arrangements for operation of the ICB and is an appendix to the S75. This is documented on the key decision register.

A new funding element has been added to the BCF from 2017/18 – the Improved Better Care Fund (iBCF). The allocation for Manchester is 2017/18 £16.2m, 2018/19 £22.4m and 2019/20 £28.1m.

|  | 2017/18<br>£000s | 2018/19<br>£000s |
|--|------------------|------------------|
| <b>Funding</b>                         |                  |                  |
| Manchester City Council                | 32,066           | 38,210           |
| Manchester CCG                         | 70,143           | 72,144           |
| <b>Total Funding</b>                   | <b>102,209</b>   | <b>110,354</b>   |
| <b>Expenditure</b>                     |                  |                  |
| New Delivery Models of Integrated Care | 64,650           | 72,338           |
| Protection of Adult Social Care        | 12,652           | 12,893           |
| Reablement                             | 16,339           | 16,478           |
| Care Act Responsibilities              | 1,560            | 1,590            |
| Capital Expenditure                    | 7,008            | 6,928            |
| <b>Total Expenditure</b>               | <b>102,209</b>   | <b>110,227</b>   |
| <b>Overspend / (Underspend)</b>        | <b>0</b>         | <b>(127)</b>     |

The underspend in 2018/19 is due to a fluctuation in activity on non NHS community contracts.

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 CCG 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.

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:

- 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.

**Note 17. Financing and Investment (Income) and Expenditure**

The table below analyses the figures included in the Comprehensive Income and Expenditure Statement.

|  | <b>2017/18<br/>£000s</b> | <b>2018/19<br/>£000s</b> |
|--|--------------------------|--------------------------|
| Interest payable on debt   | 23,286                   | 20,484                   |
| Interest element of finance leases (lessee)                        | 21                       | 3                        |
| Interest payable on PFI unitary payments                           | 11,634                   | 11,775                   |
| Net interest on the net defined benefit liability (pension scheme) | 21,311                   | 21,444                   |
| Investment interest income   | (14,293)                 | (22,946)                 |
| Rentals received on investment properties                          | (20,761)                 | (22,766)                 |
| Expenses incurred on investment properties                         | 2,663                    | 3,155                    |
| Investment properties Impairment                                   | 4,500                    | 42,405                   |
| Change in fair value of investment properties                      | (33,443)                 | (29,690)                 |
| Dividends receivable   | (54,039)                 | (64,215)                 |
| (Gain) on trading accounts (not applicable to a service)           | (582)                    | (40)                     |
| <b>Total financing and investment income and expenditure</b>       | <b>(59,703)</b>          | <b>(40,391)</b>          |

**Note 18. 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

|  | 2017/18<br>£000s | 2018/19<br>£000s |
|--|------------------|------------------|
| Council Tax Income   | 148,977          | 150,376 a        |
| Business Rates Income  | 313,376          | 332,284 b        |
| Business Rates Retention (Tariff) / Top Up                   | 2,984            | (19,015) c       |
| Business Rates Section 31 Grants                             | 19,657           | 21,840 d         |
| Enterprise Zone Relief Grant                                 | 494              | 810 e            |
| Education Services Grant                                     | 2,577            | 1,260 f          |
| New Homes Bonus Grant  | 9,587            | 6,420 g          |
| New Homes Bonus return of top slice                          | 394              | 0                |
| Housing Benefit and Council Tax Support Administration Grant | 4,161            | 3,813            |
| Winter Pressures Grant                                       | 0                | 2,666 h          |
| Returned Business Rates Levy Share                           | 0                | 2,699 i          |
| Returned Business Rates Growth from GMCA                     | 0                | 6,022 j          |
| Distributed AGMA reserves                                    | 0                | 954 k            |
| Private Finance Initiative Grant (General Fund)              | 6,589            | 6,580            |
| Other Grants   | 311              | 507              |
| (Loss) on concessionary interest loan                        | (519)            | (3,092) l        |
| Improved Better Care Fund                                    | 16,183           | 22,406 m         |
| Adult Social Care Support Grant                              | 2,678            | 1,666 n          |
| Capital Grants and contributions                             | 69,963           | 98,107 o         |
| <b>Total taxation and non-specific grant income</b>          | <b>597,413</b>   | <b>636,303</b>   |

a. Council Tax Income has increased due to an increase in the Council Tax Base and amount payable including for social care.

b. Business Rate income has increased due to an inflationary increase to rates bills and commercial development across the city.

c. Business Rates Top Up / Tariff is the amount received from or paid to government to adjust income from business rates and bring it into line with the government's assessment of baseline funding level required. Manchester transferred from a Top Up authority in 2017/18 to a Tariff authority in 2018/19 to reflect a reducing baseline funding level, offsetting inflationary increases in rates income, in line with government's national spending plans.

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 of small business rates relief and capping the increase in business rates to 2% along with other measures announced in the Government's Budgets Statements.

e. The government refunds the costs of business rate discounts awarded within the Enterprise Zones.

f. Education Services Grant has reduced as a result of the general grant being phased out. This was only received for five months in 2017/18. The retained rate (to fund statutory duties) equates to £1.26m and continues to be received in 2018/19.

g. New Homes Bonus (NHB) grant has reduced due to the government's decision to move from paying for six years of legacy payments to five in 2017/18 (and then four from 2018/19). In addition Government introduced a stretch target of 0.4%, below which NHB is not received

h. Winter Pressures Grant represents the Council's share of £240 million additional national funding announced to help local areas ease winter pressure on the NHS. This is aimed at reducing delayed transfers of care.

i. Returned Business Rates Levy Share from Government. The Levy is applied to authorities with high growth rates income and passed to Government. The surplus levy income was returned to authorities in 2018/19.

j. Returned Business Rates growth from Greater Manchester Combined Authority (GMCA). A share of the 2017/18 100% rates retention benefit was passed to GMCA. Any uncommitted funds were returned to GM authorities in 2018/19.

k. The Council's share of distributed residual AGMA reserves allocated to all Greater Manchester authorities.

l. The Council has received interest free loans of £27.6m from the Homes and Communities Agency repayable in 2022, £8.5m repayable in 2024 and £16.0m from Salix repayable between 2023 and 2025. This amount represents the saving to the Council over the remaining length of the loans of them being interest free.

m. The Improved Better Care Fund is allocated to local authorities to fund social care. £22.41m was announced as part of the 2018/19 Finance Settlement from Government, an increase from the £16.2m allocated in 2017/18

n. The Adult Social Care Support Grant was introduced the 2017/18 Finance Settlement and aims to bring forward support for adults social care pressures. The 2018/19 Settlement allocated £1.67m

o. The Capital Grants and Contributions include Basic Need Grant (to fund additional school places), Disabled Facilities Grant for adaptations to homes and contributions from developers.

**Note 19. 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

|  | <b>2017/18</b> | <b>2018/19</b> |
|--|----------------|----------------|
|  | <b>£000s</b>   | <b>£000s</b>   |
| Dedicated Schools Grant                                    | 316,835        | 316,480 (a)    |
| Pupil Premium  | 25,759         | 25,588         |
| Housing and Council Tax Support                            | 238,914        | 214,304 (b)    |
| Private Finance Initiative Grant (Housing Revenue Account) | 23,600         | 23,598         |
| Learning and Skills Council Grants                         | 8,007          | 8,264          |
| Asylum Seekers Grant                                       | 4,190          | 8,097          |
| Universal Free School Meals Grant                          | 4,571          | 4,351          |
| Sixth Form Funding Grant                                   | 2,227          | 3,016          |
| Troubled Families Grant                                    | 3,274          | 3,833          |
| Independent Living Fund                                    | 2,113          | 2,046          |
| Youth Justice Board Grants                                 | 1,338          | 1,439          |
| Higher Education Funding Council Grant                     | 1,241          | 1,178          |
| Homelessness Grant   | 1,135          | 1,698          |
| Home Office Grants   | 2,851          | 824            |
| PE and Sports Grant  | 414            | 0              |
| Teachers Pay Grant   | 0              | 1,011          |
| Other Grants   | 4,590          | 5,408          |
| <b>Total revenue grants credited to the Comprehensive</b>  | <b>641,059</b> | <b>621,135</b> |

(a) The DSG includes clawback of £984,000 relating to 2017/18 Early Years Block.

(b) Housing and Council Tax Support has reduced in line with reduced expenditure.

**Note 20. Members' Allowances**

The total payments made for members' allowances and expenses are shown in the table below.

|                     | <b>2017/18</b> | <b>2018/19</b> |
|---------------------|----------------|----------------|
|                     | <b>£000s</b>   | <b>£000s</b>   |
| Members' allowances | 1,999          | 2,050          |
| Members' expenses   | 2              | 3              |
| <b>Total</b>        | <b>2,001</b>   | <b>2,053</b>   |

**Note 21. Officers' Emoluments****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 number of non-schools based staff in each salary band over £50,000 is shown below, split between those staff who have not received severance payments and those who have.

|                     | <b>Restated<br/>2017/18<br/>Staff Who Have<br/>Not Received<br/>Severance<br/>Payments</b> | <b>2017/18<br/>Staff Who Have<br/>Received<br/>Severance<br/>Payments</b> | <b>2017/18<br/>Total</b> | <b>2018/19<br/>Staff Who Have<br/>Not Received<br/>Severance<br/>Payments</b> | <b>2018/19<br/>Staff Who Have<br/>Received<br/>Severance<br/>Payments</b> | <b>2018/19<br/>Total</b> |
|---------------------|--|---|--------------------------|---|---|--------------------------|
| £50,000 - £54,999   | 49   | 0   | 49                       | 59  | 0   | 59                       |
| £55,000 - £59,999   | 24   | 0   | 24                       | 34  | 1   | 35                       |
| £60,000 - £64,999   | 18   | 0   | 18                       | 9   | 0   | 9                        |
| £65,000 - £69,999   | 28   | 0   | 28                       | 37  | 0   | 37                       |
| £70,000 - £74,999   | 13   | 0   | 13                       | 14  | 0   | 14                       |
| £75,000 - £79,999   | 9  | 0   | 9                        | 12  | 0   | 12                       |
| £80,000 - £84,999   | 12   | 0   | 12                       | 9   | 0   | 9                        |
| £85,000 - £89,999   | 3  | 0   | 3                        | 5   | 0   | 5                        |
| £90,000 - £94,999   | 4  | 0   | 4                        | 2   | 0   | 2                        |
| £95,000 - £99,999   | 2  | 0   | 2                        | 3   | 0   | 3                        |
| £100,000 - £104,999 | 3  | 0   | 3                        | 3   | 0   | 3                        |
| £105,000 - £109,999 | 0  | 0   | 0                        | 0   | 0   | 0                        |
| £110,000 - £114,999 | 0  | 1   | 1                        | 0   | 0   | 0                        |
| £115,000 - £119,999 | 1  | 0   | 1                        | 0   | 0   | 0                        |
| £125,000 - £129,999 | 0  | 0   | 0                        | 0   | 0   | 0                        |
| £135,000 - £139,999 | 1  | 0   | 1                        | 1   | 0   | 1                        |
|                     | <b>167</b>   | <b>1</b>  | <b>168</b>               | <b>188</b>  | <b>1</b>  | <b>189</b>               |

**Schools based staff**

The number of schools based staff in each salary band over £50,000 is shown below, split between those staff who have not received severance or other related payments and those who have.

|                     | <b>2017/18<br/>Staff Who Have<br/>Not Received<br/>Severance<br/>Payments</b> | <b>2017/18<br/>Staff Who Have<br/>Received<br/>Severance<br/>Payments</b> | <b>2017/18<br/>Total</b> | <b>2018/19<br/>Staff Who Have<br/>Not Received<br/>Severance<br/>Payments</b> | <b>2018/19<br/>Staff Who Have<br/>Received<br/>Severance<br/>Payments</b> | <b>2018/19<br/>Total</b> |
|---------------------|---|---|--------------------------|---|---|--------------------------|
| £50,000 - £54,999   | 68  | 0   | 68                       | 70  | 1   | 71                       |
| £55,000 - £59,999   | 27  | 0   | 27                       | 39  | 0   | 39                       |
| £60,000 - £64,999   | 21  | 0   | 21                       | 20  | 0   | 20                       |
| £65,000 - £69,999   | 20  | 0   | 20                       | 16  | 0   | 16                       |
| £70,000 - £74,999   | 16  | 0   | 16                       | 10  | 0   | 10                       |
| £75,000 - £79,999   | 7   | 0   | 7                        | 13  | 0   | 13                       |
| £80,000 - £84,999   | 5   | 1   | 6                        | 2   | 0   | 2                        |
| £85,000 - £89,999   | 2   | 0   | 2                        | 5   | 0   | 5                        |
| £90,000 - £94,999   | 3   | 0   | 3                        | 1   | 0   | 1                        |
| £95,000 - £99,999   | 3   | 0   | 3                        | 2   | 0   | 2                        |
| £105,000 - £109,999 | 0   | 0   | 0                        | 0   | 0   | 0                        |
| £110,000 - £114,000 | 1   | 0   | 1                        | 2   | 0   | 2                        |
| £115,000 - £119,999 | 1   | 0   | 1                        | 1   | 0   | 1                        |
| £140,000 - £145,999 | 0   | 0   | 0                        | 1   | 0   | 1                        |
|                     | <b>174</b>  | <b>1</b>  | <b>175</b>               | <b>182</b>  | <b>1</b>  | <b>183</b>               |

**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).

|   | Salary, Fees or Allowances |              | Expenses Allowance |              | Employer's Contribution to Pension |              | Employer's Contribution to Early Retirement Costs |              | Severance Payments |              |
|---|----------------------------|--------------|--------------------|--------------|------------------------------------|--------------|---|--------------|--------------------|--------------|
|   | Restated 2017/18<br>£      | 2018/19<br>£ | 2017/18<br>£       | 2018/19<br>£ | Restated 2017/18<br>£              | 2018/19<br>£ | 2017/18<br>£                                      | 2018/19<br>£ | 2017/18<br>£       | 2018/19<br>£ |
| Chief Executive of the Council, Joanne Roney  | 194,645                    | 205,671      | 0                  | 0            | 40,569                             | 37,990       | 0   | 0            | 0                  | 0            |
| City Treasurer of the Council (a)   | 131,015                    | 128,259      | 0                  | 0            | 25,159                             | 24,474       | 0   | 0            | 0                  | 0            |
| Deputy Chief Executive and City Treasurer, Carol Culley (a)   | 0                          | 12,500       | 0                  | 0            | 0                                  | 2,411        | 0   | 0            | 0                  | 0            |
| City Solicitor of the Council and Monitoring Officer of the Greater Manchester Combined Authority (b) | 121,343                    | 0            | 0                  | 0            | 23,176                             | 0            | 0   | 0            | 0                  | 0            |
| City Solicitor of the Council (c)   | 0                          | 95,663       | 0                  | 0            | 0                                  | 18,272       | 0   | 0            | 0                  | 0            |
| Deputy Chief Executive (People, Policy and Reform) (d)  | 132,615                    | 39,787       | 0                  | 0            | 25,329                             | 7,599        | 0   | 0            | 0                  | 0            |
| Deputy Chief Executive (Neighbourhoods) (a)   | 127,513                    | 0            | 0                  | 0            | 24,355                             | 0            | 0   | 0            | 0                  | 0            |
| Strategic Director Neighbourhoods (e)   | 0                          | 8,272        | 0                  | 0            | 0                                  | 1,580        | 0   | 0            | 0                  | 0            |
| Strategic Director of Children's Services   | 128,690                    | 139,786      | 0                  | 0            | 24,580                             | 26,699       | 0   | 0            | 0                  | 0            |
| Executive Director Commissioning and Director of Adult Social Services (f)                            | 108,035                    | 93,768       | 0                  | 0            | 20,486                             | 18,691       | 0   | 0            | 0                  | 83,603       |
| Executive Director Commissioning and Director of Adult Social Services (f)                            | 0                          | 41,059       | 0                  | 0            | 0                                  | 18,959       | 0   | 0            | 0                  | 0            |
| Director of Education and Skills (g)  | 11,984                     | 0            | 0                  | 0            | 2,289                              | 0            | 0   | 0            | 0                  | 0            |
| Director of Education (g)   | 57,080                     | 121,664      | 0                  | 0            | 12,179                             | 23,238       | 0   | 0            | 0                  | 0            |
| Director of Population Health and Wellbeing   | 97,970                     | 99,929       | 0                  | 0            | 14,088                             | 14,370       | 0   | 0            | 0                  | 0            |
| Strategic Director (Development)  | 122,412                    | 133,110      | 882                | 882          | 23,381                             | 25,424       | 0   | 0            | 0                  | 0            |
| Director of ICT, Robert Brown   | 175,399                    | 157,121      | 0                  | 0            | 33,616                             | 30,010       | 0   | 0            | 0                  | 0            |

(a) The post of Deputy Chief Executive (Neighbourhoods) was disestablished and combined with the City Treasurer post from 25 February 2019. The Deputy Chief Executive (Neighbourhoods) left on 24 February 2019. The neighbourhood responsibilities of the Deputy Chief Executive (Neighbourhoods) post were transferred to the Strategic Director Neighbourhoods.

(b) The previous postholder left the Council on 14 March 2018 and became full time Monitoring Officer of the Greater Manchester Combined Authority.

(c) The current postholder was appointed City Solicitor on 18 June 2018.

(d) The previous postholder left on 15 July 2018 and the post was removed from the structure.

(e) A new post of Strategic Director Neighbourhoods was created on 28 February 2019.

(f) The new post holder was appointed in November 2018.

(g) Previous post holder left the Council on 8 May 2017.

**Note 22. 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. There were no compulsory redundancies during the financial years 2017/18 and 2018/19.

|                   | <b>2017/18<br/>Number of Staff<br/>Departures<br/>Agreed</b> | <b>2017/18<br/>Total Cost of Exit<br/>Packages<br/>£000s</b> | <b>2018/19<br/>Number of Staff<br/>Departures<br/>Agreed</b> | <b>2018/19<br/>Total Cost of<br/>Exit Packages<br/>£000s</b> |
|-------------------|--|--|--|--|
| £0 - £19,999      | 175  | 1,095  | 84   | 411  |
| £20,000 - £39,999 | 18   | 464  | 7  | 199  |
| £40,000 - £59,999 | 6  | 268  | 2  | 106  |
| £60,000 - £99,999 | 2  | 140  | 3  | 217  |
|                   | <b>201</b>   | <b>1,967</b>   | <b>96</b>  | <b>933</b>   |

The figures include both schools and non-schools staff.

**Note 23. Audit Fees**

The following amount of fees have been incurred for work carried out by the external auditors:

|  | <b>2017/18<br/>£000s</b> | <b>2018/19<br/>£000s</b> |
|--|--------------------------|--------------------------|
| Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor                     | 207                      | 0                        |
| Fees payable to Mazars with regard to external audit services carried out by the appointed auditor                             | 0                        | 159                      |
| Fees payable to Grant Thornton for the certification of grant claims (housing benefit grant claim)                             | 14                       | 14                       |
| Fees payable to Grant Thornton for services relating to other returns (teachers' pensions and pooled capital receipts returns) | 7                        | 8                        |
| Fees payable to Grant Thornton for services relating to 2015/16 accounts objection   | 0                        | 3                        |
| Fees payable to Grant Thornton for Non-Audit Services  | 12                       | 0                        |
|  | <b>240</b>               | <b>184</b>               |

The Non-Audit Services for 2017/18 related to CFO insights works which involves an online service allowing rapid analysis of key financial performance data.



**Note 24. Property Plant and Equipment**

Movements on property, plant and equipment during 2018/19 were as follows:

|  | Property, Plant and Equipment |                             |                                   |                          |                     |                                 |                   | Total<br>£000s   |
|--|-------------------------------|-----------------------------|-----------------------------------|--------------------------|---------------------|---------------------------------|-------------------|------------------|
|  | Council<br>Dwellings          | Other Land<br>and Buildings | Vehicles, Plant,<br>and Equipment | Infrastructure<br>Assets | Community<br>Assets | Assets<br>Under<br>Construction | Surplus<br>Assets |                  |
|  | £000s                         | £000s                       | £000s                             | £000s                    | £000s               | £000s                           | £000s             |                  |
| <b>Movement in 2018/19</b>   |                               |                             |                                   |                          |                     |                                 |                   |                  |
| Gross book value brought forward   | 590,722                       | 1,204,728                   | 100,068                           | 561,251                  | 31,279              | 76,223                          | 108,789           | 2,673,060        |
| Accumulated depreciation and impairment brought forward                                      | (27,424)                      | (56,393)                    | (38,081)                          | (118,340)                | (853)               | 0                               | (9,947)           | (251,038)        |
| <b>Net book value carried forward as at 1 April 2018</b>                                     | <b>563,298</b>                | <b>1,148,335</b>            | <b>61,987</b>                     | <b>442,911</b>           | <b>30,426</b>       | <b>76,223</b>                   | <b>98,842</b>     | <b>2,422,022</b> |
| Additions  | 16,237                        | 33,887                      | 5,863                             | 39,982                   | 689                 | 46,167                          | 9,580             | 152,405          |
| Revaluations recognised in revaluation reserve   | 47,930                        | 42,061                      | 55                                | 0                        | 0                   | 0                               | 9,321             | 99,367           |
| Downward Revaluations recognised in surplus on the provision of services                     | (857)                         | (11,969)                    | 0                                 | 0                        | 0                   | 0                               | (14,544)          | (27,370)         |
| Derecognition - disposals  | 0                             | (18,699)                    | (17)                              | 0                        | 0                   | 0                               | 0                 | (18,716)         |
| Transferred (to) / from held for sale assets   | (7,079)                       | (24)                        | 0                                 | 0                        | 0                   | 0                               | (9,193)           | (16,296)         |
| Other transfers  | (917)                         | (28,698)                    | 186                               | 17,192                   | 281                 | (40,788)                        | 40,213            | (12,531)         |
| Other movements in cost or valuation - newly recognised leased / PFI assets / donated assets | 12,403                        | 0                           | 504                               | 0                        | 0                   | 0                               | 0                 | 12,907           |
| Depreciation   | (16,708)                      | (27,269)                    | (8,967)                           | (19,497)                 | 0                   | 0                               | (571)             | (73,012)         |
| Impairments charged to the comprehensive income and expenditure statement                    | (3,728)                       | (1,431)                     | (1,885)                           | 0                        | 0                   | 0                               | (420)             | (7,464)          |
| Impairments covered by the revaluation reserve   | (5,511)                       | (1,171)                     | 0                                 | 0                        | 0                   | 0                               | 0                 | (6,682)          |
| <b>Net book value carried forward as at 31 March 2019</b>                                    | <b>605,068</b>                | <b>1,135,022</b>            | <b>57,726</b>                     | <b>480,588</b>           | <b>31,396</b>       | <b>81,602</b>                   | <b>133,228</b>    | <b>2,524,630</b> |
| Gross book value carried forward   | 630,721                       | 1,182,498                   | 103,446                           | 618,424                  | 32,249              | 81,602                          | 142,871           | 2,791,811        |
| Accumulated depreciation and Impairment carried forward as at 31 March 2019                  | (25,653)                      | (47,476)                    | (45,720)                          | (137,836)                | (853)               | 0                               | (9,643)           | (267,181)        |
| <b>Net book value carried forward as at 31 March 2019</b>                                    | <b>605,068</b>                | <b>1,135,022</b>            | <b>57,726</b>                     | <b>480,588</b>           | <b>31,396</b>       | <b>81,602</b>                   | <b>133,228</b>    | <b>2,524,630</b> |

Movements on property, plant and equipment during 2017/18 were as follows:

|   | Property, Plant and Equipment |                                   |                                |                                |                           |                           |                |                  |
|---|-------------------------------|-----------------------------------|--------------------------------|--------------------------------|---------------------------|---------------------------|----------------|------------------|
|   | Council Dwellings             | Restated Other Land and Buildings | Vehicles, Plant, and Equipment | Restated Infrastructure Assets | Restated Community Assets | Assets Under Construction | Surplus Assets | Total            |
|   | £000s                         | £000s                             | £000s                          | £000s                          | £000s                     | £000s                     | £000s          | £000s            |
| <b>Movement in 2017/18</b>  |                               |                                   |                                |                                |                           |                           |                |                  |
| Gross book value brought forward  | 508,251                       | 1,127,353                         | 91,292                         | 535,139                        | 29,982                    | 32,486                    | 127,490        | 2,451,993        |
| Accumulated depreciation and impairment brought forward                     | (25,730)                      | (82,174)                          | (30,880)                       | (100,363)                      | (206)                     | 0                         | (29,333)       | (268,686)        |
| <b>Net book value carried forward as at 1 April 2017</b>                    | <b>482,521</b>                | <b>1,045,179</b>                  | <b>60,412</b>                  | <b>434,776</b>                 | <b>29,776</b>             | <b>32,486</b>             | <b>98,157</b>  | <b>2,183,307</b> |
| Additions   | 19,675                        | 48,846                            | 7,979                          | 26,900                         | 522                       | 41,960                    | 9,179          | 155,061          |
| Revaluations recognised in revaluation reserve                              | 71,797                        | 110,692                           | 151                            | 0                              | 0                         | 0                         | 5,881          | 188,521          |
| Downward Revaluations recognised in surplus on the provision of services    | (353)                         | (7,832)                           | 0                              | 0                              | 0                         | 0                         | (8,341)        | (16,526)         |
| Derecognition - disposals   | 0                             | (21,006)                          | (10)                           | 0                              | 0                         | 0                         | (954)          | (21,970)         |
| Transferred (to) held for sale assets                                       | (7,838)                       | 850                               | 0                              | 0                              | 0                         | 0                         | (5,452)        | (12,440)         |
| Other transfers   | (416)                         | (2,299)                           | 413                            | (788)                          | 129                       | 1,777                     | 843            | (341)            |
| Other movements in cost or valuation - newly recognised leased / PFI assets | 25,572                        | 0                                 | 1,089                          | 0                              | 0                         | 0                         | 0              | 26,661           |
| Depreciation  | (15,880)                      | (25,204)                          | (7,934)                        | (17,977)                       | (1)                       | 0                         | (337)          | (67,333)         |
| Impairments charged to the comprehensive income and expenditure statement   | (1,325)                       | (466)                             | (113)                          | 0                              | 0                         | 0                         | (34)           | (1,938)          |
| Impairments covered by the revaluation reserve                              | (10,455)                      | (425)                             | 0                              | 0                              | 0                         | 0                         | (100)          | (10,980)         |
| <b>Net book value carried forward as at 31 March 2018</b>                   | <b>563,298</b>                | <b>1,148,335</b>                  | <b>61,987</b>                  | <b>442,911</b>                 | <b>30,426</b>             | <b>76,223</b>             | <b>98,842</b>  | <b>2,422,022</b> |
| Gross book value carried forward  | 590,722                       | 1,204,728                         | 100,068                        | 561,251                        | 31,279                    | 76,223                    | 108,789        | 2,673,060        |
| Accumulated depreciation and impairment carried forward as at 31 March 2018 | (27,424)                      | (56,393)                          | (38,081)                       | (118,340)                      | (853)                     | 0                         | (9,947)        | (251,038)        |
| <b>Net book value carried forward as at 31 March 2018</b>                   | <b>563,298</b>                | <b>1,148,335</b>                  | <b>61,987</b>                  | <b>442,911</b>                 | <b>30,426</b>             | <b>76,223</b>             | <b>98,842</b>  | <b>2,422,022</b> |

**Note 25. Disposal of Assets**

The note below shows the value of assets disposed of and the gain and loss on the disposal.

|  | <b>2017/18<br/>£000s</b> | <b>2018/19<br/>£000s</b> |
|--|--------------------------|--------------------------|
| <b>Disposals of Assets</b>                       |                          |                          |
| Held for Sale - Council dwellings (right to buy) | 7,838                    | 7,079                    |
| Held for Sale - General Fund                     | 19,645                   | 8,474                    |
| Academy Disposals                                | 19,457                   | 18,699                   |
| Other General Fund Disposals                     | 16,560                   | 17                       |
|  | <b>63,500</b>            | <b>34,269</b>            |

The schools that transferred to academies in 2018/19 were; Broadhurst Primary, Wilbraham Primary and Temple Primary.

**(Gains) and Losses on Disposal of Non-current Assets**

|   | <b>2017/18<br/>£000s</b> | <b>2018/19<br/>£000s</b> |
|---|--------------------------|--------------------------|
| Held for Sale - Council dwellings (right to buy)      | (2,616)                  | (2,618)                  |
| HRA Other   | (4,645)                  | (4,597)                  |
| Held for Sale General Fund                            | 13,650                   | 1,017                    |
| Academy Disposals                                     | 19,457                   | 18,699                   |
| Other General Fund Disposals & other Capital Receipts | (20,113)                 | (6,770)                  |
|   | <b>5,733</b>             | <b>5,731</b>             |

**Note 26. Accounting for Local Government Schools**

The Council has the following maintained schools:

|  | Community    | Voluntary Controlled | Voluntary Aided | Foundation  |
|--|--------------|----------------------|-----------------|-------------|
| Number of schools, excluding PFI schools     | 56           | 13                   | 44              | 2           |
| Value of Land and Buildings at 31 March 2019 | £326,388,000 | N/A                  | N/A             | £16,325,000 |
| Value of Land and Buildings at 31 March 2018 | £312,260,000 | N/A                  | N/A             | £10,964,000 |
| Number of schools subject to PFI contracts   | 0            | 0                    | 0               | 1           |
| Value of Land and Buildings at 31 March 2019 | N/A          | N/A                  | N/A             | £40,683,000 |
| Value of Land and Buildings at 31 March 2018 | £6,426,000   | N/A                  | N/A             | £42,196,000 |

**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 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 24). 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 44).

Included within the Council's Comprehensive Income and Expenditure Statement and Balance Sheet are the following amounts relating to each category of school.

|                                     | Community | Voluntary Controlled | Voluntary Aided | Foundation | Total     |
|-------------------------------------|-----------|----------------------|-----------------|------------|-----------|
|                                     | £000s     | £000s                | £000s           | £000s      | £000s     |
| Opening schools reserves            | 16,614    | 3,120                | 6,793           | 963        | 27,490    |
| Funding, including DSG              | 147,226   | 28,039               | 94,085          | 18,033     | 287,383   |
| Net expenditure incurred by schools | (147,658) | (28,012)             | (94,643)        | (17,491)   | (287,804) |
| Closing schools reserves            | 16,182    | 3,147                | 6,235           | 1,505      | 27,069    |

**PFI Schemes**

The Council has two schools subject to PFI contracts. Temple Primary School transferred to academy status during 2018/19 so the buildings are no longer shown on the Council's balance sheet. The related liability is shown on the balance sheet.

**Note 27. Heritage Assets**

Movements on heritage assets during 2018/19 were as follows:

|                                 | Heritage Assets            |                         |  |                                  |                | Total<br>£000s |
|---------------------------------|----------------------------|-------------------------|--|----------------------------------|----------------|----------------|
|                                 | Fine Art<br>Works<br>£000s | Civic<br>Plate<br>£000s | Monuments<br>Statues and<br>Fountains<br>£000s | Town Hall<br>Sculptures<br>£000s | Other<br>£000s |                |
| <b>Cost or valuation</b>        |                            |                         |  |                                  |                |                |
| <b>Balance at 1 April 2018</b>  | 528,847                    | 2,959                   | 619  | 3,462                            | 3,367          | 539,254        |
| Additions/ Donations            | 0                          | 0                       | 96   | 0                                | 0              | 96             |
| Revaluations                    | (1,078)                    | 0                       | 0  | 0                                | 0              | (1,078)        |
| <b>Balance at 31 March 2019</b> | <b>527,769</b>             | <b>2,959</b>            | <b>715</b>                                     | <b>3,462</b>                     | <b>3,367</b>   | <b>538,272</b> |

Movements on heritage assets during 2017/18 were as follows:

|                                 | Heritage Assets            |                         |  |                                  |                | Total<br>£000s |
|---------------------------------|----------------------------|-------------------------|--|----------------------------------|----------------|----------------|
|                                 | Fine Art<br>Works<br>£000s | Civic<br>Plate<br>£000s | Monuments<br>Statues and<br>Fountains<br>£000s | Town Hall<br>Sculptures<br>£000s | Other<br>£000s |                |
| <b>Cost or valuation</b>        |                            |                         |  |                                  |                |                |
| <b>Balance at 1 April 2017</b>  | 529,061                    | 2,959                   | 619  | 3,462                            | 3,367          | 539,468        |
| Revaluations                    | (214)                      | 0                       | 0  | 0                                | 0              | (214)          |
| <b>Balance at 31 March 2018</b> | <b>528,847</b>             | <b>2,959</b>            | <b>619</b>                                     | <b>3,462</b>                     | <b>3,367</b>   | <b>539,254</b> |

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' collections are covered by the Greater Manchester Act 1981 whereby financially motivated disposal is prohibited by the Act.

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 throughout the Town Hall 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 Galley 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
- 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 behalf of the Town Hall 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 are included in the balance sheet at market valuation where this exceeds £100,000.

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 and have an insurance value however these items are not included on the balance sheet as in most cases, only a nominal value can be attributed to a particular individual asset.

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 2018/19 resulted in a reduction in value of £1,078,000 (2017/18 reduction of £214,000).

**Civic Plate / Lord Mayors Regalia / Model of HMS Manchester**

These items are included in the balance sheet at insurance valuation.

**Town Hall Sculptures**

The sculptures are deemed to have indeterminate lives; hence the Council does not consider it appropriate to charge depreciation.

**Town Hall and Central Library 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 will be moved to an offsite storage location during 2018. 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 silver collection will remain in the secure silver store until December 2018 when it will be removed to an offsite secure storage facility. 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 indeterminate lives; hence the Council does not consider it appropriate to charge depreciation.

There have been no additions or disposals in year that affect the valuations in the classifications above.

**d) Heritage Assets not Reported in the Balance Sheet****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.

**Note 28. 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 open market value less a specified, notified percentage known as the social housing discount
- 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 unless that depreciation is immaterial. 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.

The range of asset lives for each asset type are shown in the table below:

| Asset Valuation Groups                       | Range        |            |
|--|--------------|------------|
|  | From (years) | To (years) |
| Council Dwellings - Main Structure           | 16           | 68         |
| Adult Education Facilities                   | 9            | 38         |
| Car Parks                                    | 17           | 22         |
| Children's Home / Family Centres             | 10           | 40         |
| Day Centres / Luncheon Clubs                 | 9            | 51         |
| Galleries                                    | 30           | 59         |
| Depots                                       | 10           | 51         |
| Housing Offices                              | 7            | 39         |
| Leisure Centres / Sports Facilities          | 3            | 59         |
| Libraries                                    | 3            | 56         |
| Markets                                      | 12           | 17         |
| Offices                                      | 13           | 58         |
| Park Buildings                               | 2            | 50         |
| Schools                                      | 1            | 59         |
| Youth Clubs / Children's Centres / Nurseries | 4            | 50         |
| BMX / Skate / Bike Facilities                | 20           | 53         |
| Cemeteries and Crematoria                    | 7            | 32         |
| Vehicles, Plant, Furniture and Equipment     | 1            | 27         |
| Infrastructure Assets                        | 24           | 49         |
| Surplus Assets                               | 3            | 49         |



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 and Urban Vision and Jacobs, external valuers commissioned by the Council with a valuation date of 1 April 2018. Jacobs have provided indexation factors for the percentage increase in value from the date of the last valuation to 31 March 2019 for each category of asset. These have been applied to the asset values, where material, to provide a more accurate balance sheet value.

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 if the valuer considers the asset to have no identifiable rental value. Assumptions made by the valuer for this approach relate to the depreciation rate applied to reflect the physical condition and any economic or functional obsolescence of the asset in respect of its current use. Where a rental value 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 PPE asset value is comprised of properties valued using the Depreciated Replacement Cost (DRC) method of valuation.

Inspections of property, plant and equipment (PPE) were carried out in 2018/19 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 £99,367,000 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 £34,384,000 in relation to PPE being charged to the Comprehensive Income and Expenditure Statement.

The following table lists the value of each type of property, plant and equipment with the year of their last valuation:

|                 | Council Dwellings<br>£000s | Other Land & Buildings<br>£000s | Vehicles, Plant, & Equipment<br>£000s | Infrastructure Assets<br>£000s | Community Assets<br>£000s | Surplus Assets<br>£000s | Assets Under Construction<br>£000s | Total<br>£000s |
|-----------------|----------------------------|---------------------------------|---------------------------------------|--------------------------------|---------------------------|-------------------------|------------------------------------|----------------|
| Historical Cost |                            |                                 | 53,127                                | 480,587                        | 31,396                    | 0                       | 81,602                             | 646,712        |
| Valuation Year  |                            |                                 |                                       |                                |                           |                         |                                    |                |
| 14/15           | 0                          | 99,212                          | 0                                     | 0                              | 0                         | 3,464                   | 0                                  | 102,676        |
| 15/16           | 5,571                      | 81,849                          | 0                                     | 0                              | 0                         | 16,746                  | 0                                  | 104,166        |
| 16/17           | 11,475                     | 67,268                          | 0                                     | 0                              | 0                         | 8,060                   | 0                                  | 86,803         |
| 17/18           | 25,572                     | 7,094                           | 293                                   | 0                              | 0                         | 9,563                   | 0                                  | 42,522         |
| 18/19           | 562,450                    | 879,599                         | 4,307                                 | 0                              | 0                         | 95,395                  | 0                                  | 1,541,751      |
| Total           | 605,068                    | 1,135,022                       | 57,727                                | 480,587                        | 31,396                    | 133,228                 | 81,602                             | 2,524,630      |

### 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<br>2018<br>£000 | 31 March<br>2019<br>£000 |
|---------------------------------|---------|--------------------------|--------------------------|
| Other significant inputs        | Level 2 | 27,002                   | 26,993                   |
| Significant unobservable inputs | Level 3 | 71,840                   | 106,235                  |
|                                 |         | 98,842                   | 133,228                  |

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 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 of £2,165,000 between levels of fair value hierarchy during 2018/19. These included: land in Holt Town, the site of the former Fujitsu Tower and the former Sonoco site.

## Reconciliation of Fair Value Measurements Categorised within Level 3 of the Fair Value Hierarchy

|  | 2017/18<br>£000 | 2018/19<br>£000 |
|--|-----------------|-----------------|
| Balance at 1 April   | 64,678          | 71,840          |
| Transfers to surplus assets  | 1,677           | 31,859          |
| Transfers between levels   | 4,008           | 2,165           |
| Total (losses) included in deficit / surplus on provision of services resulting from changes in the fair value | (3,262)         | (14,513)        |
| Total gains included in other comprehensive income and expenditure   | 5,881           | 9,140           |
|  | 72,982          | 100,491         |
| Additions  | 150             | 6,314           |
| Disposals  | (954)           | 0               |
| Depreciation   | (338)           | (570)           |
| Balance at 31 March  | 71,840          | 106,235         |

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, taking into account all information about market participant assumptions that is reasonably available.

**Note 29. 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:

|   | <b>Assets Held<br/>For Sale<br/>£000s</b> |
|---|---|
| <b>Net book value brought forward</b>                     | <b>21,376</b>                             |
| <b>Movement in 2017/18</b>                                |   |
| Reclassifications   | 12,439                                    |
| Additions   | 5,571                                     |
| Disposals   | (27,482)                                  |
| Revaluations  | 110                                       |
| Impairments   | (1,600)                                   |
| <b>Net book value carried forward as at 31 March 2018</b> | <b>10,414</b>                             |
| <b>Movement in 2018/19</b>                                |   |
| Reclassifications   | 16,296                                    |
| Additions   | 276                                       |
| Disposals   | (15,552)                                  |
| Revaluations  | 339                                       |
| <b>Net book value carried forward as at 31 March 2019</b> | <b>11,773</b>                             |

## Note 30. Assets Recognised Under PFI and Similar Arrangements

Movements on PFI and similar arrangements assets and liabilities during the year were as follows:

|   | Energy Services<br>£000s | Temple Primary School<br>£000s | Plymouth Grove Housing<br>£000s | Miles Platting Housing<br>£000s | Brunswick Housing<br>£000s | Public Lighting<br>£000s | Wright Robinson Sports College<br>£000s | Refuse Vehicles Service Concession<br>£000s | Total<br>£000s |
|---|--------------------------|--------------------------------|---------------------------------|---------------------------------|----------------------------|--------------------------|---|---|----------------|
| <b>Net book value brought forward</b>                         | <b>94</b>                | <b>5,560</b>                   | <b>23,742</b>                   | <b>47,377</b>                   | <b>53,924</b>              | <b>46,167</b>            | <b>37,517</b>                           | <b>3,589</b>                                | <b>217,970</b> |
| <b>Movement in 2017/18</b>                                    |                          |                                |                                 |                                 |                            |                          |   |   |                |
| Expenditure   | 0                        | 0                              | 0                               | 0                               | 341                        | 7,774                    | 0                                       | 0   | 8,115          |
| Newly recognised assets                                       | 0                        | 0                              | 0                               | 0                               | 25,572                     | 0                        | 0                                       | 1,089                                       | 26,661         |
| Reclassifications   | 0                        | 0                              | (1,236)                         | (467)                           | (306)                      | (192)                    | 0                                       | 0   | (2,201)        |
| Depreciation  | (8)                      | (121)                          | (742)                           | (1,749)                         | (1,119)                    | (2,150)                  | (696)                                   | (439)                                       | (7,024)        |
| Revaluations  | 0                        | 990                            | 3,828                           | 11,064                          | 9,074                      | 0                        | 5,375                                   | 0   | 30,331         |
| Impairments   | 0                        | (2)                            | 0                               | 0                               | (4,218)                    | 0                        | 0                                       | 0   | (4,220)        |
| <b>Net book value carried forward as at 31 March 2018</b>     | <b>86</b>                | <b>6,427</b>                   | <b>25,592</b>                   | <b>56,225</b>                   | <b>83,268</b>              | <b>51,599</b>            | <b>42,196</b>                           | <b>4,239</b>                                | <b>269,632</b> |
| <b>Movement in 2018/19</b>                                    |                          |                                |                                 |                                 |                            |                          |   |   |                |
| Expenditure   | 0                        | 0                              | 131                             | 0                               | 13                         | 12,124                   | 0                                       | 0   | 12,268         |
| Newly recognised assets                                       | 0                        | 0                              | 0                               | 0                               | 12,403                     | 0                        | 0                                       | 504   | 12,907         |
| Disposals   | 0                        | (6,394)                        | 0                               | 0                               | 0                          | 0                        | 0                                       | 0   | (6,394)        |
| Reclassifications   | 0                        | 0                              | (325)                           | (1,314)                         | (389)                      | 0                        | 0                                       | 0   | (2,028)        |
| Depreciation  | (8)                      | (33)                           | (756)                           | (1,801)                         | (1,177)                    | (2,548)                  | (709)                                   | (612)                                       | (7,644)        |
| Revaluations  | 0                        | 0                              | 1,123                           | 3,311                           | 448                        | 0                        | (804)                                   | 0   | 4,078          |
| Impairments   | 0                        | 0                              | (79)                            | 0                               | (52)                       | 0                        | 0                                       | 0   | (131)          |
| <b>Net book value carried forward as at 31 March 2019</b>     | <b>78</b>                | <b>0</b>                       | <b>25,686</b>                   | <b>56,421</b>                   | <b>94,514</b>              | <b>61,175</b>            | <b>40,683</b>                           | <b>4,131</b>                                | <b>282,688</b> |
|   |                          |                                |                                 |                                 |                            |                          |   |   |                |
|   | Energy Services<br>£000s | Temple Primary School<br>£000s | Plymouth Grove Housing<br>£000s | Miles Platting Housing<br>£000s | Brunswick Housing<br>£000s | Public Lighting<br>£000s | Wright Robinson Sports College<br>£000s | Refuse Vehicles Service Concession<br>£000s | Total<br>£000s |
| <b>Deferred liability brought forward</b>                     | <b>792</b>               | <b>2,649</b>                   | <b>16,415</b>                   | <b>52,297</b>                   | <b>11,699</b>              | <b>30,638</b>            | <b>23,111</b>                           | <b>3,589</b>                                | <b>141,190</b> |
| <b>Movement in 2017/18</b>                                    |                          |                                |                                 |                                 |                            |                          |   |   |                |
| Additional liability  | 0                        | 0                              | 0                               | 0                               | 25,571                     | 0                        | 0                                       | 1,089                                       | 26,660         |
| Write down of liability                                       | (262)                    | (166)                          | (536)                           | (1,725)                         | (5,661)                    | (1,745)                  | (952)                                   | (438)                                       | (11,487)       |
| <b>Deferred liability carried forward as at 31 March 2018</b> | <b>530</b>               | <b>2,483</b>                   | <b>15,879</b>                   | <b>50,572</b>                   | <b>31,609</b>              | <b>28,893</b>            | <b>22,159</b>                           | <b>4,240</b>                                | <b>156,363</b> |
| <b>Movement in 2018/19</b>                                    |                          |                                |                                 |                                 |                            |                          |   |   |                |
| Additional liability  | 0                        | 0                              | 0                               | 0                               | 12,403                     | 0                        | 0                                       | 505   | 12,908         |
| Write down of liability                                       | (289)                    | (191)                          | (585)                           | (3,529)                         | (5,297)                    | (1,855)                  | (1,015)                                 | 0   | (12,761)       |
| <b>Deferred liability carried forward as at 31 March 2019</b> | <b>241</b>               | <b>2,292</b>                   | <b>15,294</b>                   | <b>47,043</b>                   | <b>38,715</b>              | <b>27,038</b>            | <b>21,144</b>                           | <b>4,745</b>                                | <b>156,510</b> |

**Note 31. Assets Held as Lessee****Operating Leases**

The Council has obtained the right to use vehicles, 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:

|   | <b>31 March 2018<br/>£000s</b> | <b>31 March 2019<br/>£000s</b> |
|---|--------------------------------|--------------------------------|
| Not later than one year                           | 2,820                          | 2,250                          |
| Later than one year and not later than five years | 6,729                          | 7,370                          |
| Later than five years                             | 14,905                         | 17,429                         |
|   | <b>24,454</b>                  | <b>27,049</b>                  |

Lease payments made:

|                        | <b>2017/18<br/>£000s</b> | <b>2018/19<br/>£000s</b> |
|------------------------|--------------------------|--------------------------|
| Minimum lease payments | 3,288                    | 1,997                    |
|                        | <b>3,288</b>             | <b>1,997</b>             |

The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

|                                     | <b>2017/18<br/>£000s</b> | <b>2018/19<br/>£000s</b> |
|-------------------------------------|--------------------------|--------------------------|
| Corporate Core                      | 90                       | 333                      |
| Neighbourhoods                      | 9                        | 0                        |
| Strategic Development               | 3,189                    | 1,664                    |
| <b>Total minimum lease payments</b> | <b>3,288</b>             | <b>1,997</b>             |

**Finance Leases**

The Council has acquired a number of items of equipment under finance lease agreements.

These assets are included in the Balance Sheet at the following net amounts:

|                               | <b>31 March 2018<br/>£000s</b> | <b>31 March 2019<br/>£000s</b> |
|-------------------------------|--------------------------------|--------------------------------|
| Vehicles, plant and equipment | 14                             | 0                              |
|                               | <b>14</b>                      | <b>0</b>                       |

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

|                                       | 31 March 2018<br>£000s | 31 March 2019<br>£000s |
|---------------------------------------|------------------------|------------------------|
| Finance lease liability               |                        |                        |
| current                               | 14                     | 0                      |
| non-current                           | 0                      | 0                      |
| Finance costs payable in future years | 3                      | 0                      |
|                                       | <b>17</b>              | <b>0</b>               |

The minimum lease payments were paid over the following period:

|   | 31 March 2018<br>£000s | 31 March 2019<br>£000s |
|---|------------------------|------------------------|
| Not later than one year                           | 72                     | 0                      |
| Later than one year and not later than five years | 17                     | 0                      |
| <b>Total minimum lease payments</b>               | <b>89</b>              | <b>0</b>               |

The finance lease liability was paid over the following period:

|   | 31 March 2018<br>£000s | 31 March 2019<br>£000s |
|---|------------------------|------------------------|
| Not later than one year                           | 14                     | 0                      |
| Later than one year and not later than five years | 0                      | 0                      |
| <b>Total finance lease liability</b>              | <b>14</b>              | <b>0</b>               |

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. No contingent rents were payable by the Council in 2017/18.

Finance leases classified as vehicles, plant, furniture and equipment have a gross carrying amount of gross asset cost less the lessor's disclosed residual value. Depreciation is charged on a straight line basis over the life of the lease.

|   | Land and building<br>£000s | Vehicles, plant<br>and equipment<br>£000s | Total<br>£000s |
|---|----------------------------|---|----------------|
| <b>Net book value brought forward</b>                               | <b>0</b>                   | <b>72</b>                                 | <b>72</b>      |
| Movement in 2017/18   |                            |   |                |
| Transfers of Assets upon Expiry of Lease - Gross Asset Cost         | 0                          | (422)                                     | (422)          |
| Transfers of Assets upon Expiry of Lease - Accumulated Depreciation | 0                          | 422                                       | 422            |
| Disposals - Gross Asset   | 0                          | (102)                                     | (102)          |
| Disposals - Accumulated Depreciation                                | 0                          | 92  | 92             |
| Depreciation  | 0                          | (48)                                      | (48)           |
| <b>Net book value carried forward as at 31 March 2018</b>           | <b>0</b>                   | <b>14</b>                                 | <b>14</b>      |
| Gross Book Value as at 31 March 2018                                | 0                          | 482                                       | 482            |
| Accumulated Depreciation as at 31 March 2018                        | 0                          | (468)                                     | (468)          |
| <b>Net book value carried forward as at 31 March 2018</b>           | <b>0</b>                   | <b>14</b>                                 | <b>14</b>      |

|   | Land and building<br>£000s | Vehicles, plant<br>and equipment<br>£000s | Total<br>£000s |
|---|----------------------------|---|----------------|
| <b>Net book value brought forward</b>                               | <b>0</b>                   | <b>14</b>                                 | <b>14</b>      |
| Movement in 2018/19   |                            |   |                |
| Transfers of Assets upon Expiry of Lease - Gross Asset Cost         | 0                          | (414)                                     | (414)          |
| Transfers of Assets upon Expiry of Lease - Accumulated Depreciation | 0                          | 414                                       | 414            |
| Disposals - Gross Asset   | 0                          | 0   | 0              |
| Disposals - Accumulated Depreciation                                | 0                          | 0   | 0              |
| Depreciation  | 0                          | (14)                                      | (14)           |
| <b>Net book value carried forward as at 31 March 2019</b>           | <b>0</b>                   | <b>0</b>                                  | <b>0</b>       |
| Gross Book Value as at 31 March 2019                                | 0                          | 68  | 68             |
| Accumulated Depreciation as at 31 March 2019                        | 0                          | (68)                                      | (68)           |
| <b>Net book value carried forward as at 31 March 2019</b>           | <b>0</b>                   | <b>0</b>                                  | <b>0</b>       |

There are no outstanding commitments to enter into further finance lease agreements.

### Note 32. 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 2018<br>£000s | 31 March 2019<br>£000s |
|---|------------------------|------------------------|
| Not later than one year                           | 20,541                 | 23,164                 |
| Later than one year and not later than five years | 70,562                 | 80,514                 |
| Later than five years                             | 969,842                | 1,236,827              |
| <b>Total minimum lease payments</b>               | <b>1,060,945</b>       | <b>1,340,505</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 33. Investment Properties**

The value of income generating investment properties classed as operating leases is £422,476,000 (£412,982,000 in 2017/18). 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 2017/18 or 2018/19.

|  | 2017/18<br>£000s | 2018/19<br>£000s |
|--|------------------|------------------|
| Rental income from investment property                     | (20,761)         | (22,766)         |
| Direct operating expenses arising from investment property | 2,663            | 3,155            |
| <b>Net gain</b>  | <b>(18,098)</b>  | <b>(19,611)</b>  |

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

|   | Investment<br>Properties<br>£000s |
|---|-----------------------------------|
| <b>Net book value brought forward as at 1 April 2017</b>  | <b>394,212</b>                    |
| Movement in 2017/18                                       |                                   |
| Expenditure   | 5,535                             |
| Disposals   | (14,047)                          |
| Reclassifications   | 342                               |
| Revaluations  | 33,443                            |
| Impairments (including downward revaluations)             | (4,500)                           |
| <b>Net book value carried forward as at 31 March 2018</b> | <b>414,985</b>                    |
| Movement in 2018/19                                       |                                   |
| Expenditure   | 8,013                             |
| Reclassifications   | 12,531                            |
| Revaluations  | 29,690                            |
| Impairments (including downward revaluations)             | (42,405)                          |
| <b>Net book value carried forward as at 31 March 2019</b> | <b>422,814</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 6.2.33 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 Jacobs, external valuers employed by the Council.



**Note 34. Capital Expenditure and Capital Financing**

|  | 2017/18<br>£000s | 2018/19<br>£000s |
|--|------------------|------------------|
| <b>Opening Capital Financing Requirement</b>           | <b>1,168,872</b> | <b>1,237,120</b> |
| <b>Expenditure</b>                                     |                  |                  |
| Property, plant and equipment                          | 155,061          | 152,405          |
| Investment properties                                  | 5,535            | 8,013            |
| Assets held for sale                                   | 5,571            | 276              |
| Heritage assets  | 0                | 96               |
| Revenue expenditure funded from capital under statute* | 63,039           | 49,793           |
| Intangible assets                                      | 66               | 198              |
| Long term debtors                                      | 57,990           | 237,986          |
| Investment in share capital                            | 4,000            | 4,000            |
|  | 291,262          | 452,767          |
| Assets acquired under finance lease / PFI arrangements | 26,661           | 12,907           |
| <b>Funding Resources</b>                               |                  |                  |
| Revenue contributions                                  | 10,111           | 8,943            |
| Capital Receipts                                       | 79,147           | 41,117           |
| Major Repairs Reserve                                  | 17,497           | 14,084           |
| Government grants                                      | 118,122          | 76,530           |
| External contributions                                 | 5,526            | 12,101           |
| Minimum Revenue Provision                              | 19,272           | 21,491           |
|  | 249,675          | 174,266          |
| <b>Closing Capital Financing Requirement</b>           | <b>1,237,120</b> | <b>1,528,528</b> |
| HRA  | 269,245          | 281,648          |
| Non HRA  | 967,875          | 1,246,882        |
| <b>Closing Capital Financing Requirement</b>           | <b>1,237,120</b> | <b>1,528,530</b> |
| <b>Explanation of Movement in Year</b>                 |                  |                  |
| Minimum Revenue Provision                              | (19,272)         | (21,491)         |
| Increase in underlying need to borrow                  | 60,859           | 299,994          |
| Assets acquired under finance lease / PFI arrangements | 26,661           | 12,907           |
|  | 68,248           | 291,410          |

\* 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.

**Note 35. Contracted Capital Commitments**

Many capital schemes take two or more years to complete. At the Balance Sheet date the main estimated contractual commitments relating to ongoing schemes for the enhancement of assets were as follows:

|                               | 31 March<br>2018<br>£000s | 31 March<br>2019<br>£000s |
|-------------------------------|---------------------------|---------------------------|
| Housing                       | 7,970                     | 2,559                     |
| Education                     | 6,820                     | 0                         |
| Indoor Leisure                | 5,757                     | 1,263                     |
| The Factory                   | 3,914                     | 100,824                   |
| Our Town Hall                 | 15,829                    | 14,987                    |
| Street Lighting               | 19,458                    | 7,327                     |
| Alexandra House               | 0                         | 805                       |
| Highways Investment Programme | 0                         | 3,887                     |
| Gorton Health Hub             | 0                         | 967                       |
| New Islington Marina          | 0                         | 1,761                     |
| Civic Quarter Heat Network    | 0                         | 17,168                    |
|                               | <b>59,748</b>             | <b>151,548</b>            |

There are no contracted capital commitments related to the acquisition of property, plant and equipment.

**Note 36. Investments**

The Council has the following long-term investments:

|  | 31 March<br>2018<br>£000s | 31 March<br>2019<br>£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  | 155                       | 149                       |
| <b>Investments in associates and joint ventures not included in the group statements</b> |                           |                           |
| National Car Parks (Manchester) Ltd Share Capital  | 1,693                     | 1,693                     |
| Eastlands Development Company Limited  | 1,300                     | 1,185                     |
| Matrix Homes Ltd   | 4,747                     | 6,515                     |
| Mayfield Developments  | 4,000                     | 4,000                     |
|  | <b>134,449</b>            | <b>136,096</b>            |
| <b>Other long-term investments</b>   | 7,973                     | 13,035                    |
| <b>Total other long-term investments</b>   | <b>7,973</b>              | <b>13,035</b>             |
| <b>Total Long-Term Investments</b>   | <b>142,422</b>            | <b>149,131</b>            |

The investments in Manchester Airports Holdings Ltd 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 increase in other investments in 2018/19 is a result of the purchase of equity of £4m in Apis Assay Technologies Ltd to support research in life science sub-sections of health and medical technologies in the Oxford Road Corridor.

At 31 March 2019 the Council had short term investments of £9.0m with Bank of Scotland (£4.0m) and HSBC (£5.0m) (31 March 2018 £8.945m with Bank of Scotland (£3.962m) and HSBC (£4.983m)). 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 below shows summarised financial information for the Council's joint venture for 2017/18 and 2018/19. These figures show the Council's share of the joint venture's results:

| <b>Council's share of Manchester Airports Holdings Ltd</b> | 2017/18<br>£000s | 2018/19<br>£000s |
|--|------------------|------------------|
| Total current assets as at 31 March                        | 60,031           | 60,970           |
| Total long term assets as at 31 March                      | 1,176,683        | 1,318,380        |
| Total current liabilities as at 31 March                   | 99,187           | 108,955          |
| Total long term liabilities at 31 March                    | 593,738          | 748,125          |
| Total income   | 327,630          | 311,500          |
| Total expenditure  | 284,320          | 261,625          |

**Note 37. 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 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. An analysis of this impairment of debt is shown below:

|   | 31 March<br>2018<br>£000s | 31 March<br>2019<br>£000s |
|---|---------------------------|---------------------------|
| <b>Short term debtors and payments in advance</b>                               |                           |                           |
| <b>Debtors classed as Financial Instruments</b>                                 |                           |                           |
| Government departments  | 21,437                    | 31,622 a                  |
| Other local authorities   | 12,518                    | 10,902                    |
| NHS bodies  | 3,611                     | 5,713                     |
| Public corporations   | 309                       | 335                       |
| Housing rents   | 7,949                     | 8,216                     |
| Housing investment fund loans   | 5,716                     | 118,710 b                 |
| All other bodies (external to government) - trade organisations and individuals | 114,706                   | 119,282                   |
|   | 166,246                   | 294,780                   |
| <b>Impairment of Debt</b>   |                           |                           |
| Housing rents   | (5,967)                   | (6,263)                   |
| Other   | (53,671)                  | (59,332)                  |
|   | 106,608                   | 229,185                   |
| <b>Debtors not classed as Financial Instruments</b>                             |                           |                           |
| HM Revenue and Customs  | 8,441                     | 7,728                     |
| Council tax   | 57,486                    | 57,169                    |
| Business rates  | 41,348                    | 33,881                    |
| Destination Manchester Ltd / Manchester Central Ltd                             | 750                       | 750                       |
| All other bodies (external to government) payments in advance                   | 10,628                    | 8,318                     |
| <b>Impairment of Debt</b>   |                           |                           |
| Council tax   | (41,432)                  | (40,851)                  |
| Business rates  | (22,433)                  | (23,703)                  |
| <b>Total</b>  | <b>161,396</b>            | <b>272,477</b>            |

a. The increase in central government debtors mainly relates to the return of business rates growth from GMCA

b. The increase in short term debtors for housing investment fund loans is due to all such debtors being classed as short term rather than being split between long and short term. This is as a result of these debtors being due for repayment or novation to the Greater Manchester Combined Authority within the next financial year.

Within debtors and payments in advance the amount outstanding for over 30 days that is not impaired is £86.6m. This includes business rates debtors £23.7m, council tax debtors £40.9m and housing benefit overpayment debtors of £22.0m.

An analysis of business rates and council debtors outstanding for over 30 days but not impaired is shown below.

|                        | 31 March<br>2018<br>£000s | 31 March<br>2019<br>£000s |
|------------------------|---------------------------|---------------------------|
| Less than three months | 2,912                     | 3,061                     |
| Three to six months    | 3,559                     | 3,742                     |
| Six months to one year | 6,471                     | 6,803                     |
| More than one year     | 50,923                    | 50,948                    |
|                        | 63,865                    | 64,554                    |

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.

|   | Restated<br>31 March<br>2018<br>£000s | 31 March<br>2019<br>£000s |
|---|---------------------------------------|---------------------------|
| <b>Amounts falling due after one year</b>           |                                       |                           |
| <b>Debtors classed as Financial Instruments</b>     |                                       |                           |
| Ex GMC debt   | 71                                    | 47 (a)                    |
| Private Sector Housing Loans                        | 11,672                                | 10,856 (b)                |
| Equity Mortgages                                    | 2,789                                 | 3,436 (c)                 |
| Greater Manchester Loans Fund                       | 6,062                                 | 0 (d)                     |
| Matrix Homes  | 7,777                                 | 8,338 (e)                 |
| Biffa Municipal                                     | 3,343                                 | 3,569 (f)                 |
| Peel Media Development                              | 5,163                                 | 0 (g)                     |
| FQ Developments                                     | 34,461                                | 0 (h)                     |
| Manchester Quays Riverside                          | 0                                     | 4,300 (i)                 |
| Manchester College                                  | 0                                     | 17,747 (j)                |
| Other   | 2,336                                 | 3,040 (k)                 |
|   | 73,674                                | 51,333                    |
| <b>Debtors not classed as Financial Instruments</b> |                                       |                           |
| Manchester Airports Holdings Ltd                    | 83,168                                | 207,418 (l)               |
| Destination Manchester Ltd / Manchester Central Ltd | 17,157                                | 16,407 (m)                |
| PFI prepayments                                     | 23,273                                | 24,494 (n)                |
| <b>Total</b>  | <b>197,272</b>                        | <b>299,652</b>            |

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 (see note 45f) 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 loans made to the fund and includes accrued long term interest. This was repaid during 2018/19.

e - This debtor relates to a technical loan for the grant of long term leases to Matrix Homes and includes accrued long term interest.

f - This debtor relates to a loan made to the company to purchase equipment to provide services to the Council.

g - This debtor relates to a loan made from the Housing Investment Fund administered by the Council on behalf of the Greater Manchester Combined Authority which was repaid during 2018/19.

h - This debtor relates to a loan made from the Housing Investment Fund administered by the Council on behalf of the Greater Manchester Combined Authority. This loan has been classified as short term in 2018/19 as the debtors are due to transfer to the GMCA before the end of the financial year.

i - This debtors relates to a loan made to Manchester Quays Riverside Ltd in connection with The Factory arts centre

j - This debtor relates to a loan and accrued interest made to Manchester College

k - This debtor relates to loans made to other organisations.

l - 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. These loans are to contribute towards capital works at Manchester and Stansted Airports.

m - This debtor relates to loans made to the company.

n - These debtors relate to amounts paid to contractors as part of the unitary charge where works will take place at a later date.

### Note 38. Intangible Current Assets

Intangible current assets of £344,000 (£481,000 at 31 March 2018) relate to Carbon Reduction Commitment (CRC) allowances purchased against future emissions. These will be surrendered to the CRC Registry in 2019/20.

**Note 39. 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<br>2018<br>£000s | 31 March<br>2019<br>£000s |
|---|---------------------------|---------------------------|
| <b>Short Term Creditors and Receipts in Advance</b>                         |                           |                           |
| <b>Creditors classed as Financial Instruments</b>                           |                           |                           |
| Government departments  | 15,899                    | 6,327 <sup>a</sup>        |
| Other local authorities   | 20,071                    | 20,669                    |
| NHS bodies  | 2,908                     | 755                       |
| Public corporations   | 127                       | 207                       |
| Financial institutions  | 22                        | 836                       |
| Housing rents   | 2,044                     | 2,197                     |
| Other bodies (external to government) - trade organisations and individuals | 91,780                    | 92,556                    |
|   | 132,851                   | 123,547                   |
| <b>Creditors not classed as Financial Instruments</b>                       |                           |                           |
| Government departments receipts in advance                                  | 5,147                     | 10,142 <sup>b</sup>       |
| Other local authorities receipts in advance                                 | 201                       | 697                       |
| NHS bodies receipts in advance  | 278                       | 208                       |
| Other public bodies receipts in advance                                     | 94                        | 0                         |
| Other bodies (external to government) receipts in advance                   | 4,736                     | 5,506                     |
| HM Revenue and Customs  | 6,331                     | 6,726                     |
| Council tax   | 7,326                     | 7,374                     |
| Business rates  | 22,000                    | 15,605                    |
| <b>Total</b>  | <b>178,964</b>            | <b>169,805</b>            |

a The decrease in government department creditors is due to the government no longer receiving a share of business rates in 2018/19.

b The increase in government department receipts in advance mainly relates to the overpayment of Housing Benefits and Council Tax Subsidy.

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<br>2018<br>£000s | 31 March<br>2019<br>£000s |
|---|---------------------------|---------------------------|
| <b>Amounts falling due after one year</b>         |                           |                           |
| <b>Creditors classed as Financial Instruments</b> |                           |                           |
| Equity mortgages - share of proceeds              | 948                       | 1,168                     |
| Homes and Communities Agency re Matrix Homes      | 148                       | 192                       |
| <b>Total</b>                                      | <b>1,096</b>              | <b>1,360</b>              |

**Capital Grants Receipts in Advance**

|                                       | 31 March<br>2018<br>£000s | 31 March<br>2019<br>£000s |
|---------------------------------------|---------------------------|---------------------------|
| Carrington Reinstatement Deposit      | 801                       | 801                       |
| Contributions from Private Developers | 7,084                     | 7,850                     |
| Basic Need Grant                      | 33,696                    | 10,639                    |
| <b>Total</b>                          | <b>41,581</b>             | <b>19,290</b>             |

**Note 40. Analysis of Long-term Borrowing****a. To Balance Sheet Date**

The table below shows the outstanding long-term borrowing at 31 March:

|                                      | 31 March<br>2018<br>£000s | Range of Interest Rates Payable |         | Average<br>Interest<br>% | 31 March<br>2019<br>£000s |
|--------------------------------------|---------------------------|---------------------------------|---------|--------------------------|---------------------------|
|                                      |                           | from<br>%                       | to<br>% |                          |                           |
| <b>Analysis of loans by type</b>     |                           |                                 |         |                          |                           |
| Public Works Loans Board             | 0                         | 2.4300                          | 2.4700  | 2.4500                   | 150,000                   |
| Market Loans                         | 410,909                   | 0.0000                          | 8.9000  | 3.4492                   | 409,210                   |
| Government Debt                      | 70,763                    | 0.0000                          | 0.0000  | 0.0000                   | 47,164                    |
| Stocks                               | 859                       | 4.0000                          | 4.0000  | 4.0000                   | 858                       |
| <b>Total Outstanding</b>             | <b>482,531</b>            |                                 |         |                          | <b>607,232</b>            |
| <b>Analysis of loans by maturity</b> |                           |                                 |         |                          |                           |
| 1-2 years                            | 2,472                     |                                 |         |                          | 2,000                     |
| 2-5 years                            | 29,828                    |                                 |         |                          | 43,401                    |
| 5-10 years                           | 49,159                    |                                 |         |                          | 10,908                    |
| after 10 years                       | 401,072                   |                                 |         |                          | 550,923                   |
|                                      | <b>482,531</b>            |                                 |         |                          | <b>607,232</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<br>2018<br>£000s | Range of Interest Rates Payable |         | Average<br>Interest<br>% | 31 March<br>2019<br>£000s |
|--------------------------------------|---------------------------|---------------------------------|---------|--------------------------|---------------------------|
|                                      |                           | from<br>%                       | to<br>% |                          |                           |
| <b>Analysis of loans by type</b>     |                           |                                 |         |                          |                           |
| Public Works Loans Board             | 0                         | 2.4300                          | 2.4700  | 2.4500                   | 292,787                   |
| Market Loans                         | 1,154,092                 | 0.0000                          | 8.9000  | 3.4492                   | 1,134,355                 |
| Government Debt                      | 70,763                    | 0.0000                          | 0.0000  | 0.0000                   | 47,165                    |
| Stocks                               | 1,953                     | 4.0000                          | 4.0000  | 4.0000                   | 1,925                     |
| <b>Total Outstanding</b>             | <b>1,226,808</b>          |                                 |         |                          | <b>1,476,232</b>          |
| <b>Analysis of loans by maturity</b> |                           |                                 |         |                          |                           |
| 1-2 years                            | 17,867                    |                                 |         |                          | 23,550                    |
| 2-5 years                            | 85,456                    |                                 |         |                          | 107,159                   |
| 5-10 years                           | 135,383                   |                                 |         |                          | 116,019                   |
| after 10 years                       | 988,102                   |                                 |         |                          | 1,229,504                 |
|                                      | <b>1,226,808</b>          |                                 |         |                          | <b>1,476,232</b>          |

**Note 41. 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<br>2018<br>£000s | Repaid<br>in year<br>£000s | Additions<br>in year<br>£000s | 31 March<br>2019<br>£000s | Short Term<br>31 March<br>2019<br>£000s | Long Term<br>31 March<br>2019<br>£000s |
|-----------------------------|---------------------------|----------------------------|-------------------------------|---------------------------|---|--|
| Ex GMC debt                 | 9,776                     | (2,260)                    | 0                             | 7,516                     | 2,379                                   | 5,137                                  |
| Finance leases              | 14                        | (14)                       | 0                             | 0                         | 0                                       | 0                                      |
| Private Finance Initiatives | 152,125                   | (12,760)                   | 12,402                        | 151,767                   | 12,217                                  | 139,550                                |
| Service Concession          | 4,239                     | (613)                      | 505                           | 4,131                     | 541                                     | 3,590                                  |
|                             | <b>166,154</b>            | <b>(15,647)</b>            | <b>12,907</b>                 | <b>163,414</b>            | <b>15,137</b>                           | <b>148,277</b>                         |

**Note 42. 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<br>2018<br>£000s | Transfers<br>in year<br>£000s | Amounts<br>used<br>in year<br>£000s | Contributions<br>in year<br>£000s | Amounts<br>released<br>in year<br>£000s | 31 March<br>2019<br>£000s | Short Term<br>31 March<br>2019<br>£000s | Long Term<br>31 March<br>2019<br>£000s |
|-------------------------------------|---------------------------|-------------------------------|-------------------------------------|-----------------------------------|---|---------------------------|---|--|
| Compensation provisions             | 14,041                    | 0                             | (4,991)                             | 5,139                             | (2,367)                                 | 11,822                    | 6,379                                   | 5,443 a                                |
| Insurance provision (including HRA) | 4,876                     | 0                             | (1,131)                             | 297                               | 0                                       | 4,042                     | 1,865                                   | 2,177 b                                |
| Provision for business rate appeals | 80,564                    | 0                             | (23,445)                            | 21,657                            | 0                                       | 78,776                    | 23,445                                  | 55,331 c                               |
| Various other provisions            | 1,677                     | 0                             | (708)                               | 261                               | (342)                                   | 888                       | 741                                     | 147                                    |
|                                     | <b>101,158</b>            | <b>0</b>                      | <b>(30,275)</b>                     | <b>27,354</b>                     | <b>(2,709)</b>                          | <b>95,528</b>             | <b>32,430</b>                           | <b>63,098</b>                          |

a - The compensation provisions have been set up to compensate claimants for claims received by the Council as at 31 March 2019. 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.

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, £3.84m claims had already been paid with outstanding claims of £1.351m for which a provision of £1.298m has been made at 31 March 2019.

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 2005 and 2010 lists 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 can not be certain as to when these appeals will be settled as it is dependant 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.

**Note 43. 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 2018/19 the average net rate of interest paid and received was 3.89% (4.95% in 2017/18).

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                                 |                           |
|--|---------------------------------------|---------------------------|---------------------------|---------------------------|---------------------------------------|---------------------------|
|  | Restated<br>31 March<br>2018<br>£000s | 31 March<br>2019<br>£000s | 31 March<br>2018<br>£000s | 31 March<br>2019<br>£000s | Restated<br>31 March<br>2018<br>£000s | 31 March<br>2019<br>£000s |
| <b>Financial Liabilities at Amortised Cost:</b>    |                                       |                           |                           |                           |                                       |                           |
| Borrowings   | 482,531                               | 607,232                   | 51,948                    | 126,283                   | 534,479                               | 733,515                   |
| Deferred Liabilities                               | 150,617                               | 148,277                   | 15,538                    | 15,137                    | 166,155                               | 163,414                   |
| Creditors  | 1,096                                 | 1,360                     | 132,851                   | 123,547                   | 133,947                               | 124,907                   |
| <b>Total Financial Liabilities</b>                 | <b>634,244</b>                        | <b>756,869</b>            | <b>200,337</b>            | <b>264,967</b>            | <b>834,581</b>                        | <b>1,021,836</b>          |
| Loans and receivables                              | 73,674                                | 51,333                    | 243,345                   | 342,679                   | 317,019                               | 394,012                   |
| Available for sale assets                          | 18,408                                | 0                         | 0                         | 0                         | 18,408                                | 0                         |
| Unquoted equity investment at cost less impairment | 1,306                                 | 0                         | 0                         | 0                         | 1,306                                 | 0                         |
| Fair value through other comprehensive income      | 0                                     | 24,473                    | 0                         | 0                         | 0                                     | 24,473                    |
| Fair value through profit and loss                 | 0                                     | 2,105                     | 0                         | 0                         | 0                                     | 2,105                     |
| <b>Total Financial Assets</b>                      | <b>93,386</b>                         | <b>77,911</b>             | <b>243,345</b>            | <b>342,679</b>            | <b>336,733</b>                        | <b>420,590</b>            |

Following the adoption of IFRS9 from 1 April 2018 the categorisation of financial assets has changed. The new categories - amortised cost, fair value through other comprehensive income and fair value through profit and loss are shown in the above table.

The mapping of assets at 1 April 2018 from the old to new categories is shown in the transition note 1.

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.

Available for sale assets were valued at fair value on a recurring basis using level 1 of the fair value hierarchy - unadjusted quoted prices in active markets for identical shares.

The unquoted equity investment at cost less impairment consisted of shareholding in companies that are not quoted on the stock exchange and are not shown within the Council's group accounts. Investments in companies within the Council's group accounts are not classed as financial instruments.

All financial assets classed as amortised cost are reviewed for indications of impairment.

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

|  | Carrying Amount           |                           | Fair Value                |                           |
|--|---------------------------|---------------------------|---------------------------|---------------------------|
|  | 31 March<br>2018<br>£000s | 31 March<br>2019<br>£000s | 31 March<br>2018<br>£000s | 31 March<br>2019<br>£000s |
| <b>Liabilities</b>                                     |                           |                           |                           |                           |
| Public Work Loans Board                                | 0                         | 150,604                   | 0                         | 158,198                   |
| Market debt  | 462,857                   | 536,028                   | 680,661                   | 1,076,548                 |
| Government debt  | 70,763                    | 46,015                    | 70,122                    | 44,571                    |
| Stocks   | 859                       | 867                       | 1,149                     | 1,182                     |
| <b>Total Borrowings</b>                                | <b>534,479</b>            | <b>733,514</b>            | <b>751,932</b>            | <b>1,280,499</b>          |
| Ex GMC debt  | 9,776                     | 7,516                     | 9,776                     | 7,516                     |
| PFI, service concessions and finance lease liabilities | 156,379                   | 155,898                   | 219,134                   | 230,528                   |
| Trade creditors  | 133,947                   | 124,907                   | 133,947                   | 124,907                   |
| <b>Total Financial Liabilities</b>                     | <b>834,581</b>            | <b>1,021,835</b>          | <b>1,114,789</b>          | <b>1,643,450</b>          |

|                             | Carrying Amount                       |                           | Fair Value                            |                           |
|-----------------------------|---------------------------------------|---------------------------|---------------------------------------|---------------------------|
|                             | Restated<br>31 March<br>2018<br>£000s | 31 March<br>2019<br>£000s | Restated<br>31 March<br>2018<br>£000s | 31 March<br>2019<br>£000s |
| <b>Assets</b>               |                                       |                           |                                       |                           |
| Cash and cash equivalents   | 127,792                               | 104,477                   | 127,806                               | 104,477                   |
| Short term investments      | 8,945                                 | 9,017                     | 8,945                                 | 9,017                     |
| Trade debtors               | 180,283                               | 280,517                   | 197,671                               | 302,168                   |
| <b>Total Amortised Cost</b> | <b>317,020</b>                        | <b>394,011</b>            | <b>334,422</b>                        | <b>415,662</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 available for sale 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 redemption rates, they would be £202,319,000 for PWLB debt, £45,633,000 for Government debt and £1,216,988,000 for market debt.

The Government Debt relating to the Housing Investment Fund transferred to the Greater Manchester Combined Authority in 2018/19.

The fair value of the PFI liabilities have been calculated with reference to new PWLB loan rates.

|   | Financial Liabilities 2018/19    | Financial Assets 2018/19    |                              |                              |               |
|---|----------------------------------|-----------------------------|------------------------------|------------------------------|---------------|
|   | Measured at Amortised Cost £000s | Loans and Receivables £000s | Fair Value through OCI £000s | Fair Value through I&E £000s | Total £000s   |
| Interest Expense                            | 32,262                           | 0                           | 0                            | 0                            | 32,262        |
| <b>Interest Payable and Similar Charges</b> | <b>32,262</b>                    | <b>0</b>                    | <b>0</b>                     | <b>0</b>                     | <b>32,262</b> |
| Interest Income                             | 0                                | 22,946                      | 0                            | 0                            | 22,946        |
| <b>Interest and Investment Income</b>       | <b>0</b>                         | <b>22,946</b>               | <b>0</b>                     | <b>0</b>                     | <b>22,946</b> |

#### Nature and extent of risk arising from Financial Instruments and the management of those risks

##### Key Risks

The Council's activities exposes 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.

##### 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 to fixed and variable rates.
  - 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 2 March 2018. 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 2 March 2018. 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.

**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.

**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, 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 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 £346,113,000 and the estimated exposure to default is £65,595,000

**Liquidity Risk**

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

The 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.

**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 £336,825,000 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. In forming this judgement the Council has taken account of its ability to refinance through PWLB.

**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 £116,350,000 @ 0.50%) = £581,750.

**Price Risk**

The Council, excluding the pension fund, does not generally invest in equity shares but does have shareholdings at a cost of £149,131,000 in a number of organisations. 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.

**Note 44. 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 were as follows:

|   | 31 March<br>2018<br>£000s | IFRS9<br>Transition<br>£000s | Transfers<br>between<br>reserves<br>£000s | Transfers<br>to<br>reserves<br>£000s | Transfers<br>from<br>reserves<br>£000s | 31 March<br>2019<br>£000s | Note  |
|---|---------------------------|------------------------------|---|--------------------------------------|--|---------------------------|-------|
| <b>a) Reserves Held for Capital Purposes</b>                  |                           |                              |   |                                      |  |                           |       |
| Capital Receipts Reserve                                      | 72,021                    | 0                            | 0   | 53,523                               | (43,684)                               | 81,860                    | a(1)  |
| Major Repairs Reserve   | 0                         | 0                            | 0   | 16,997                               | (14,084)                               | 2,913                     | a(2)  |
| Capital Grants Unapplied Reserve                              | 18,529                    | 0                            | 0   | 127,619                              | (88,631)                               | 57,516                    | a(3)  |
| <b>Total Reserves Held for Capital Purposes</b>               | <b>90,550</b>             | <b>0</b>                     | <b>0</b>                                  | <b>198,139</b>                       | <b>(146,399)</b>                       | <b>142,289</b>            |       |
| <b>Reserves Held for Revenue Purposes</b>                     |                           |                              |   |                                      |  |                           |       |
| <b>b) Schools Reserves</b>                                    |                           |                              |   |                                      |  |                           |       |
| Local Management of Schools (LMS) Reserve                     | 27,490                    | 0                            | 0   | 0                                    | (421)                                  | 27,069                    | b(1)  |
| <b>Total reserves held for schools</b>                        | <b>27,490</b>             | <b>0</b>                     | <b>0</b>                                  | <b>0</b>                             | <b>(421)</b>                           | <b>27,069</b>             |       |
| <b>c) Statutory Reserves</b>                                  |                           |                              |   |                                      |  |                           |       |
| Bus Lane Enforcement Reserve                                  | 5,853                     | 0                            | 0   | 7,503                                | (1,613)                                | 11,742                    | c(1)  |
| On-street Parking Reserve                                     | 3,403                     | 0                            | 0   | 5,259                                | (5,843)                                | 2,819                     | c(2)  |
| Ancoats Square Reserve  | 1,917                     | 0                            | 998                                       | 0                                    | (65)                                   | 2,850                     | c(3)  |
| Other smaller reserves under £1.0m                            | 2,634                     | 0                            | (376)                                     | 669                                  | (221)                                  | 2,706                     |       |
| <b>Total Statutory Reserves</b>                               | <b>13,807</b>             | <b>0</b>                     | <b>622</b>                                | <b>13,430</b>                        | <b>(7,742)</b>                         | <b>20,117</b>             |       |
| <b>d) Reserves held for PFIs</b>                              |                           |                              |   |                                      |  |                           |       |
| Public Lighting PFI Reserve                                   | 40                        | 0                            | 0   | 361                                  | 0                                      | 401                       | d(1)  |
| Temple School PFI Reserve                                     | 665                       | 0                            | 0   | 12                                   | 0                                      | 677                       | d(2)  |
| Wright Robinson Sports College PFI Reserve                    | 1,271                     | 0                            | 0   | 40                                   | 0                                      | 1,311                     | d(3)  |
| <b>Total Reserves held for PFIs</b>                           | <b>1,976</b>              | <b>0</b>                     | <b>0</b>                                  | <b>413</b>                           | <b>0</b>                               | <b>2,389</b>              |       |
| <b>e) Small specific reserves</b>                             |                           |                              |   |                                      |  |                           |       |
| Other smaller reserves under £1.0m                            | 2,424                     | 42                           | 585                                       | 1,027                                | (199)                                  | 3,879                     | e(1)  |
| <b>Total small specific reserves</b>                          | <b>2,424</b>              | <b>42</b>                    | <b>585</b>                                | <b>1,027</b>                         | <b>(199)</b>                           | <b>3,879</b>              |       |
| <b>f) Reserves held to smooth risk / assurance</b>            |                           |                              |   |                                      |  |                           |       |
| Insurance Fund Reserve  | 15,623                    | 1,579                        | 0   | 417                                  | (29)                                   | 17,590                    | f(1)  |
| Crime and Disorder Reserve                                    | 0                         | 0                            | 0   | 1,500                                | 0                                      | 1,500                     | f(2)  |
| Investment Estate Reserve                                     | 0                         | 0                            | 0   | 1,524                                | 0                                      | 1,524                     | f(3)  |
| Housing Investment Fund Reserve                               | 1,996                     | 0                            | 0   | 3,895                                | 0                                      | 5,891                     | f(4)  |
| Historic Abuse Reserve  | 1,122                     | 0                            | (522)                                     | 0                                    | (600)                                  | 0                         | f(5)  |
| Manchester International Festival Reserve                     | 1,000                     | 0                            | 993                                       | 0                                    | 0                                      | 1,993                     | f(6)  |
| Adult Social Care Reserve                                     | 5,090                     | 0                            | (2,095)                                   | 4,257                                | (107)                                  | 7,145                     | f(7)  |
| Transformation Reserve  | 8,954                     | 0                            | 52  | 281                                  | (52)                                   | 9,235                     | f(8)  |
| Airport Dividend Reserve                                      | 38,029                    | 0                            | 0   | 47,080                               | (38,032)                               | 47,077                    | f(9)  |
| Planning Income Reserve                                       | 1,511                     | 0                            | 0   | 684                                  | 0                                      | 2,195                     | f(10) |
| Budget Smoothing Reserve                                      | 5,000                     | 0                            | 0   | 0                                    | (2,500)                                | 2,500                     | f(11) |
| Other smaller reserves under £1.0m                            | 1,031                     | 0                            | 734                                       | 2,137                                | (257)                                  | 3,644                     |       |
| <b>Total reserves held to smooth risk / assurance</b>         | <b>79,356</b>             | <b>1,579</b>                 | <b>(838)</b>                              | <b>61,776</b>                        | <b>(41,578)</b>                        | <b>100,295</b>            |       |
| <b>g) Business Rates Reserves</b>                             |                           |                              |   |                                      |  |                           |       |
| Business Rates Reserve  | 15,204                    | 0                            | (10,022)                                  | 14,622                               | (615)                                  | 19,189                    | g(1)  |
| <b>Total Business Rates Reserves</b>                          | <b>15,204</b>             | <b>0</b>                     | <b>(10,022)</b>                           | <b>14,622</b>                        | <b>(615)</b>                           | <b>19,189</b>             |       |
| <b>h) Revenue reserves held to support capital schemes</b>    |                           |                              |   |                                      |  |                           |       |
| Capital Fund Reserve  | 78,518                    | 0                            | (29,799)                                  | 25,121                               | (8,330)                                | 65,510                    | h(1)  |
| Capital Financing Reserve                                     | 0                         | 0                            | 29,730                                    | 0                                    | 0                                      | 29,730                    | h(2)  |
| English Institute of Sport Reserve                            | 7,412                     | 0                            | 0   | 3,894                                | (6,527)                                | 4,779                     | h(3)  |
| Regeneration Reserve  | 13,921                    | 0                            | 68  | 79                                   | (698)                                  | 13,370                    | h(4)  |
| Service Improvement Fund                                      | 221                       | 0                            | (221)                                     | 0                                    | 0                                      | 0                         |       |
| <b>Total revenue reserves held to support capital schemes</b> | <b>100,072</b>            | <b>0</b>                     | <b>(222)</b>                              | <b>29,094</b>                        | <b>(15,555)</b>                        | <b>113,389</b>            |       |

|   | 31 March<br>2018<br>£000s | IFRS9<br>Transition<br>£000s | Transfers<br>between<br>reserves<br>£000s | Transfers<br>to<br>reserves<br>£000s | Transfers<br>from<br>reserves<br>£000s | 31 March<br>2019<br>£000s | Note |
|---|---------------------------|------------------------------|---|--------------------------------------|--|---------------------------|------|
| <b>i) Reserves held for economic growth and public sector reform</b>  |                           |                              |   |                                      |  |                           |      |
| Clean and Green Places Reserve  | 2,095                     | 0                            | 0   | 0                                    | (638)                                  | 1,457                     | (1)  |
| Social Care Reserve   | 3,687                     | 0                            | 10,837                                    | 7,589                                | (4,085)                                | 18,028                    | (2)  |
| Our Manchester Reserve  | 5,914                     | 0                            | 0   | 330                                  | (1,103)                                | 5,141                     | (3)  |
| City Centre Review Reserve  | 2,927                     | 0                            | (2,887)                                   | 0                                    | (40)                                   | (0)                       | (4)  |
| Town Hall Reserve   | 9,145                     | 0                            | 4,000                                     | 2,717                                | (4,417)                                | 11,445                    | (5)  |
| Other smaller reserves under £1m  | 1,260                     | 0                            | (52)                                      | 835                                  | (759)                                  | 1,283                     |      |
| <b>Total reserves held for economic growth and public sector reform</b>   | <b>25,028</b>             | <b>0</b>                     | <b>11,898</b>                             | <b>11,471</b>                        | <b>(11,042)</b>                        | <b>37,354</b>             |      |
| <b>j) Grants and contributions used to meet commitments over more than one year (shown as reserves due to the required accountancy treatment)</b> |                           |                              |   |                                      |  |                           |      |
| English Partnership Reserve   | 1,792                     | 0                            | 0   | 0                                    | (273)                                  | 1,519                     |      |
| Dedicated Schools Grant   | 0                         | 0                            | 0   | 0                                    | (1,711)                                | (1,711)                   |      |
| Other Grants and Contributions  | 2,975                     | 0                            | (2,022)                                   | 277                                  | (480)                                  | 750                       |      |
| Integration Reserve   | 11,110                    | 0                            | 0   | 2,795                                | (7,716)                                | 6,190                     |      |
| Other smaller reserves under £1m  | 1,347                     | 0                            | 0   | 904                                  | (942)                                  | 1,309                     |      |
| <b>Total grants and contributions used to meet commitments over more than one year</b>  | <b>17,224</b>             | <b>0</b>                     | <b>(2,022)</b>                            | <b>3,976</b>                         | <b>(11,121)</b>                        | <b>8,057</b>              | (1)  |
| <b>Total reserves held for revenue purposes</b>   | <b>282,583</b>            | <b>1,621</b>                 | <b>0</b>                                  | <b>135,808</b>                       | <b>(88,272)</b>                        | <b>331,738</b>            |      |
| <b>k) General Fund Reserve</b>  |                           |                              |   |                                      |  |                           |      |
| General Fund Reserve  | 22,307                    | 0                            | 0   | 0                                    | (262)                                  | 22,045                    | (1)  |
| <b>Total all general fund reserves</b>  | <b>304,890</b>            | <b>1,621</b>                 | <b>0</b>                                  | <b>135,808</b>                       | <b>(88,534)</b>                        | <b>353,785</b>            |      |
| <b>l) Housing Revenue Account Reserve</b>   |                           |                              |   |                                      |  |                           |      |
| Housing Revenue Account Reserve   | 99,939                    | 0                            | 0   | 4,513                                | 0                                      | 104,452                   | (1)  |
| <b>Total All Usable Reserves</b>  | <b>495,378</b>            | <b>0</b>                     | <b>0</b>                                  | <b>338,460</b>                       | <b>(234,933)</b>                       | <b>600,525</b>            |      |

**a(1) - Capital Receipts Reserve**

Proceeds of non-current assets sales available to meet future capital investment.

|                                     | 2017/18<br>£000s | 2018/19<br>£000s |
|-------------------------------------|------------------|------------------|
| Balance at 1 April                  | 39,135           | 72,021           |
| Capital receipts received in year   | 114,586          | 53,523           |
| Paid to housing national pool       | (2,553)          | (2,567)          |
| Applied to fund capital expenditure | (79,147)         | (41,117)         |
| <b>Balance at 31 March</b>          | <b>72,021</b>    | <b>81,860</b>    |

**a(2) - Major Repairs Reserve**

Resources available to meet capital investment in council housing.

|   | 2017/18<br>£000s | 2018/19<br>£000s |
|---|------------------|------------------|
| Balance at 1 April                                    | 1,383            | 0                |
| HRA depreciation                                      | 16,114           | 16,997           |
| Financing of capital expenditure on council dwellings | (17,497)         | (14,084)         |
| <b>Balance at 31 March</b>                            | <b>0</b>         | <b>2,913</b>     |

**a(3) - Capital Grants Unapplied Reserve**

Capital grants and contributions available to meet future capital expenditure.

|  | 2017/18<br>£000s | 2018/19<br>£000s |
|--|------------------|------------------|
| Balance at 1 April   | 22,494           | 18,528           |
| Grants received in year  | 119,682          | 127,619          |
| Transferred to Capital Adjustment Account: General Grants and Contributions  | (73,928)         | (59,119)         |
| Transferred to Capital Adjustment Account: Revenue Expenditure Funded from Capital Under Statute (REFCUS) Grants and Contributions | (49,720)         | (29,512)         |
| <b>Balance at 31 March</b>   | <b>18,528</b>    | <b>57,516</b>    |

- 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.
- 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 £7.5m in 2018/19 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.
- c(3) Commuted sum received from the Homes and Communities Agency to fund maintenance in future years.
- c(4) Commuted sum received from the Homes and Communities Agency for cleaning and maintenance of the public realm area over a 25 year period.
- 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 including Contributions Other Local Authorities (£0.5m), Cemeteries Replacement (£0.4m), Highways Commuted Sum (£0.4m), Community Safety Reserve (£0.6m), Housing Compliance (£0.3) and New East Manchester (£0.3m)
- 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 predate 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. As set out in the budget strategy this will be utilised at £0.420m in 2019/20 and £0.540m in each of the following two years to fund the anti-Social Behaviour Team.
- 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) Housing Investment Fund Reserve is to hold ring-fenced Housing Investment resources administered on behalf of the Greater Manchester Combined Authority. This reserve will be transferred to GMCA during 2018/19 once the debtors have been novated.
- f(5) The Historic Abuse Reserve was set up to meet future potential compensation claims.
- f(6) This relates to the commitment to contribute towards the costs of Manchester International festival which is staged every two years.
- f(7) The Adult Social Care Reserve has been increased 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 pressures.
- f(8) The Transformation Reserve has been set up to fund future service transformation costs.
- f(9) The Airport Dividend Reserve relates to airport dividends which are used to support the budget a year in arrears. The approved 2018/19 budget included use of £38m in 2018/19. The 2019/20 budgeted use is £47m.
- f(10) The Planning Income Reserve was set up to smooth fluctuations in planning income due to economic volatility
- f(11) The Budget Smoothing Reserve was established in 2017/18 to smooth budgets over 2018/19 and 2019/20 as detailed in the budget report to February Executive.
- f(12) Other smaller reserves held to smooth risk / assurance includes Highways General Reserve (£0.7m), Collections Initiative Reserve (£0.6m), Taxi Licensing reserve (£0.5m), Pension Contributions Reserve (£0.5m), Land Charges Fees Reserve (£0.4m) Selective Licensing Reserve (£0.4m) and Children's Services Reserve (£0.3m)
- g(1) The Business Rates Reserve was established to manage volatility around this increasingly vital income stream, particularly in relation to the reset expected in 2020/21 which would see a loss of the Council's income growth since 2013. Additionally as the risks associated with BREXIT are so difficult to quantify the approach is to build up the level of the business rates reserve to help mitigate any economic volatility.
- 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
- h(4) The Regeneration Reserve has been set up to develop private sector housing.
- 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 has been increased in line with the budget strategy where it was agreed to use one-off resource 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. Drawdown of this reserve will be predicated on the development of the Consolidated Improvement Plan for Children's Services and a business case process for
- 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) City Centre Review Reserve was set up to fund improvements in the City Centre, this was established from additional Business Rates Income and airport dividend.
- i(5) The Town Hall Reserve has been set up to fund revenue expenditure on the Town Hall Complex Programme. The transfer to the reserve of £2.1m has been met from Minimum Revenue Policy savings following the review of the policy in 2016/17. A further £4m was transferred from the business rates reserve as agreed as part of the 2018/19 budget strategy. This is expected to fund relevant spend until 2024/25.
- j(1) These grants were shown as receipts in advance on the Council's balance sheet under UKGAAP accounting standards as the spend they were funding had not been incurred. As 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. The Dedicated Schools Grant (DSG) reserve is negative because the centrally retained DSG has overspent by £1.711m, largely due to expenditure within the high needs block which supports the education of children with Special Educational Needs and Disabilities (SEND).
- k(1) The General Fund Reserve is the only unallocated reserve, held to meet cost 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 spending across years.

- I(1) Resources available to meet future running costs for council housing. The £4.5m increase is due to reduced revenue contribution towards capital expenditure because of slippage in the planned capital programme. The 30 year business plan currently forecasts that reserves will be exhausted by 2039/40 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.



**Note 45 Unusable Reserves**

The balances on the Council's unusable reserves were as follows:

|   | 31 March<br>2018<br>£000s | 31 March<br>2019<br>£000s | Note  |
|---|---------------------------|---------------------------|-------|
| <b>Unusable Reserve</b>                   |                           |                           |       |
| <b>Revaluation balances</b>               |                           |                           |       |
| Revaluation Reserve                       | 1,115,677                 | 1,181,989                 | a     |
| Available for Sale Reserve                | 12,723                    | 0                         | b     |
| Financial Instruments Revaluation Reserve | 0                         | 13,994                    | c     |
| <b>Adjustment accounts</b>                |                           |                           |       |
| Pensions Reserve                          | (805,280)                 | (952,607)                 | d, 47 |
| Capital Adjustment Account                | 1,353,139                 | 1,335,376                 | e     |
| Deferred Capital Receipts Reserve         | 2,894                     | 3,760                     | f     |
| Financial Instruments Adjustment Account  | 1,549                     | (1,114)                   | g     |
| Collection Fund Adjustment Account        | 27,301                    | 21,665                    | h     |
| Short-term Accumulated Absences Account   | (6,290)                   | (5,690)                   | i     |
|   | <b>1,701,712</b>          | <b>1,597,373</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.

|   | 2017/18<br>£000s | 2018/19<br>£000s |
|---|------------------|------------------|
| Balance at 1 April  | 968,042          | 1,115,677        |
| Revaluations relating to property, plant and equipment    | 188,521          | 99,366           |
| Revaluations relating to other non-PPE assets             | (104)            | (739)            |
| Revaluation gain depreciation                             | (11,939)         | (15,472)         |
| Impairment not charged to CIES                            | (10,977)         | (6,682)          |
| Disposals Transferred to Capital Adjustment Account (CAA) | (17,680)         | (10,161)         |
| Transfer to CAA re investment properties                  | (186)            | 0                |
| <b>Balance at 31 March</b>                                | <b>1,115,677</b> | <b>1,181,989</b> |

**b - Available for Sale Financial Instruments Reserve**

This reserve represented the store of gains on revaluation of investments not realised through sales. On transition to IFRS9 on 1 April 2018 this reserve is no longer used. The balance on this reserve has therefore been transferred to other reserves dependant on the classification of the related investments.

|  | 2017/18<br>£000s | 2018/19<br>£000s |
|--|------------------|------------------|
| Balance at 31 March                                    | 6,318            | 12,723           |
| Transfer to Financial Instruments Account              | 0                | (11,256)         |
| Transfer to Usable Reserves                            | 0                | (1,622)          |
| Transfer from Financial Instruments Adjustment Account | 0                | 155              |
| Balance at 1 April                                     | 6,318            | 0                |
| Increase in Financial Instruments Market Value         | 6,668            | 0                |
| (Decrease) in Financial Instruments Market Value       | (263)            | 0                |
| <b>Balance at 31 March</b>                             | <b>12,723</b>    | <b>0</b>         |

**c - 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

|                                     | 2017/18<br>£000s | 2018/19<br>£000s |
|-------------------------------------|------------------|------------------|
| Balance at 1 April                  | 0                | 11,256           |
| Upward revaluation of investments   | 0                | 2,864            |
| Downward revaluation of investments | 0                | (126)            |
| <b>Balance at 31 March</b>          | <b>0</b>         | <b>13,994</b>    |

**d - Pensions Reserve**

Minus reserve to match pensions IAS19 liability in the balance sheet.

|                            | 2017/18<br>£000s | 2018/19<br>£000s |
|----------------------------|------------------|------------------|
| Balance at 1 April         | (832,654)        | (805,280)        |
| Net Movement in Year       | 27,374           | (147,327)        |
| <b>Balance at 31 March</b> | <b>(805,280)</b> | <b>(952,607)</b> |

**e - 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.

|   | 2017/18<br>£000s | 2018/19<br>£000s |
|---|------------------|------------------|
| Balance at 1 April  | 1,302,723        | 1,353,139        |
| Repayment of ex GMC debt  | 2,175            | 2,260            |
| Minimum revenue provision   | 19,272           | 21,491           |
| Reversal of PFI charges to HRA                                      | 10,101           | 10,886           |
| Capital grants and contributions                                    | 123,648          | 88,632           |
| Revenue contributions used  | 10,111           | 8,943            |
| Investment property revaluations                                    | 33,443           | 29,690           |
| Revaluation gain depreciation                                       | 11,939           | 15,472           |
| Disposals transferred from revaluation reserve                      | 17,680           | 10,161           |
| Depreciation  | (67,335)         | (73,012)         |
| Major Repairs Allowance   | 17,497           | 14,084           |
| Capital Receipts Used   | 79,147           | 41,117           |
| Other Disposals   | (63,500)         | (34,268)         |
| Write down of intangible assets                                     | (128)            | (130)            |
| Repayment of long-term debtors                                      | (56,501)         | (24,986)         |
| (Loss) on repayment of housing loan                                 | (133)            | (1)              |
| Write down of revenue expenditure funded from capital under statute | (63,039)         | (49,793)         |
| Impairment of non-current assets                                    | (24,564)         | (77,238)         |
| Write down of finance lease liability                               | 416              | 0                |
| Transfer from RR re investment properties                           | 186              | 0                |
| Impairment of financial instrument assets                           | 0                | (1,071)          |
| <b>Balance at 31 March</b>  | <b>1,353,139</b> | <b>1,335,376</b> |

**f - 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.

**Historic Mortgages**

These are historic mortgages provided by the Council in relation to Right to Buy council property sales. These mortgages are no longer offered by the Council, therefore the balance will continue to reduce in future years. The current balance outstanding is £1,000 and is due to be repaid within one year.

**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.

**Equity Loans****a) Home Improvement Loans**

These are equity share loans offered to home owners 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       |                    |                            |                               |                                 | Closing Balance        |
|--|-----------------------|--------------------|----------------------------|-------------------------------|---------------------------------|------------------------|
|  | 1 April 2018<br>£000s | New Loans<br>£000s | Gains on Disposal<br>£000s | Principal Repayments<br>£000s | Fair Value Adjustments<br>£000s | 31 March 2019<br>£000s |
| Historic Mortgages                     | 3                     | 0                  | 0                          | (2)                           | 0                               | 1                      |
| Equity Mortgages                       | 1,842                 | 119                | 49                         | (309)                         | 568                             | 2,269                  |
| Equity Loans                           | 1,049                 | 0                  | 0                          | 0                             | 441                             | 1,490                  |
| <b>Total Deferred Capital Receipts</b> | <b>2,894</b>          | <b>119</b>         | <b>49</b>                  | <b>(311)</b>                  | <b>1,009</b>                    | <b>3,760</b>           |

**g - Financial Instruments Adjustment Account**

Balancing account to allow for differences in statutory requirements and proper accounting practices for borrowings and investments.

|   | 2017/18<br>£000s | 2018/19<br>£000s |
|---|------------------|------------------|
| Balance at 1 April                                    | 1,498            | 1,394            |
| Soft loans in year movements                          | 72               | 37               |
| Adjustment for interest free loans                    | (519)            | (3,092) f(a)     |
| Premium and discounts                                 | 493              | 547              |
| Investment revaluations                               | 5                | 0                |
| <b>Balance at 31 March</b>                            | <b>1,549</b>     | <b>(1,114)</b>   |
| Transfer to Financial Instruments Revaluation Reserve | (155)            |                  |
| <b>Balance at 1 April</b>                             | <b>1,394</b>     |                  |

g (a) The Council received interest free loans from the Homes and Communities Agency of £25.2m repayable in 2022, £8.5m repayable in 2024 and £42.7m from HM Treasury repayable in 2028. These were transferred to the Greater Manchester Combined Authority during 2018/19 and a interest free loan was granted from the GMCA to the Council to fund the amount of Housing Investment Fund advances the Council held on behalf of GMCA. This amount represents the saving to the Council over the remaining length of the loans being interest free.

**h - 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.

| <b>Council Tax</b>         | 2017/18<br>£000s | 2018/19<br>£000s |
|----------------------------|------------------|------------------|
| Balance at 1 April         | 15,165           | 12,718           |
| Movement in Year           | (2,447)          | (6,825)          |
| <b>Balance at 31 March</b> | <b>12,718</b>    | <b>5,893</b>     |

| <b>Business Rates</b>      | 2017/18<br>£000s | 2018/19<br>£000s |
|----------------------------|------------------|------------------|
| Balance at 1 April         | 21,002           | 14,583           |
| Movement in Year           | (6,419)          | 1,189            |
| <b>Balance at 31 March</b> | <b>14,583</b>    | <b>15,772</b>    |

| <b>Total</b>               | 2017/18<br>£000s | 2018/19<br>£000s |
|----------------------------|------------------|------------------|
| Balance at 1 April         | 36,167           | 27,301           |
| Movement in Year           | (8,866)          | (5,636)          |
| <b>Balance at 31 March</b> | <b>27,301</b>    | <b>21,665</b>    |

**i - 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.

|                            | 2017/18<br>£000s | 2018/19<br>£000s |
|----------------------------|------------------|------------------|
| Balance at 1 April         | (6,132)          | (6,290)          |
| Movement in Year           | (158)            | 600              |
| <b>Balance at 31 March</b> | <b>(6,290)</b>   | <b>(5,690)</b>   |

**Note 46. 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 2017. 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 2018/19 are as follows:

|   | Central<br>Expenditure<br>£000s | Individual<br>Schools<br>Budget<br>£000s | Total<br>£000s |
|---|---------------------------------|--|----------------|
| Final DSG for 2018/19 before academy recoupment |                                 |  | 518,055        |
| Academy figure recouped for 2018/19             |                                 |  | 200,591        |
| Total DSG after academy recoupment for 2018/19  |                                 |  | 317,464        |
| Plus brought forward from 2017/18               |                                 |  | (769)          |
| Less carry forward to 2018/19 agreed in advance |                                 |  | 0              |
| Agreed initial budgeted distribution in 2018/19 |                                 |  | 316,695        |
| In year adjustments                             | 18,681                          | 298,783                                  | 317,464        |
| Final budgeted distribution for 2018/19         | 18,681                          | 298,783                                  | 317,464        |
| Less actual central expenditure                 | 20,392                          |  |                |
| Less actual ISB deployed to schools             |                                 | 298,783                                  |                |
| Plus local authority contribution for 2018/19   | 0                               | 0  | 0              |
| <b>Carry forward to 2019/20</b>                 | <b>(1,711)</b>                  | <b>0</b>                                 | <b>(1,711)</b> |

The Dedicated Schools Grant (DSG) reserve is negative because the centrally retained DSG has overspent by £1.711m, largely due to expenditure within the high needs block which supports the education of children with Special Educational Needs and Disabilities. 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.

**Note 47. 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:

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 2019 the actuary has rolled forward the value of liabilities calculated at the latest formal valuation, 31 March 2016, 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.

The Teachers' Pension Scheme is a defined benefit scheme, administered by the Department for Education. Further information is included in Note 48.

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 49.

**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:

|   | 2017/18<br>£000s | 2018/19<br>£000s |
|---|------------------|------------------|
| <b>Comprehensive Income and Expenditure Statement</b>   |                  |                  |
| Net Cost of Services:   |                  |                  |
| current service cost  | 93,659           | 95,577           |
| past service costs  | 983              | 1,337            |
| Financing and investment income and expenditure   |                  |                  |
| net interest expense  | 21,311           | 21,444           |
| <b>Total post employment benefits charged to the surplus on the provision of services</b>                                   | <b>115,953</b>   | <b>118,358</b>   |
| Other post employment benefits charged to total comprehensive income and expenditure  |                  |                  |
| Re-measurement of the Net Defined Benefit Liability comprising:   |                  |                  |
| return on plan assets (excluding amounts included in net interest)  | (15,118)         | (137,701)        |
| actuarial gains and losses arising on changes in financial assumptions  | (65,620)         | 213,609          |
| other experience re-measurements  | (8,920)          | 9,579            |
| <b>Total post employment benefits charged to total comprehensive income and expenditure</b>                                 | <b>(89,658)</b>  | <b>85,487</b>    |
| <b>Movement in Reserves Statement</b>   |                  |                  |
| Reversal of net charges made to the Surplus on Provision of Services for post employment benefits in accordance with IAS19. | 62,284           | 61,840           |
| <b>Actual amount charged against the General Fund Balance for the pensions in the year:</b>                                 |                  |                  |
| Employer's contribution payable to scheme   | 43,210           | 45,638           |
| Employer's contribution re: unfunded deficit  | 10,459           | 10,880           |
|   | <b>53,669</b>    | <b>56,518</b>    |

**Assets and Liabilities in Relation to Retirement Benefits**

Present value of the scheme liabilities:

|   | Funded Liabilities: Local Government Pension Scheme |                  |
|---|---|------------------|
|   | 2017/18<br>£000s                                    | 2018/19<br>£000s |
| Balance at 1 April                          | 3,655,439   | 3,673,969        |
| Current service cost                        | 93,659  | 95,577           |
| Interest cost on defined benefit obligation | 91,344  | 95,469           |
| Contributions by scheme participants        | 14,590  | 15,280           |
| Changes in financial assumptions            | (65,620)  | 213,609          |
| Other experience re-measurements            | (8,920)   | 9,579            |
| Unfunded benefits paid                      | (10,459)  | (10,880)         |
| Benefits paid                               | (97,047)  | (100,365)        |
| Past service cost including curtailments    | 983   | 1,337            |
| <b>Balance at 31 March</b>                  | <b>3,673,969</b>                                    | <b>3,993,575</b> |

Fair value of the scheme assets:

|   | Local Government Pension Scheme |                  |
|---|---------------------------------|------------------|
|   | 2017/18<br>£000s                | 2018/19<br>£000s |
| Balance at 1 April  | 2,822,785                       | 2,868,689        |
| Interest income on plan assets                                | 70,033                          | 74,025           |
| Return on assets (excluding amounts included in net interest) | 15,118                          | 137,701          |
| Contributions in respect of unfunded benefits                 | 10,459                          | 10,880           |
| Employer contributions  | 43,210                          | 45,638           |
| Contributions by scheme participants                          | 14,590                          | 15,280           |
| Benefits paid   | (97,047)                        | (100,365)        |
| Unfunded benefits paid  | (10,459)                        | (10,880)         |
| <b>Balance at 31 March</b>                                    | <b>2,868,689</b>                | <b>3,040,968</b> |

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

#### Net Liability for Year

|                                       | 2017/18<br>£000s | 2018/19<br>£000s |
|---------------------------------------|------------------|------------------|
| Present value of funded liabilities   | (3,539,467)      | (3,855,980)      |
| Present value of unfunded liabilities | (134,502)        | (137,595)        |
| Fair value of assets                  | 2,868,689        | 3,040,968        |
| <b>(Deficit) in the scheme</b>        | <b>(805,280)</b> | <b>(952,607)</b> |

The liabilities show the underlying commitment that the Council has in the long run to pay retirement benefits. The total liability of £952,607,000 is included within the net worth of the Council which has increased by £808,000 as recorded in the balance sheet resulting in a positive overall balance of £2,197,898,000.

Statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy.

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 2019.

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2020 is £45,638,000.

#### 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:

|  | 2017/18    | 2018/19    |
|--|------------|------------|
| Mortality assumptions:   |            |            |
| Longevity at 65 for current pensioners   |            |            |
| Men  | 21.5 years | 21.5 years |
| Women  | 24.1 years | 24.1 years |
| Longevity at 65 for future pensioners *  |            |            |
| Men  | 23.7 years | 23.7 years |
| Women  | 26.2 years | 26.2 years |
| Rate of increase in salaries   | 2.5%       | 2.6%       |
| Rate of increase in pensions   | 2.4%       | 2.5%       |
| Discount rate  | 2.6%       | 2.4%       |
| 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 | 80.0%      | 80.0%      |

\* 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 2019    | % increase to Employer Liability | £000s   |
|--|----------------------------------|---------|
| 0.5% decrease in real discount rate        | 10%                              | 387,799 |
| 0.5% increase in the salary increase rate  | 1%                               | 49,123  |
| 0.5% increase in the pension increase rate | 8%                               | 332,818 |

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 employer obligation by 3 to 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.

The assets consist of the following categories, by proportion of the total assets held:

|   | Year Ended 31 March 2018              |   |             |        | Year Ended 31 March 2019              |   |             |      |
|---|---------------------------------------|---|-------------|--------|---------------------------------------|---|-------------|------|
|   | 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                                | 163,691                               | 0   | 163,691     |        | 167,964                               | 0   | 167,964     | 5%   |
| Manufacturing                           | 196,370                               | 0   | 196,370     | 6.85%  | 175,734                               | 0   | 175,734     | 6%   |
| Energy and utilities                    | 155,491                               | 0   | 155,491     | 5.42%  | 170,890                               | 0   | 170,890     | 6%   |
| Financial institutions                  | 236,269                               | 0   | 236,269     | 8.24%  | 240,663                               | 0   | 240,663     | 8%   |
| Health and care                         | 73,320                                | 0   | 73,320      | 2.56%  | 89,797                                | 0   | 89,797      | 3%   |
| Information technology                  | 45,980                                | 0   | 45,980      | 1.60%  | 54,291                                | 0   | 54,291      | 2%   |
| Other                                   | 28,060                                | 0   | 28,060      | 0.98%  | 33,319                                | 0   | 33,319      | 1%   |
| <b>Debt securities</b>                  |                                       |   |             |        |                                       |   |             |      |
| Corporate bonds (investment grade)      | 106,336                               | 0   | 106,336     | 3.71%  | 113,744                               | 0   | 113,744     | 4%   |
| UK government                           | 24,857                                | 0   | 24,857      | 0.87%  | 20,025                                | 0   | 20,025      | 1%   |
| Other                                   | 79,829                                | 0   | 79,829      | 2.78%  | 77,129                                | 0   | 77,129      | 2%   |
| <b>Private equity</b>                   |                                       |   |             |        |                                       |   |             |      |
| All                                     | 0                                     | 95,997                                    | 95,997      | 3.35%  | 0                                     | 142,417                                   | 142,417     | 5%   |
| <b>Real estate</b>                      |                                       |   |             |        |                                       |   |             |      |
| UK property                             | 0                                     | 98,215                                    | 98,215      | 3.42%  | 0                                     | 144,437                                   | 144,437     | 5%   |
| <b>Investment funds and unit trusts</b> |                                       |   |             |        |                                       |   |             |      |
| Equities                                | 776,243                               | 0   | 776,243     | 27.06% | 687,440                               | 0   | 687,440     | 23%  |
| Bonds                                   | 371,958                               | 0   | 371,958     | 12.97% | 378,269                               | 0   | 378,269     | 12%  |
| Infrastructure                          | 0                                     | 74,275                                    | 74,275      | 2.59%  | 0                                     | 145,790                                   | 145,790     | 5%   |
| Other                                   | 75,545                                | 161,327                                   | 236,872     | 8.26%  | 59,259                                | 262,302                                   | 321,561     | 10%  |
| <b>Derivatives</b>                      |                                       |   |             |        |                                       |   |             |      |
| Other                                   | 0                                     | 0   | 0           | 0.00%  | 1,541                                 | 0   | 1,541       | 0%   |
| <b>Cash and cash equivalents</b>        |                                       |   |             |        |                                       |   |             |      |
| All                                     | 104,926                               | 0   | 104,926     | 3.66%  | 75,957                                | 0   | 75,957      | 2%   |
|   | 2,438,875                             | 429,814                                   | 2,868,689   | 94%    | 2,346,022                             | 694,946                                   | 3,040,968   | 100% |



**Note 48. 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 46.

The pension costs charged to the accounts are at the contribution rate set by the DfE on the basis of a notional fund. In 2018/19 the Council's contribution to the DfE in respect of teachers' pension costs was £16,059,000 (£16,155,000 2017/18), the set contribution rate being 16.48% (16.48% 2017/18).

The total contributions expected to be made to the Teachers' Pension Scheme by the Council in the year to 31 March 2020 is £16,381,000.

In addition, the Council is responsible for all pension payments relating to added years it has awarded, together with related increases. In 2018/19 these amounted to £5,899,904 (£5,996,000 2017/18) of which £1,178,000 (£1,241,000 2017/18) relates to former establishment employees and is refunded by the Higher Education Funding Council.

**Note 49. 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 2018/19 the Council's contribution in respect of former NHS staff pension costs was £85,000 (£94,000 in 2017/18), the set contribution rate being 14.4 (14.4% in 2017/18).

**Note 50. Contingent Assets and Liabilities****Contingent Assets**

- a) As part of the Plymouth Grove and Miles Platting PFI contracts the operators are able to earn income from the sale of properties. There is a profit share mechanism in place in relation to this income with the Council benefitting from a share of the profits. The scale of this profit share cannot be assessed.
- b) As part of the Bowes Street Regeneration Scheme in Moss Side the Council has provided homebuyers, purchasing the renovated properties, equity mortgage loans 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. Thus a debtor has not been recognised on the Council's balance sheet.
- c) The Council is currently holding debtors in relation to Housing Investment Fund advances on its balance sheet at 31 March 2019. Apart from a small number of loans that are due to be repaid in 2019/20, these loans will be novated to the GMCA during 2019/20. The GMCA has indemnified the Council against all liabilities, losses and costs incurred as a result of the Council undertaking these transactions.

**Contingent Liabilities**

There are no Contingent Liabilities reported

**Note 51. 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 below:

| <b>Income</b>  | <b>2017/18<br/>£000s</b> | <b>2018/19<br/>£000s</b> |   |
|--|--------------------------|--------------------------|---|
| Central Government - revenue grants                          | 706,673                  | 698,778                  | a |
| Central Government - capital grants                          | 103,409                  | 102,182                  | a |
| Greater Manchester Combined Authority - capital contribution | 9,743                    | 12,113                   | b |
| Manchester Airports Holdings Ltd - dividend                  | 54,039                   | 64,215                   | c |
| Manchester Airports Holdings Ltd - repayment of interest     | 9,980                    | 16,465                   | c |
| Manchester Airports Holdings Ltd - net rent                  | 7,458                    | 9,913                    | c |
| Manchester Clinical Commissioning Groups                     | 18,241                   | 9,657                    | f |
| Destination Manchester Ltd - interest on loans               | 822                      | 811                      | c |
| Destination Manchester Ltd - repayment of loan principal     | 750                      | 750                      | c |
| Northwards Housing Ltd (capital and revenue income)          | 1,280                    | 1,658                    | g |
|  | <b>912,395</b>           | <b>916,542</b>           |   |

| <b>Expenditure</b>   | <b>2017/18<br/>£000s</b> | <b>2018/19<br/>£000s</b> |   |
|--|--------------------------|--------------------------|---|
| Greater Manchester Combined Authority - levy                           | 19,985                   | 54,708                   | b |
| Greater Manchester Waste Disposal Authority - levy                     | 48,938                   | 14,389                   | b |
| Greater Manchester Police and Crime Commissioner - precept             | 17,825                   | 19,690                   | b |
| Greater Manchester Fire and Rescue Authority - precept                 | 6,584                    | 7,676                    | b |
| Greater Manchester Fire and Rescue Authority - share of business rates | 3,246                    | 3,248                    | b |
| Greater Manchester Pension Fund - employer's contributions             | 53,669                   | 56,518                   | d |
| Teachers' Pension Agency - employer's contributions                    | 16,155                   | 16,059                   | e |
| Manchester Clinical Commissioning Groups                               | 4,898                    | 4,450                    | f |
| Northwards Housing Ltd (capital and revenue spend)                     | 25,245                   | 25,415                   | g |
| Manchester Working Ltd (capital and revenue spend)                     | 18,514                   | 14,057                   | g |
|  | <b>215,059</b>           | <b>216,210</b>           |   |

## **Members and Chief Officers**

Members of the Council have a direct control over the Council's financial and operating policies. The total of Members' Allowances paid in 2018/19 is set out in Note 20 Details of member's interest, both pecuniary and non-financial are recorded in the register of member's interest (available for public inspection). The executive directors are required on an annual basis to make any declaration of any related party transactions. During 2018/19 there were no reported material transactions with related parties advised by members or officers.

### **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).

The increase in Capital Grants was due to increase in Basic Needs Grant.

The award of Basic Need Grant is based on an assessment by government of the forecast pupil population in authorities. In Manchester significant growth was forecast, therefore the level of grant funding also increased significantly.

Grant details are set out in Notes 18 and 19. Central Government debtors and creditors are set out in Notes 37 and 39.

### **b. Other Public Bodies**

The Council pays levies towards the services provided by Greater Manchester Waste Disposal Authority (for the management and disposal of household waste) and Greater Manchester Combined Authority (GMCA) (for public transport, economic development and regeneration activities). The GMCA Police and Fire and Rescue elements set their own charge to council tax payers 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 Sir Richard Leese, 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 City Treasurer, Carol Culley.

### **d. Greater Manchester Pension Funds**

The Local Government Pension Scheme is a fully funded defined benefits scheme. Pension details are set out in Note 47.

**e. Teacher's Pension Agency**

The pension costs charged are at the contribution rate set by the Department for Education on the basis of a notional fund. Teacher's pension details are set out in Note 48.

**f. Manchester Clinical Commissioning Groups (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 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.

**g. 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 limited by guarantee, and therefore a subsidiary of the Council. Manchester City Council is the ultimate parent undertaking.

The principal activity of Northwards Housing Ltd is the management and maintenance of Manchester City Council's housing stock in North Manchester.

**Manchester Working**

Manchester Working is responsible for undertaking repairs and maintenance of council houses managed by Northwards and the facilities management estate for the Council .

**Note 52. Trust Funds**

The Council administered several charitable trusts, joint committees and special funds during the year, which in the main represent funds that have been put in trust to achieve specific objectives. Each body has its own board of trustees or management committee from which further information can be obtained. The contact details for each Trust can be obtained from the Corporate Services Department, Town Hall, Manchester, M60 2LA.

Manchester City Council is sole trustee for Castlefield Heritage Trust. The Council administers the following trust funds: I Love Manchester (The Lord Mayor of Manchester's) Charity Appeal Trust; Manchester Safeguarding Children Board.

These funds are not Council assets and are not included in the Council's Balance Sheet.

**Note 53. Analysis of Cash and Cash Equivalents**

|                                  | <b>31 March<br/>2018<br/>£000s</b> | <b>31 March<br/>2019<br/>£000s</b> |
|----------------------------------|------------------------------------|------------------------------------|
| <b>Cash and Cash Equivalents</b> |                                    |                                    |
| Cash in hand                     | 52                                 | 66                                 |
| Call accounts                    | 13,353                             | 10,241                             |
| Investments less than 3 months   | 115,584                            | 61,303                             |
| Balance at bank                  | (1,197)                            | 32,867                             |
| <b>Total</b>                     | <b>127,792</b>                     | <b>104,477</b>                     |

**Note 54. Cash Flow Statement - Adjustments to net surplus on the provision of services for non-cash movements**

|  | <b>31 March<br/>2018<br/>£000s</b> | <b>31 March<br/>2019<br/>£000s</b> |
|--|------------------------------------|------------------------------------|
| Depreciation of non current assets   | (67,335)                           | (73,011)                           |
| Impairment of non current assets   | (24,564)                           | (77,238)                           |
| Amortisation of intangible non-current assets  | (128)                              | (130)                              |
| Pension fund adjustments   | (62,284)                           | (61,840)                           |
| Movement in market value of investment property  | 33,443                             | 29,690                             |
| Differences between statutory accounting and amounts recognised as income and expenditure in relation to financial instruments   | 88                                 | (3,260)                            |
| (Increase) in impairment provision for bad debts   | (7,421)                            | (7,657)                            |
| Contributions to provisions  | (6,703)                            | (2,988)                            |
| Carrying amount of property, plant and equipment, investment properties and intangible assets sold   | (63,500)                           | (34,269)                           |
| Amount by which council tax income and business rates adjustment included in the comprehensive income and expenditure statement is different from the amount taken to the general fund in accordance with regulation | (8,865)                            | (5,636)                            |
| Other non-cash movements   | (2,230)                            | 14,458                             |
| (Decrease) / increase in inventories   | 53                                 | (59)                               |
| (Decrease) / Increase in debtors (less capital)  | 57,801                             | (38,358)                           |
| (Decrease) / Increase in interest debtors  | 6,209                              | (3,657)                            |
| (Increase) in creditors (less capital)   | (17,697)                           | 11,332                             |
| Decrease / (Increase) in interest creditors  | (47)                               | 5                                  |
| <b>Total</b>   | <b>(163,180)</b>                   | <b>(252,618)</b>                   |

**Note 55 Cash Flow Statement - Adjustments for items included in the net surplus on the provision of services that are investing and financing activities**

|  | <b>31 March<br/>2018<br/>£000s</b> | <b>31 March<br/>2019<br/>£000s</b> |
|--|------------------------------------|------------------------------------|
| Proceeds from the disposal of property, plant and equipment, investment properties and intangible assets | 113,457                            | 50,179                             |
| Capital grants credited to surplus on the provision of services  | 69,963                             | 98,107                             |
|  | <b>183,420</b>                     | <b>148,286</b>                     |

**Note 56. Cash Flow Statement - Operating Activities**

The net cash flows from operating activities include the following items:

|                    | <b>2017/18<br/>£000s</b> | <b>2018/19<br/>£000s</b> |
|--------------------|--------------------------|--------------------------|
| Interest received  | (8,117)                  | (26,629)                 |
| Interest paid      | 34,946                   | 33,642                   |
| Dividends received | (54,039)                 | (64,215)                 |

**Note 57. Cash Flow Statement - Investing Activities**

|  | <b>2017/18<br/>£000s</b> | <b>2018/19<br/>£000s</b> |
|--|--------------------------|--------------------------|
| Purchase of plant, property and equipment, investment property and intangible assets               | 220,906                  | 398,427                  |
| Purchase of short-term and long-term investments   | 0                        | 4,000                    |
| Proceeds from the sale of plant, property and equipment, investment property and intangible assets | (113,457)                | (50,179)                 |
| Capital grants received  | (122,877)                | (46,807)                 |
| Other receipts from investing activities   | (12,241)                 | (12,628)                 |
| <b>Net cash flows from investing activities</b>  | <b>(27,669)</b>          | <b>292,813</b>           |

**Note 58. Cash Flow Statement - Financing Activities**

|   | <b>2017/18<br/>£000s</b> | <b>2018/19<br/>£000s</b> |
|---|--------------------------|--------------------------|
| Repayments of long term borrowing   | 18,020                   | 76,266                   |
| Cash payments for the reduction of outstanding liabilities relating to finance leases and PFI contracts | 11,486                   | 15,647                   |
| Cash (receipts) of long and short term borrowing  | (12,251)                 | (272,774)                |
| Net (receipts) / payments relating to preceptors element of council tax                                 | 9,871                    | 830                      |
| Net (receipts) relating to national non domestic rates  | (15,155)                 | 6,478                    |
| <b>Net cash flows from financing activities</b>   | <b>11,971</b>            | <b>(173,553)</b>         |

**Note 59. Cash Flow Statement - Reconciliation of liabilities arising from Financing Activities**

|  | 1 April<br>2018 | Financing<br>cash flows | Non- cash changes |                              | 31 March<br>2019<br>£000s |
|--|-----------------|-------------------------|-------------------|------------------------------|---------------------------|
|  |                 |                         | Acquisition       | Other<br>non-cash<br>changes |                           |
|  | £000s           | £000s                   | £000s             | £000s                        | £000s                     |
| Long-term borrowings                               | 482,531         | 124,701                 | 0                 | 0                            | 607,232                   |
| Short-term borrowings                              | 51,948          | 71,807                  | 0                 | 2,528                        | 126,283                   |
| Ex GMC debt  | 9,776           | (2,260)                 | 0                 | 0                            | 7,516                     |
| Finance Lease liabilities                          | 14              | (14)                    | 0                 | 0                            | 0                         |
| PFI liabilities                                    | 152,125         | (12,760)                | 12,402            | 0                            | 151,767                   |
| Service concessions                                | 4,239           | (613)                   | 505               | 0                            | 4,131                     |
| <b>Total liabilities from financing activities</b> | <b>700,633</b>  | <b>180,861</b>          | <b>12,907</b>     | <b>2,528</b>                 | <b>896,928</b>            |

**Note 60. Events after the Balance Sheet Date**Housing Investment Fund

The 2014 Greater Manchester Devolution Agreement provided for a Housing Investment Fund of £300m over a ten year lifetime, to be invested in the form of recoverable loans and equity into property investments to deliver the growth ambitions of Greater Manchester.

The GM Housing fund was in the form of a loan from central government, however at the time the GMCA's borrowing powers were restricted to transport related functions only. As a result the Council acted as lead authority to receive and administer the fund on GMCA's behalf.

During the financial year ended 31 March 2019 these borrowing powers were granted to the GMCA and on 13 March 2019 the MHCLG loan was transferred to the GMCA. Apart from a small number of advances that are due to be repaid in 2019/20 the loans that have been advanced by the Council on behalf of GMCA will be novated during 2019/20. As at 31 May 2019 a total of £81.254m loans had been novated. The GMCA have advanced a variable short term loan at nil interest to the Council to fund the long term debtors that remain.

**Note 61. Authorisation for Issue of the Statement of Accounts**

The 2018/19 Statement of Accounts was authorised for issue by Carol Culley, the Deputy Chief Executive and City Treasurer on 31 May 2019. All events after the Balance Sheet date until this date have been considered for disclosure as events after the Balance Sheet date.

**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.

| 2017/18<br>£000s |   | Note | 2018/19<br>£000s |
|------------------|---|------|------------------|
|                  | <b>Expenditure</b>  |      |                  |
| 22,645           | Repairs and maintenance   |      | 26,517           |
| 15,194           | Supervision and management  |      | 15,096           |
| 494              | Rents, rates, taxes and other charges   |      | 36               |
| 17,887           | Depreciation and impairment of non-current assets   | d,e  | 21,583           |
| 18               | Debt management costs   |      | 28               |
| 896              | Movement in the allowance for bad debts   |      | 555              |
| 624              | Revenue expenditure funded from capital under statute   | f    | 52               |
| <b>57,758</b>    |   |      | <b>63,867</b>    |
|                  | <b>Income</b>   |      |                  |
| 60,814           | Dwelling rents (gross)  |      | 60,058           |
| 711              | Non-dwelling rents (gross)  |      | 407              |
| 1,795            | Charges for services and facilities   |      | 1,877            |
| 384              | Contributions towards expenditure   |      | 279              |
| 23,600           | Private Finance Initiative Grant  |      | 23,600           |
| <b>87,304</b>    |   |      | <b>86,221</b>    |
| <b>(29,546)</b>  | <b>Net (Income) of HRA Services as included in the Council's Comprehensive Income and Expenditure Statement</b>         |      | <b>(22,354)</b>  |
| 98               | HRA services share of corporate and democratic core   |      | 98               |
| 4                | HRA share of other amounts included in the Council's net cost of services but not allocated to specific services        |      | 5                |
| <b>(29,444)</b>  | <b>Net (Income) of HRA Services</b>   |      | <b>(22,251)</b>  |
|                  | <b>HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement</b> |      |                  |
| (7,261)          | (Gain) on disposal of HRA non-current assets  |      | (7,215)          |
| 11,551           | Interest payable and similar charges  |      | 11,767           |
| (92)             | Interest and investment income  |      | (211)            |
| 87               | Net interest on the net defined benefit liability   |      | 82               |
| (1,183)          | Capital grants and contributions  |      | (583)            |
| <b>(26,342)</b>  | <b>(Surplus) for the year on HRA services</b>   |      | <b>(18,411)</b>  |

**Movement on the Housing Revenue Account Statement**

| 2017/18<br>£000s |   | 2018/19<br>£000s |
|------------------|---|------------------|
| <b>(90,991)</b>  | <b>Balance on the HRA at the end of the previous year</b>                   | <b>(99,940)</b>  |
| (26,342)         | (Surplus) for Year on the HRA Income and Expenditure Statement              | (18,411)         |
|                  | <b>Adjustments between accounting basis and funding basis under statute</b> |                  |
| 1,543            | Capital expenditure funded by the HRA                                       | 89               |
| 7,261            | Gain on disposal of HRA non-current assets                                  | 7,215            |
| 1                | Transfer to short term accumulating absences account                        | 0                |
| (298)            | HRA share of contributions from the pension reserve                         | (237)            |
| (1,773)          | Impairment of non-current assets  | (4,585)          |
| (624)            | Amortisation of Revenue Expenditure Funded from Capital under Statute       | (52)             |
| 10,101           | PFI Charges   | 10,886           |
| 1,183            | Capital grants and contributions receivable                                 | 583              |
| <b>(8,949)</b>   | <b>Net (Increase) in Year on the HRA</b>                                    | <b>(4,512)</b>   |
| <b>(99,940)</b>  | <b>Balance on the HRA at the end of the current year</b>                    | <b>(104,452)</b> |



**Notes to the Housing Revenue Account****(a) Housing Stock**

The Council was responsible for managing an average of 15,891 dwellings during 2018/19.

The stock at each year end was made up as follows:

|                      | <b>31 March<br/>2018</b> | <b>31 March<br/>2019</b> |
|----------------------|--------------------------|--------------------------|
| Houses and bungalows | 9,067                    | 9,006                    |
| Flats                | 6,793                    | 6,762                    |
| Others               | 77                       | 77                       |
|                      | <b>15,937</b>            | <b>15,845</b>            |

The change in stock is as follows:

|                       | <b>2017/18</b> | <b>2018/19</b> |
|-----------------------|----------------|----------------|
| Stock at 1 April      | 16,123         | 15,937         |
| Sales - Right to Buys | (222)          | (181)          |
| Demolitions           | 0              | (1)            |
| Transfers             | 0              | (1)            |
| Other                 | (1)            | 3              |
| New buildings         | 37             | 87             |
| Acquisitions          | 0              | 1              |
| Stock at 31 March     | <b>15,937</b>  | <b>15,845</b>  |

The balance sheet value of the HRA's non-current assets was as follows:

|                               | <b>31 March<br/>2018<br/>£000s</b> | <b>31 March<br/>2019<br/>£000s</b> |
|-------------------------------|------------------------------------|------------------------------------|
| <b>Operational</b>            |                                    |                                    |
| Council dwellings             | 563,298                            | 605,068                            |
| Other land and buildings      | 3,454                              | 4,019                              |
| Vehicles, plant and equipment | 955                                | 884                                |
| Infrastructure                | 2,207                              | 2,026                              |
|                               | <b>569,914</b>                     | <b>611,997</b>                     |
| <b>Non-operational</b>        |                                    |                                    |
| Surplus properties            | 580                                | 576                                |
| Assets under construction     | 68                                 | 97                                 |
|                               | <b>570,562</b>                     | <b>612,670</b>                     |

**(b) Vacant Possession of Dwellings**

The vacant possession value of dwellings within the Council's HRA at 1 April 2018 was £1,321,517,500. 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.

**(c) Capital Expenditure, Funding and Receipts**

|   | 2017/18<br>£000s | 2018/19<br>£000s |
|---|------------------|------------------|
| <b>Expenditure</b>                                    |                  |                  |
| Property, plant and equipment                         | 19,655           | 15,260           |
| Revenue expenditure funded from capital under statute | 624              | 52               |
|   | <b>20,279</b>    | <b>15,312</b>    |
| <b>Funded by</b>                                      |                  |                  |
| Revenue contributions                                 | 1,543            | 89               |
| Capital receipts                                      | 56               | 556              |
| Major repairs reserve                                 | 17,497           | 14,084           |
| Government grants                                     | 1,157            | 622              |
| External contributions                                | 26               | (39)             |
|   | <b>20,279</b>    | <b>15,312</b>    |
| <b>Receipts</b>                                       |                  |                  |
| Council dwellings                                     | 15,099           | 14,293           |
| Mortgage repayments                                   | 18               | 2                |
|   | <b>15,117</b>    | <b>14,295</b>    |

**(d) Depreciation**

|                                      | 2017/18<br>£000s | 2018/19<br>£000s |
|--------------------------------------|------------------|------------------|
| <b>Property, plant and equipment</b> |                  |                  |
| Council dwellings                    | 15,963           | 16,708           |
| Other land and buildings             | 120              | 107              |
| Vehicles, plant and equipment        | 31               | 98               |
| Infrastructure                       | 0                | 84               |
|                                      | <b>16,114</b>    | <b>16,997</b>    |

**(e) Impairment Charges**

|                                   | 2017/18<br>£000s | 2018/19<br>£000s |
|-----------------------------------|------------------|------------------|
| Non-enhancing capital expenditure | 1,325            | 3,728            |
| Downward revaluation of assets    | 448              | 857              |
|                                   | <b>1,773</b>     | <b>4,585</b>     |

**(f) Revenue Expenditure Funded From Capital Under Statute**

Revenue expenditure funded from capital under statute of £52,000 (£624,000 in 2017/18) has been charged to the HRA.

**(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 2018/19 is £237,000 (£298,000 in 2017/18). The overall amount to be met from rent payers remains unchanged.

**(h) Rent Arrears**

|                     | <b>2017/18<br/>£000s</b> | <b>2018/19<br/>£000s</b> |
|---------------------|--------------------------|--------------------------|
| Arrears at 31 March | 7,949                    | 8,216                    |

|                                 | <b>2017/18<br/>£000s</b> | <b>2018/19<br/>£000s</b> |
|---------------------------------|--------------------------|--------------------------|
| Provision at 1 April            | 5,396                    | 5,967                    |
| Contributions in year           | 571                      | 296                      |
| <b>Provision as at 31 March</b> | <b>5,967</b>             | <b>6,263</b>             |

**Collection Fund****Income and Expenditure Account**

This account 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.

| 2017/18<br>£000s |                |                |   | 2018/19<br>£000s |                |                |
|------------------|----------------|----------------|---|------------------|----------------|----------------|
| Business Rates   | Council Tax    | Total          |   | Business Rates   | Council Tax    | Total          |
| 0                | 175,141        | 175,141        | <b>Income</b>                                       | 0                | 187,647        | 187,647        |
| 364,965          | 0              | 364,965        | Council Tax - net amount receivable                 | 373,938          | 0              | 373,938        |
| 364,965          | 175,141        | 540,106        | Collectable from business ratepayers                | 373,938          | 187,647        | 561,585        |
|                  |                |                | <b>Expenditure</b>                                  |                  |                |                |
| 14,934           | 0              | 14,934         | Apportionment of Previous Year Surplus              | 6,497            | 0              | 6,497          |
| 14,635           | 5,940          | 20,575         | - Central Government                                | 16,360           | 10,045         | 26,405         |
| 0                | 766            | 766            | - Manchester City Council                           | 0                | 1,275          | 1,275          |
| 299              | 286            | 585            | - GMCA Police and Crime Commissioner                | 231              | 470            | 701            |
|                  |                |                | - GMCA Mayoral and Fire and Rescue                  |                  |                |                |
|                  |                |                | Precepts and demands                                |                  |                |                |
| 321,402          | 140,567        | 461,969        | - Manchester City Council                           | 321,572          | 149,626        | 471,198        |
| 0                | 17,825         | 17,825         | - GMCA Police and Crime Commissioner                | 0                | 19,690         | 19,690         |
| 3,246            | 6,584          | 9,830          | - GMCA Mayoral and Fire and Rescue                  | 3,248            | 7,676          | 10,924         |
|                  |                |                | Business rates                                      |                  |                |                |
| 6,341            | 0              | 6,341          | - Transitional protection payment                   | 1,380            | 0              | 1,380          |
| 0                | 0              | 0              |   |                  | 0              | 0              |
|                  |                |                | Charges to Collection Fund                          |                  |                |                |
| 3,275            | 1,571          | 4,846          | - Write offs of uncollectable amounts               | 5,723            | 7,762          | 13,485         |
| 7,187            | 4,292          | 11,479         | - Increase / (Decrease) in Allowance for Impairment | 1,282            | (935)          | 347            |
| 14,091           | 0              | 14,091         | - Contribution to Provision for Appeals             | 21,876           | 0              | 21,876         |
| 1,124            | 0              | 1,124          | - Costs of collection                               | 1,131            | 0              | 1,131          |
| <b>386,534</b>   | <b>177,831</b> | <b>564,365</b> | <b>Total Expenditure</b>                            | <b>379,300</b>   | <b>195,609</b> | <b>574,909</b> |
| (21,569)         | (2,690)        | (24,259)       | Movement on fund balance                            | (5,362)          | (7,962)        | (13,324)       |
| 42,862           | 17,827         | 60,689         | Fund balance brought forward                        | 21,293           | 15,137         | 36,430         |
| <b>21,293</b>    | <b>15,137</b>  | <b>36,430</b>  | <b>Fund Balance Carried Forward</b>                 | <b>15,931</b>    | <b>7,175</b>   | <b>23,106</b>  |

**Notes to the Collection Fund Account****(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 48.0p (46.6p) for smaller businesses and for larger businesses 49.3p (47.9p for 2017/18). The total business rates rateable value at 31 March 2019 was £902,975,768 (£906,280,409 at 31 March 2018).

**(b) Calculation of the Council Tax Base**

For 2018/19 there were 229,675 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 197,343 equivalent number of dwellings after taking account of discounts, exemptions and disabled relief. These equate to 151,652 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              | 111,749  | 74,471                        |
| B              | 34,274   | 26,658                        |
| C              | 29,740   | 26,435                        |
| D              | 13,961   | 13,961                        |
| E              | 4,880  | 5,965                         |
| F              | 1,910  | 2,759                         |
| G              | 768  | 1,281                         |
| H              | 61   | 122                           |
|                | 197,343  | 151,652                       |

The number of chargeable Band D equivalents for 2017/18 was 149,235.

**(c) Share of Fund Balance**

The shares of the closing fund balances are shown in the tables below.

| Business Rates          | Surplus 2017/18<br>£000s | Surplus 2018/19<br>£000s |
|-------------------------|--------------------------|--------------------------|
| Central Government      | 6,497                    | 0                        |
| Manchester City Council | 14,583                   | 15,772                   |
| GMCA Fire and Rescue    | 213                      | 159                      |
| Total Surplus           | 21,293                   | 15,931                   |

| Council Tax                        | Surplus 2017/18<br>£000s | Surplus 2018/19<br>£000s |
|------------------------------------|--------------------------|--------------------------|
| Manchester City Council            | 12,718                   | 5,894                    |
| GMCA Police and Crime Commissioner | 1,722                    | 924                      |
| GMCA Mayoral and Fire and Rescue   | 697                      | 357                      |
| Total Surplus                      | 15,137                   | 7,175                    |

**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<br>2017/18<br>Gross<br>Expenditure<br>£000s | Restated<br>2017/18<br>Gross<br>Income<br>£000s | Restated<br>2017/18<br>Net<br>Expenditure<br>£000s |   | Note | 2018/19<br>Gross<br>Expenditure<br>£000s | 2018/19<br>Gross<br>Income<br>£000s | 2018/19<br>Net<br>Expenditure<br>£000s |
|--|---|--|---|------|--|-------------------------------------|--|
|  |   |  | <b>Continuing operations</b>  |      |  |                                     |  |
| 235,608  | 55,615  | 179,993  | Adult Social Care   |      | 248,592                                  | 55,253                              | 193,339                                |
| 22,344   | 15,019  | 7,325  | Homelessness  |      | 31,396                                   | 20,338                              | 11,058                                 |
| 575,242  | 422,129   | 153,113  | Children's Services   |      | 558,948                                  | 401,684                             | 157,264                                |
| 384,891  | 299,873   | 85,018   | Corporate Core  |      | 339,617                                  | 248,000                             | 91,617                                 |
| 144,798  | 51,250  | 93,548   | Neighbourhoods  |      | 178,891                                  | 76,042                              | 102,849                                |
| 72,496   | 27,649  | 44,847   | Strategic Development   |      | 96,043                                   | 41,944                              | 54,099                                 |
| 6,820  | 8,855   | (2,035)  | Corporate Items   |      | 6,155                                    | 4,278                               | 1,877                                  |
| 11,296   | 0   | 11,296   | Council Wide Costs  |      | 17,937                                   | 0                                   | 17,937                                 |
| 57,758   | 87,304  | (29,546)   | Housing Revenue Account   |      | 63,867                                   | 86,221                              | (22,354)                               |
| 11,090   | 19,571  | (8,481)  | Destination Manchester Ltd  |      | 9,608                                    | 17,866                              | (8,258)                                |
| <b>1,522,343</b>                                     | <b>987,265</b>                                  | <b>535,078</b>                                     | <b>Cost of services excluding acquired services</b>   |      | <b>1,551,054</b>                         | <b>951,626</b>                      | <b>599,428</b>                         |
|  |   |  | <b>Other operating expenditure</b>  |      |  |                                     |  |
| 12,994   | 7,261   | 5,733  | Loss on disposal of non-current assets  |      | 12,946                                   | 7,215                               | 5,731                                  |
| 69,256   | 0   | 69,256   | Levies not included in net cost of services   |      | 69,097                                   | 0                                   | 69,097                                 |
| 2553   | 0   | 2,553  | Payments to government housing capital receipts pool  |      | 2,567                                    | 0                                   | 2,567                                  |
| <b>82,250</b>  | <b>7,261</b>                                    | <b>77,542</b>                                      | <b>Total other operating expenditure</b>  |      | <b>84,610</b>                            | <b>7,215</b>                        | <b>77,395</b>                          |
| 134,582  | 140,194   | (5,612)  | Financing and investment income and expenditure   | 5    | 174,414                                  | 151,685                             | 22,729                                 |
| 0  | 597,413   | (597,413)  | Taxation and non-specific grant income  |      | 0  | 636,301                             | (636,301)                              |
| <b>1,739,175</b>                                     | <b>1,732,133</b>                                | <b>9,595</b>                                       | <b>Deficit on provision of services</b>   |      | <b>1,810,078</b>                         | <b>1,746,827</b>                    | <b>63,251</b>                          |
| 287,470  | 330,647   | (43,177)   | Share of operating results of joint venture   | 8    | 278,062                                  | 328,730                             | (50,668)                               |
| 456  | 0   | 456  | Tax expenses of subsidiary  |      | 448                                      | 0                                   | 448                                    |
| 12,567   | 0   | 12,567   | Tax expenses of joint venture   | 8    | 14,342                                   | 0                                   | 14,342                                 |
| <b>2,039,668</b>                                     | <b>2,062,780</b>                                | <b>(20,559)</b>                                    | <b>Group (Surplus) / Deficit on provision of services</b>   |      | <b>2,102,930</b>                         | <b>2,075,557</b>                    | <b>27,373</b>                          |
|  |   |  | <b>Items that will not be subsequently classified in (Surplus)/ Deficit on Provision of Services</b>                    |      |  |                                     |  |
|  |   | (188,417)  | (Surplus) on revaluation of non-current assets  |      |  |                                     | (98,626)                               |
|  |   | 10,977   | Impairment losses on non-current assets charged to the revaluation reserve  |      |  |                                     | 6,685                                  |
|  |   | 0  | (Surplus) or deficit from investments in equity instruments designated at fair value through other comprehensive income |      |  |                                     | (2,738)                                |
|  |   | (89,658)   | Remeasurements of the net defined benefit liability   |      |  |                                     | 85,487                                 |
|  |   | 1,396  | Share of other comprehensive income and expenditure of subsidiaries   |      |  |                                     | 469                                    |
|  |   | (97,802)   | Share of other comprehensive income and expenditure of joint ventures   |      |  |                                     | (76,239)                               |
|  |   |  | <b>Items that will be subsequently classified in (Surplus)/ Deficit on Provision of Services</b>                        |      |  |                                     |  |
|  |   | (6,410)  | (Surplus) / Deficit on revaluation of available for sale financial assets   |      |  |                                     | 0                                      |
|  |   | <b>(369,914)</b>                                   | <b>Total other comprehensive income and expenditure</b>   |      |  |                                     | <b>(84,962)</b>                        |
|  |   | <b>(390,473)</b>                                   | <b>Total comprehensive income and expenditure</b>   |      |  |                                     | <b>(57,589)</b>                        |

**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                |
| <b>Balance at 31 March 2017</b>  | <b>(255,036)</b>     | <b>(90,991)</b>         | <b>(39,135)</b>          | <b>(22,494)</b>          | <b>(1,383)</b>        | <b>(409,039)</b>      | <b>(1,478,529)</b>      | <b>(843,507)</b>                | <b>(2,731,075)</b>   |
| <b>Movement in reserves during 2017/18</b>                                     |                      |                         |                          |                          |                       |                       |                         |                                 |                      |
| Total comprehensive income and expenditure                                     | (9,672)              | (26,342)                | 0                        | 0                        | 0                     | <b>(36,014)</b>       | <b>(273,508)</b>        | (80,950)                        | (390,473)            |
| Total adjustments between accounting basis and funding basis under regulations | (40,183)             | 17,394                  | (32,885)                 | 3,965                    | 1,383                 | <b>(50,326)</b>       | 50,326                  | 0                               | 0                    |
| <b>(Increase) / decrease in year</b>   | <b>(49,855)</b>      | <b>(8,948)</b>          | <b>(32,885)</b>          | <b>3,965</b>             | <b>1,383</b>          | <b>(86,340)</b>       | <b>(223,182)</b>        | <b>(80,950)</b>                 | <b>(390,473)</b>     |
| <b>Balance at 31 March 2018</b>  | <b>(304,891)</b>     | <b>(99,939)</b>         | <b>(72,020)</b>          | <b>(18,528)</b>          | <b>(0)</b>            | <b>(495,379)</b>      | <b>(1,701,711)</b>      | <b>(924,457)</b>                | <b>(3,121,548)</b>   |
| Re-classification as a result of introduction of IFRS9 (financial instruments) | (1,622)              | 0                       | 0                        | 0                        | 0                     | (1,622)               | 1,622                   | 0                               | 0                    |
| <b>Balance at 1 April 2018</b>   | <b>(306,513)</b>     | <b>(99,939)</b>         | <b>(72,020)</b>          | <b>(18,528)</b>          | <b>(0)</b>            | <b>(497,001)</b>      | <b>(1,700,089)</b>      | <b>(924,457)</b>                | <b>(3,121,548)</b>   |
| <b>Movement in reserves during 2018/19</b>                                     |                      |                         |                          |                          |                       |                       |                         |                                 |                      |
| Total comprehensive income and expenditure                                     | 26,798               | (18,411)                | 0                        | 0                        | 0                     | 8,387                 | (9,195)                 | (56,781)                        | (57,589)             |
| Total adjustments between accounting basis and funding basis under regulations | (74,070)             | 13,898                  | (9,840)                  | (38,988)                 | (2,913)               | (111,914)             | 111,914                 | 0                               | 0                    |
| <b>(Increase) / decrease in year</b>   | <b>(47,272)</b>      | <b>(4,513)</b>          | <b>(9,840)</b>           | <b>(38,988)</b>          | <b>(2,913)</b>        | <b>(103,527)</b>      | <b>102,719</b>          | <b>(56,781)</b>                 | <b>(57,589)</b>      |
| <b>Balance at 31 March 2019</b>  | <b>(353,785)</b>     | <b>(104,452)</b>        | <b>(81,860)</b>          | <b>(57,516)</b>          | <b>(2,913)</b>        | <b>(600,525)</b>      | <b>(1,597,370)</b>      | <b>(981,238)</b>                | <b>(3,179,137)</b>   |

\*A breakdown of the Council's usable and unusable reserves can be found in the Council's accounts Notes 12, 44 and 45.

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.

**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 surplus shown in the group income and expenditure account.

| <b>2017/18<br/>£000s</b> |  | <b>Note</b> | <b>2018/19<br/>£000s</b> |
|--------------------------|--|-------------|--------------------------|
| (36,014)                 | (Surplus) / Deficit on the Authority's single entity Income and Expenditure Account for the year                         |             | 8,387                    |
| 822                      | Distribution from group entities included in the Authority's single entity surplus on the Income and Expenditure Account |             | 811                      |
| (7,723)                  | Add (surplus) attributable to subsidiary   | 7           | (7,518)                  |
| 22,356                   | Add deficit attributable to joint venture including dividends paid (after corporation tax)                               |             | 25,692                   |
| <b>(20,559)</b>          | <b>Group income and expenditure account surplus/(deficit) for the year</b>   |             | <b>27,372</b>            |



**Group Balance Sheet**

The balance sheet is fundamental to the understanding of the Group's financial position at the end of the financial year. The statement reports on the Group's balances on assets (non-current and current), liabilities (long and short-term) and reserves.

| 31 March<br>2018<br>£000s |  | Note | 31 March<br>2019<br>£000s |
|---------------------------|--|------|---------------------------|
|                           | <b>Non-current assets</b>                    |      |                           |
| 2,467,144                 | Property, plant and equipment                | 10   | 2,574,599                 |
| 539,254                   | Heritage assets                              |      | 538,272                   |
| 414,985                   | Investment properties                        |      | 422,814                   |
| 284                       | Intangible non-current assets                |      | 352                       |
| 1,032,719                 | Long-term investment in joint venture        | 11   | 1,084,912                 |
| 7,973                     | Other long-term investments                  | 11   | 13,035                    |
| 180,115                   | Long-term debtors                            | 12   | 283,245                   |
| <b>4,642,474</b>          | <b>Total non-current assets</b>              |      | <b>4,917,229</b>          |
|                           | <b>Current assets</b>                        |      |                           |
| 8,945                     | Short term investments                       |      | 9,017                     |
| 618                       | Inventories                                  |      | 571                       |
| 161,033                   | Short-term debtors                           | 12   | 272,788                   |
| 135,306                   | Cash and cash equivalents                    | 13   | 111,793                   |
| 10,414                    | Short-term assets held for sale              |      | 11,773                    |
| 481                       | Intangible current assets                    |      | 344                       |
| <b>316,797</b>            | <b>Total current assets</b>                  |      | <b>406,286</b>            |
| <b>4,959,271</b>          | <b>Total assets</b>                          |      | <b>5,323,515</b>          |
|                           | <b>Current liabilities</b>                   |      |                           |
| (51,948)                  | Short-term borrowing                         |      | (126,283)                 |
| (186,801)                 | Short-term creditors                         | 14   | (177,406)                 |
| (38,320)                  | Short-term provisions                        |      | (32,430)                  |
| (15,537)                  | Short-term deferred liabilities              | 15   | (15,137)                  |
| <b>(292,606)</b>          | <b>Total current liabilities</b>             |      | <b>(351,256)</b>          |
| <b>4,666,665</b>          | <b>Total assets less current liabilities</b> |      | <b>4,972,259</b>          |
|                           | <b>Long-term liabilities</b>                 |      |                           |
| (1,096)                   | Long-term creditors                          |      | (1,359)                   |
| (62,839)                  | Long-term provisions                         |      | (63,098)                  |
| (482,531)                 | Long-term borrowing                          |      | (607,232)                 |
| (151,789)                 | Long-term deferred liabilities               | 15   | (149,536)                 |
| (41,581)                  | Capital grants receipts in advance           |      | (19,290)                  |
| (805,281)                 | Pensions liability                           |      | (952,607)                 |
| <b>(1,545,117)</b>        | <b>Total long-term liabilities</b>           |      | <b>(1,793,122)</b>        |
| <b>3,121,548</b>          | <b>Net assets</b>                            |      | <b>3,179,137</b>          |
|                           | <b>Financed by:</b>                          |      |                           |
| 495,378                   | Usable reserves                              |      | 600,525                   |
| 1,701,712                 | Unusable reserves                            |      | 1,597,373                 |
| 924,458                   | Group income and expenditure reserve         |      | 981,239                   |
| <b>3,121,548</b>          | <b>Total reserves</b>                        | 16   | <b>3,179,137</b>          |

**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.

| 2017/18<br>£000s |  | Note | 2018/19<br>£000s |
|------------------|--|------|------------------|
| (20,559)         | Net deficit/(surplus) on the provision of services   |      | 27,373           |
| (158,539)        | Adjustments to net deficit/(surplus) on the provision of services for non-cash movements   | 18   | (247,491)        |
| 161,430          | Adjustments for items included in the net deficit/(surplus) on the provision of services that are investing and financing activities | 19   | 122,866          |
| <b>(17,668)</b>  | <b>Net cash flows from operating activities</b>  |      | <b>(97,252)</b>  |
| (26,959)         | Investing activities   | 21   | 294,319          |
| 11,971           | Financing activities   | 22   | (173,553)        |
| <b>(32,656)</b>  | <b>Net (increase) in cash and cash equivalents</b>   |      | <b>23,514</b>    |
| 102,649          | Cash and cash equivalents at the beginning of the reporting period   |      | 135,306          |
| <b>135,306</b>   | <b>Cash and cash equivalents at the end of the reporting period</b>  | 13   | <b>111,793</b>   |

## Notes To The Group Accounts

### Note 1. 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 Movement in Reserves Statement
- Reconciliation of the Single Entity Deficit to the Group Deficit
- 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.

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).

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 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.

### **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. Until 4 December 2017 it also owned Bournemouth Airport. This was sold to RCA, part of the Rigby Group.

Manchester Airports Holdings Limited audited accounts are available at their website

The Group Accounts have been prepared in accordance with the 2018/19 Code of Practice for Local Authority Accounting in the United Kingdom, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The accounting policies used in preparing the Group Accounts are generally those used by Manchester City Council in their single entity financial statements. In order to align group entities accounting policies to those used by the Council and ensure consistency of accounting treatment across the group, the following policies have been adopted:

### **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).

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.

### **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.

**Note 2. 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

| 2017/18                                    |  |  |  |  | 2018/19                                      |                                |  |  |  |   |
|--|--|--|--|--|--|--------------------------------|--|--|--|---|
| Restated As reported to Members<br>£000    | Adjustments to arrive at net amount chargeable to the group general balances<br>£000 | Net expenditure chargeable to the group general balances<br>£000 | Adjustments between funding and accounting basis<br>£000 | Restated Net expenditure in the Comprehensive Income and Expenditure Statement<br>£000 |  | As reported to Members<br>£000 | Adjustments to arrive at net amount chargeable to the group general balances<br>£000 | Net expenditure chargeable to the group general balances<br>£000 | Adjustments between funding and accounting basis<br>£000 | Net expenditure in the Comprehensive Income and Expenditure Statement<br>£000 |
|  | Note 3a  |  |  |  |  |                                | Note 3a  |  |  |   |
| 176,664                                    | (4,214)  | 172,451  | 7,542  | 179,993  | Adult Social Care                            | 186,126                        | (1,022)  | 185,104  | 8,235  | 193,339   |
| 7,772                                      | (1,484)  | 6,288  | 1,037  | 7,325  | Homelessness                                 | 10,711                         | (888)  | 9,823  | 1,235  | 11,058  |
| 106,074                                    | 7,703  | 113,777  | 39,336   | 153,113  | Children's Services                          | 119,877                        | 5,773  | 125,650  | 31,614   | 157,264   |
| 59,946                                     | 6,024  | 65,970   | 19,048   | 85,018   | Corporate Core                               | 67,187                         | 6,881  | 74,068   | 17,549   | 91,617  |
| 106,045                                    | (52,846)   | 53,199   | 40,349   | 93,548   | Growth and Neighbourhoods                    | 72,273                         | (16,607)   | 55,666   | 47,183   | 102,849   |
| 6,708                                      | 27,246   | 33,953   | 10,894   | 44,847   | Strategic Development                        | 4,776                          | 20,664   | 25,440   | 28,659   | 54,099  |
| 8,171                                      | (10,207)   | (2,036)  | 0  | (2,036)  | Corporate Items                              | 13,030                         | (10,082)   | 2,948  | (1,071)  | 1,877   |
| 0  | 0  | 0  | 11,296   | 11,296   | Council Wide Costs                           | 0                              | 0  | 0  | 17,937   | 17,937  |
| (8,949)                                    | (3,203)  | (12,152)   | (17,394)   | (29,546)   | Housing Revenue Account                      | (4,512)                        | (3,943)  | (8,455)  | (13,899)   | (22,354)  |
| 0  | (8,481)  | (8,481)  | 0  | (8,481)  | Destination Manchester Ltd                   | 0                              | (8,258)  | (8,258)  | 0  | (8,258)   |
| 462,431                                    | (39,462)   | 422,969  | 112,108  | 535,077  | Net Cost of Services                         | 469,468                        | (7,482)  | 461,986  | 137,442  | 599,428   |
| (467,461)                                  | 1,144  | (466,317)  | (89,319)   | (555,636)  | Other Income and Expenditure                 | (473,718)                      | (21,067)   | (494,785)  | (77,270)   | (572,055)   |
| (5,030)                                    | (38,318)   | (43,348)   | 22,789   | (20,559)   | (Surplus) / Deficit on Provision of Services | (4,250)                        | (28,549)   | (32,799)   | 60,172   | 27,373  |
| Opening Group General Reserves             |  | 996,871  |  |  | Opening Group General Reserves               |                                |  | 1,040,219  |  |   |
| Surplus on Group General Reserves in year  |  | 43,348   |  |  | Surplus on Group General Reserves in year    |                                |  | 32,799   |  |   |
| Closing Group General Reserves at 31 March |  | 1,040,219  |  |  | Closing Group General Reserves at 31 March   |                                |  | 1,073,018  |  |   |

## Manchester City Council Annual Statement of Accounts 2018/19

**Note 3. Note to the Expenditure and Funding Analysis**

| (a) Adjustments to arrive at net amount chargeable to the group general balances 2017/18 |   |  |   |                   |
|--|---|--|---|-------------------|
| Other Adjustments  | Adjustments relating to other income and expenditure<br>(i) | Adjustments relating to transfers to / from reserves<br>(ii) | Adjustments relating to internal recharges<br>(iii) | Total Adjustments |
|  | £000  | £000   | £000  | £000              |
| Adult Social Care  | (2,598)   | (1,000)  | (616)   | (4,214)           |
| Homelessness   | 44  | 430  | (1,958)   | (1,484)           |
| Children's Services  | 4,518   | 5,763  | (2,578)   | 7,703             |
| Corporate Core   | 1,742   | 2,743  | 1,539   | 6,024             |
| Neighbourhoods   | (48,227)  | (5,327)  | 708   | (52,846)          |
| Strategic Development  | 19,349  | 5,376  | 2,521   | 27,246            |
| Corporate Items  | (10,298)  | (293)  | 384   | (10,207)          |
| Housing Revenue Account  | (3,203)   | 0  | 0   | (3,203)           |
| Destination Manchester Ltd   | (8,481)   | 0  | 0   | (8,481)           |
| Net Cost of Services   | (47,154)  | 7,692  | 0   | (39,462)          |
| Other Income and Expenditure from the Expenditure and Funding Analysis                   | 62,609  | (61,465)   | 0   | 1,144             |
| Fund and HRA Surplus and Comprehensive Income and Expenditure Statement Deficit          | 15,455  | (53,773)   | 0   | (38,318)          |

The 2017/18 figures have been restated to remove internal recharges relating to the single entity following clarification of their treatment issued by CIPFA.

| (a) Adjustments to arrive at net amount chargeable to the group general balances 2018/19  |   |  |   |                   |
|---|---|--|---|-------------------|
| Other Adjustments   | Adjustments relating to other income and expenditure<br>(i) | Adjustments relating to transfers to / from reserves<br>(ii) | Adjustments relating to internal recharges<br>(iii) | Total Adjustments |
|   | £000  | £000   | £000  | £000              |
| Adult Social Care   | 0   | 498  | (1,520)   | (1,022)           |
| Homelessness  | 0   | (515)  | (373)   | (888)             |
| Children's Services   | 2,035   | 4,716  | (978)   | 5,773             |
| Corporate Core  | 3,510   | (1,122)  | 4,493   | 6,881             |
| Neighbourhoods  | (7,578)   | (6,433)  | (2,596)   | (16,607)          |
| Strategic Development   | 14,188  | 5,678  | 798   | 20,664            |
| Corporate Items   | (9,870)   | (388)  | 176   | (10,082)          |
| Council Wide Costs  | 0   | 0  | 0   | 0                 |
| Housing Revenue Account   | (3,943)   | 0  | 0   | (3,943)           |
| Destination Manchester Ltd  | (8,258)   | 0  | 0   | (8,258)           |
| Net Cost of Services  | (9,916)   | 2,434  | 0   | (7,482)           |
| Other Income and Expenditure from the Expenditure and Funding Analysis  | 28,902  | (49,969)   | 0   | (21,067)          |
| Difference between General Fund and HRA Surplus and Comprehensive Income and Expenditure Statement Deficit on the Provision of Services | 18,986  | (47,535)   | 0   | (28,549)          |

(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.

(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 4. Prior Period Restatement**

## Service Expenditure and Income

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

The 2017/18 gross income and expenditure figures have been restated to reflect transfers of services between directorates in 2018/19.

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

|  | As reported in<br>the 2017/18<br>CIES<br>£000 | Adjustments<br>between<br>internal<br>reporting<br>classifications<br>£000 | As restated<br>2017/18<br>£000 |
|--|---|--|--------------------------------|
| <b>Net Expenditure</b>                 |   |  |                                |
| <b>Directorate / Organisation Line</b> |   |  |                                |
| Adult Social Care                      | 179,553                                       | 440  | 179,993                        |
| Homelessness                           | 0   | 7,325  | 7,325                          |
| Children's Services                    | 160,877                                       | (7,764)  | 153,113                        |
| Corporate Core                         | 107,900                                       | (22,882)   | 85,018                         |
| Neighbourhoods                         | 71,317  | 22,231   | 93,548                         |
| Strategic Development                  | 44,197  | 650  | 44,847                         |
| Corporate Items                        | (2,035)                                       | 0  | (2,035)                        |
| Council Wide Costs                     | 11,296  | 0  | 11,296                         |
| Housing Revenue Account                | (29,546)                                      | 0  | (29,546)                       |
| Destination Manchester Ltd             | (8,481)                                       | 0  | (8,481)                        |
| <b>Total Net Cost of Services</b>      | <b>535,078</b>                                | <b>0</b>   | <b>535,078</b>                 |

|   |                  |          |                  |
|---|------------------|----------|------------------|
| <b>Gross Expenditure</b>                            |                  |          |                  |
| <b>Directorate / Organisation Line</b>              |                  |          |                  |
| Adult Social Care                                   | 250,187          | (14,579) | 235,608          |
| Homelessness  | 0                | 22,344   | 22,344           |
| Children's Services                                 | 583,006          | (7,764)  | 575,242          |
| Corporate Core                                      | 414,299          | (29,408) | 384,891          |
| Neighbourhoods                                      | 132,602          | 12,196   | 144,798          |
| Strategic Development                               | 55,285           | 17,211   | 72,496           |
| Corporate Items                                     | 6,820            | 0        | 6,820            |
| Council Wide Costs                                  | 11,296           | 0        | 11,296           |
| Housing Revenue Account                             | 57,758           | 0        | 57,758           |
| Destination Manchester Ltd                          | 11,090           | 0        | 11,090           |
| <b>Total Net Cost of Services Gross Expenditure</b> | <b>1,522,343</b> | <b>0</b> | <b>1,522,343</b> |

|  |                |          |                |
|--|----------------|----------|----------------|
| <b>Gross Income</b>                            |                |          |                |
| <b>Directorate / Organisation Line</b>         |                |          |                |
| Adult Social Care                              | 70,634         | (15,019) | 55,615         |
| Homelessness                                   | 0              | 15,019   | 15,019         |
| Children's Services                            | 422,129        | 0        | 422,129        |
| Corporate Core                                 | 306,399        | (6,526)  | 299,873        |
| Neighbourhoods                                 | 61,285         | (10,035) | 51,250         |
| Strategic Development                          | 11,088         | 16,561   | 27,649         |
| Corporate Items                                | 8,855          | 0        | 8,855          |
| Council Wide Costs                             | 0              | 0        | 0              |
| Housing Revenue Account                        | 87,304         | 0        | 87,304         |
| Destination Manchester Ltd                     | 19,571         | 0        | 19,571         |
| <b>Total Net Cost of Services Gross Income</b> | <b>987,265</b> | <b>0</b> | <b>987,265</b> |



**Note 5. Financing and Investment Income and Expenditure**

The table below analyses the figures included in the Comprehensive Income and Expenditure Statement.

|  | 2017/18<br>£000s | 2018/19<br>£000s | Note |
|--|------------------|------------------|------|
| Interest payable on debt                                     | 24,108           | 21,294           | a    |
| Interest element of finance leases (lessee)                  | 21               | 3                | 3    |
| Interest payable on PFI unitary payments                     | 11,634           | 11,775           |      |
| Net interest on the net defined benefit liability            | 21,623           | 21,756           | b    |
| Investment Interest income                                   | (14,303)         | (22,966)         | c    |
| Investment properties impairment                             | 4,500            | 42,405           |      |
| Change in fair value of investment properties                | (33,443)         | (29,690)         | d    |
| Dividends receivable   | (1,072)          | (2,197)          | d    |
| (Gain) on trading accounts (not applicable to a service)     | (582)            | (40)             |      |
| Rentals received on investment properties                    | (20,761)         | (22,766)         |      |
| Expenses incurred on investment properties                   | 2,663            | 3,155            |      |
| <b>Total financing and investment income and expenditure</b> | <b>(5,612)</b>   | <b>22,729</b>    |      |

**a. Interest Payable**

These figures represent the external interest payable by the group as follows:

|                                | 2017/18<br>£000s | 2018/19<br>£000s |
|--------------------------------|------------------|------------------|
| Manchester City Council        | 23,826           | 20,484           |
| Destination Manchester Limited | 822              | 810              |
| <b>Total</b>                   | <b>24,648</b>    | <b>21,294</b>    |

**b. Net interest on the net defined benefit liability**

These figures represent the net interest on the net defined benefit liability of the group as follows:

|                                | 2017/18<br>£000s | 2018/19<br>£000s |
|--------------------------------|------------------|------------------|
| Manchester City Council        | 21,311           | 21,444           |
| Destination Manchester Limited | 312              | 312              |
| <b>Total</b>                   | <b>21,623</b>    | <b>21,756</b>    |

**c. Investment Interest Income**

|                                | 2017/18<br>£000s | 2018/19<br>£000s |
|--------------------------------|------------------|------------------|
| Manchester City Council        | (14,293)         | (22,946)         |
| Destination Manchester Limited | (10)             | (20)             |
| <b>Total</b>                   | <b>(14,303)</b>  | <b>(22,966)</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.

**d. 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 2018/19 the amount removed was £811,000 (£821,000 in 2017/18).

**Note 7. Surplus Attributable to Subsidiaries**

This figure represents the total group surplus 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.

|                                | 2017/18<br>£000s | 2018/19<br>£000s |
|--------------------------------|------------------|------------------|
| Destination Manchester Limited | (7,723)          | (7,518)          |
| <b>Total (Surplus)</b>         | <b>(7,723)</b>   | <b>(7,518)</b>   |

**Note 8. Surplus Attributable to Joint Venture**

This figure represents the total surplus attributable to Manchester Airports Holdings Limited:

|                            | 2017/18<br>£000s | 2018/19<br>£000s |
|----------------------------|------------------|------------------|
| (Surplus) before tax       | (43,177)         | (50,668)         |
| Tax expenses               | 12,567           | 14,342           |
| <b>(Surplus) after tax</b> | <b>(30,610)</b>  | <b>(36,326)</b>  |

## Manchester City Council Annual Statement of Accounts 2018/19

**Note 9. Expenditure and Income Analysis**

The Group income and expenditure is analysed as follows:

|   | 2017/18<br>£000    | 2018/19<br>£000    |
|---|--------------------|--------------------|
| <b>Expenditure</b>                                    |                    |                    |
| Employee Benefit Expenses                             | 518,427            | 534,734            |
| Other Service Expenses                                | 857,148            | 862,829            |
| Capital Charges including Depreciation and impairment | 155,065            | 200,174            |
| Interest Payments                                     | 34,941             | 32,263             |
| Pensions Interest Costs                               | 91,344             | 95,469             |
| Precepts and Levies                                   | 69,256             | 69,097             |
| Payments to Housing Capital Receipts Pool             | 2,553              | 2,567              |
| Loss on Disposal of Non-current Assets (general fund) | 12,994             | 12,946             |
| Share of operating results of joint venture           | 287,470            | 278,062            |
| Corporation Tax                                       | 13,023             | 14,790             |
| <b>Total Expenditure</b>                              | <b>2,042,221</b>   | <b>2,102,930</b>   |
| <b>Income</b>   |                    |                    |
| Fees, Charges and Other Service Income                | (268,776)          | (191,163)          |
| Interest and Investment Income                        | (15,366)           | (87,162)           |
| Return on Pension Assets                              | (70,033)           | (74,025)           |
| Capital Charges related income                        | (154,137)          | (160,387)          |
| Income from Council Tax                               | (148,977)          | (150,376)          |
| Business Rates Income                                 | (313,376)          | (332,285)          |
| Government Grants and Contributions                   | (754,207)          | (744,214)          |
| Share of operating results of joint venture           | (330,647)          | (328,730)          |
| Gain on Disposal of Fixed Assets (HRA)                | (7,261)            | (7,215)            |
| <b>Total Income</b>                                   | <b>(2,062,780)</b> | <b>(2,075,557)</b> |
|   |                    |                    |
| <b>Deficit/(Surplus) on the Provision of Services</b> | <b>(20,559)</b>    | <b>27,373</b>      |

**Note 10. Property Plant and Equipment**

Movements on tangible non-current assets in the group during 2018/19 were as follows:

|   | Property, Plant and Equipment |                                      |  |                                   |                              |                                       |                            | Total<br>£000s   |
|---|-------------------------------|--------------------------------------|--|-----------------------------------|------------------------------|---------------------------------------|----------------------------|------------------|
|   | Council<br>Dwellings<br>£000s | Other Land<br>and Buildings<br>£000s | Vehicles, Plant,<br>and Equipment<br>£000s | Infrastructure<br>Assets<br>£000s | Community<br>Assets<br>£000s | Assets Under<br>Construction<br>£000s | Surplus<br>Assets<br>£000s |                  |
| Gross book value brought forward  | 590,722                       | 1,283,191                            | 111,654                                    | 561,251                           | 31,279                       | 76,223                                | 108,789                    | 2,763,109        |
| Accumulated depreciation and impairment brought forward                     | (27,424)                      | (91,216)                             | (48,185)                                   | (118,340)                         | (853)                        | 0                                     | (9,947)                    | (295,965)        |
| <b>Net Book Value carried forward as at 31 March 2018</b>                   | <b>563,298</b>                | <b>1,191,975</b>                     | <b>63,469</b>                              | <b>442,911</b>                    | <b>30,426</b>                | <b>76,223</b>                         | <b>98,842</b>              | <b>2,467,144</b> |
| <b>Movement in 2018/19</b>  |                               |                                      |  |                                   |                              |                                       |                            |                  |
| Additions   | 16,237                        | 34,649                               | 6,607                                      | 39,982                            | 689                          | 46,167                                | 9,580                      | 153,911          |
| Revaluations recognised in revaluation reserve                              | 47,930                        | 42,061                               | 55   | 0                                 | 0                            | 0                                     | 9,321                      | 99,367           |
| Revaluations recognised in deficit on the provision of services             | (857)                         | (11,969)                             | 0  | 0                                 | 0                            | 0                                     | (14,544)                   | (27,370)         |
| Derecognition - disposals   | 0                             | (18,879)                             | (222)                                      | 0                                 | 0                            | 0                                     | 0                          | (19,101)         |
| Transferred from held for sale  | (7,079)                       | (24)                                 | 0  | 0                                 | 0                            | 0                                     | (9,193)                    | (16,296)         |
| Other transfers   | (917)                         | (28,698)                             | 186  | 17,192                            | 281                          | (40,788)                              | 40,213                     | (12,531)         |
| Newly recognised assets - leased assets / PFI assets                        | 12,403                        | 0                                    | 504  | 0                                 | 0                            | 0                                     | 0                          | 12,907           |
| Depreciation  | (16,708)                      | (28,104)                             | (9,449)                                    | (19,497)                          | 0                            | 0                                     | (571)                      | (74,329)         |
| Impairments charged to the comprehensive income and expenditure statement   | (3,728)                       | (1,431)                              | (1,885)                                    | 0                                 | 0                            | 0                                     | (420)                      | (7,464)          |
| Impairments covered by the revaluation reserve                              | (5,511)                       | (1,171)                              | 0  | 0                                 | 0                            | 0                                     | 0                          | (6,682)          |
| Reversal of prior year impairment   | 0                             | 5,043                                | 0  | 0                                 | 0                            | 0                                     | 0                          | 5,043            |
| <b>Net Book Value carried forward as at 31 March 2019</b>                   | <b>605,068</b>                | <b>1,183,452</b>                     | <b>59,265</b>                              | <b>480,588</b>                    | <b>31,396</b>                | <b>81,602</b>                         | <b>133,228</b>             | <b>2,574,599</b> |
| Gross book value carried forward as at 31 March 2019                        | 630,721                       | 1,266,586                            | 115,571                                    | 618,424                           | 32,249                       | 81,602                                | 142,871                    | 2,888,024        |
| Accumulated depreciation and impairment carried forward as at 31 March 2019 | (25,653)                      | (83,134)                             | (56,306)                                   | (137,836)                         | (853)                        | 0                                     | (9,643)                    | (313,425)        |
| <b>Net Book Value carried forward as at 31 March 2019</b>                   | <b>605,068</b>                | <b>1,183,452</b>                     | <b>59,265</b>                              | <b>480,588</b>                    | <b>31,396</b>                | <b>81,602</b>                         | <b>133,228</b>             | <b>2,574,599</b> |

Movements on tangible non-current assets in the group during 2017/18 were as follows:

|   | Property, Plant and Equipment |  |  |   |  |                                       |                            | Total<br>£000s   |
|---|-------------------------------|--|--|---|--|---------------------------------------|----------------------------|------------------|
|   | Council<br>Dwellings<br>£000s | Restated<br>Other Land<br>and Buildings<br>£000s | Vehicles, Plant,<br>and Equipment<br>£000s | Restated<br>Infrastructure<br>Assets<br>£000s | Restated<br>Community<br>Assets<br>£000s | Assets Under<br>Construction<br>£000s | Surplus<br>Assets<br>£000s |                  |
| Gross book value brought forward  | 508,251                       | 1,200,495  | 102,410                                    | 535,139                                       | 29,982                                   | 32,486                                | 127,490                    | 2,536,253        |
| Accumulated depreciation and impairment brought forward                     | (25,730)                      | (116,106)  | (40,488)                                   | (100,363)                                     | (206)                                    | 0                                     | (29,333)                   | (312,226)        |
| <b>Net book value carried forward as at 31 March 2017</b>                   | <b>482,521</b>                | <b>1,084,389</b>                                 | <b>61,922</b>                              | <b>434,776</b>                                | <b>29,776</b>                            | <b>32,486</b>                         | <b>98,157</b>              | <b>2,224,027</b> |
| <b>Movement in 2017/18</b>  |                               |  |  |   |  |                                       |                            |                  |
| Additions   | 19,675                        | 49,332   | 8,447                                      | 26,900  | 522                                      | 41,960                                | 9,179                      | 156,015          |
| Revaluations recognised in revaluation reserve                              | 71,797                        | 110,692  | 151  | 0   | 0  | 0                                     | 5,881                      | 188,521          |
| Revaluations recognised in deficit on the provision of services             | (353)                         | (7,832)  | 0  | 0   | 0  | 0                                     | (8,341)                    | (16,526)         |
| Derecognition - disposals   | 0                             | (21,006)   | (10)                                       | 0   | 0  | 0                                     | (954)                      | (21,970)         |
| Transferred from held for sale  | (7,838)                       | 850  | 0  | 0   | 0  | 0                                     | (5,452)                    | (12,440)         |
| Other transfers   | (416)                         | (2,299)  | 413  | (788)   | 129                                      | 1,777                                 | 843                        | (341)            |
| Newly recognised assets - Leased assets / PFI assets                        | 25,572                        | 0  | 1,089                                      | 0   | 0  | 0                                     | 0                          | 26,661           |
| Depreciation  | (15,880)                      | (26,095)   | (8,430)                                    | (17,977)                                      | (1)                                      | 0                                     | (337)                      | (68,720)         |
| Impairments charged to the comprehensive income and expenditure statement   | (1,325)                       | (466)  | (113)                                      | 0   | 0  | 0                                     | (34)                       | (1,938)          |
| Impairments covered by the revaluation reserve                              | (10,455)                      | (425)  | 0  | 0   | 0  | 0                                     | (100)                      | (10,980)         |
| Reversal of prior year impairment   | 0                             | 4,835  | 0  | 0   | 0  | 0                                     | 0                          | 4,835            |
| <b>Net Book Value carried forward as at 31 March 2018</b>                   | <b>563,298</b>                | <b>1,191,975</b>                                 | <b>63,469</b>                              | <b>442,911</b>                                | <b>30,426</b>                            | <b>76,223</b>                         | <b>98,842</b>              | <b>2,467,144</b> |
| Gross book value carried forward as at 31 March 2018                        | 590,722                       | 1,283,191  | 111,654                                    | 561,251                                       | 31,279                                   | 76,223                                | 108,789                    | 2,763,109        |
| Accumulated depreciation and impairment carried forward as at 31 March 2018 | (27,424)                      | (91,216)   | (48,185)                                   | (118,340)                                     | (853)                                    | 0                                     | (9,947)                    | (295,965)        |
| <b>Net Book Value carried forward as at 31 March 2018</b>                   | <b>563,298</b>                | <b>1,191,975</b>                                 | <b>63,469</b>                              | <b>442,911</b>                                | <b>30,426</b>                            | <b>76,223</b>                         | <b>98,842</b>              | <b>2,467,144</b> |

**Note 11. Long-term Investments**

|   | 31 March<br>2018<br>£000s | 31 March<br>2019<br>£000s |
|---|---------------------------|---------------------------|
| <b>Investments in organisations included in the group statements</b>    |                           |                           |
| Manchester Airports Holdings Ltd  | 1,020,824                 | 1,071,370                 |
| <b>Investments in subsidiaries not included in the group statements</b> |                           |                           |
| Manchester Mortgage Corporation Plc Share Capital                       | 155                       | 149                       |
| <b>Investments in associates not included in the group statements</b>   |                           |                           |
| National Car Parks (Manchester) Ltd Share Capital                       | 1,693                     | 1,693                     |
| Eastlands Development Company Limited                                   | 1,300                     | 1,185                     |
| Mayfield Developments   | 4,000                     | 4,000                     |
| Matrix Homes Ltd  | 4,747                     | 6,515                     |
|   | <b>1,032,719</b>          | <b>1,084,912</b>          |
| Other long-term investments   | 7,973                     | 13,035                    |
| <b>Total other long-term investments</b>                                | <b>7,973</b>              | <b>13,035</b>             |
| <b>Total Long-Term Investments</b>                                      | <b>1,040,692</b>          | <b>1,097,947</b>          |

Further details can be found in the Council's accounts Note 36.

**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 2018. 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<br>2018<br>£000s | 31 March<br>2019<br>£000s |
|--|---------------------------|---------------------------|
| <b>Short-term debtors - Manchester City Council</b>        |                           |                           |
| Manchester City Council debtors and payments in advance    | 161,396                   | 272,477                   |
| Adjustments for intra-company transactions                 | (3,791)                   | (3,021)                   |
|  | <b>157,605</b>            | <b>269,456</b>            |
| <b>Short-term debtors - Destination Manchester Limited</b> |                           |                           |
| Trade debtors  | 2,031                     | 1,647                     |
| Corporation tax  | 456                       | 448                       |
| Other debtors  | 941                       | 1,237                     |
| <b>Total</b>   | <b>161,033</b>            | <b>272,788</b>            |

Further details can be found in the Council's accounts Note 37.

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<br>2018<br>£000s | 31 March<br>2019<br>£000s |
|--------------------------------------|---------------------------|---------------------------|
| <b>Long-term debtors</b>             |                           |                           |
| Manchester Airports Holdings Limited | 83,168                    | 207,418                   |
| Ex GMC debt                          | 71                        | 47                        |
| PFI prepayments                      | 23,273                    | 24,494                    |
| Private Sector Housing Loans         | 11,672                    | 10,856                    |
| Equity Mortgages                     | 2,789                     | 3,436                     |
| Greater Manchester Loans Fund        | 6,062                     | 0                         |
| Matrix Homes                         | 7,777                     | 8,338                     |
| Biffa Municipal                      | 3,343                     | 3,569                     |
| Other                                | 2,336                     | 3,040                     |
| Manchester Quays Riverside           | 0                         | 4,300                     |
| Manchester College                   | 0                         | 17,747                    |
| FQ Developments                      | 34,461                    | 0                         |
| Peel Media Development               | 5,163                     | 0                         |
| <b>Total</b>                         | <b>180,115</b>            | <b>283,245</b>            |

Further details can be found in the Council's accounts Note 37.

**Note 13. Analysis of Bank Overdraft and Cash and Cash Equivalents**

|   | 31 March<br>2018<br>£000s | 31 March<br>2019<br>£000s |
|---|---------------------------|---------------------------|
| <b>Bank Overdraft and Cash and Cash equivalents</b> |                           |                           |
| Cash at bank and in hand                            | 6,368                     | 40,249                    |
| Call accounts                                       | 13,353                    | 10,241                    |
| Investments less than 3 months                      | 115,584                   | 61,303                    |
| <b>Total</b>  | <b>135,305</b>            | <b>111,793</b>            |

**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 2018. Amounts owed by the Council to Destination Manchester Ltd have been removed as they are classed as intra-company transactions.

|  | 31 March<br>2018<br>£000s | 31 March<br>2019<br>£000s |
|--|---------------------------|---------------------------|
| <b>Manchester City Council</b>                               | 178,964                   | 169,805                   |
| Adjustments for intra-company transactions (trade creditors) | (320)                     | (315)                     |
|  | <b>178,644</b>            | <b>169,490</b>            |
| <b>Destination Manchester Limited</b>                        |                           |                           |
| Trade Creditors  | 429                       | 580                       |
| Accruals and deferred income                                 | 6,867                     | 5,975                     |
| Corporation tax  | 456                       | 448                       |
| Other taxes and social security costs                        | 405                       | 394                       |
| <b>Total</b>   | <b>186,801</b>            | <b>176,887</b>            |

Further details can be found in the Council's accounts Note 39.

**Note 15. Deferred Liabilities**

|  | 31 March<br>2018<br>£000s | Repaid in<br>year<br>£000s | Additions<br>in year<br>£000s | 31 March<br>2019<br>£000s | Short<br>Term<br>31 March<br>2019<br>£000s | Long Term<br>31 March<br>2019<br>£000s |
|--|---------------------------|----------------------------|-------------------------------|---------------------------|--|--|
| Ex GMC debt                                    | 9,776                     | (2,260)                    | 0                             | 7,516                     | 2,379                                      | 5,137                                  |
| Finance leases                                 | 14                        | (14)                       | 0                             | 0                         | 0  | 0                                      |
| Private Finance Initiatives                    | 152,125                   | (12,760)                   | 12,402                        | 151,767                   | 12,217                                     | 139,550                                |
| Service Concession                             | 4,239                     | (613)                      | 505                           | 4,131                     | 541  | 3,590                                  |
| Deferred taxation (Destination Manchester Ltd) | 1,173                     | 0                          | 119                           | 1,292                     | 0  | 1,292                                  |
|  | <b>167,327</b>            | <b>(15,647)</b>            | <b>13,026</b>                 | <b>164,705</b>            | <b>15,137</b>                              | <b>149,569</b>                         |

**Note 16. Group Reserves**

|   | 31 March<br>2018<br>£000s | 31 March<br>2019<br>£000s |
|---|---------------------------|---------------------------|
| <b>Usable Reserves</b>                            |                           |                           |
| Manchester City Council *                         | 495,378                   | 600,525                   |
| <b>Unusable Reserves</b>                          |                           |                           |
| Manchester City Council *                         | 1,701,712                 | 1,597,373                 |
| <b>Group Income and Expenditure Reserve</b>       |                           |                           |
| Manchester Airports Holdings Ltd - usable         | 632,113                   | 619,662                   |
| Manchester Airports Holdings Ltd - unusable       | 278,096                   | 353,163                   |
| Destination Manchester Ltd - usable               | 8,457                     | 2,764                     |
| Destination Manchester Ltd - unusable             | 5,792                     | 5,649                     |
| <b>Total Group Income and Expenditure Reserve</b> | <b>924,458</b>            | <b>981,239</b>            |
| <b>Total</b>                                      | <b>3,121,548</b>          | <b>3,179,137</b>          |

\* Further detail can be found in the Council's accounts Notes 44 and 45.

**Note 17. Related Party Transactions**

As at 31 March 2019 the amount of loans outstanding owed by Manchester Airports Holdings Limited to Manchester City Council was £207.418m (£83.168m at 31 March 2018).

Destination Manchester Limited had outstanding loans to the Council of £16.407m at 31 March 2019 (£17.157m at 31 March 2018).

The director of Destination Manchester Limited during 2018/19 was Carol Culley, Deputy Chief Executive and City Treasurer

There is one non-executive directors on the board of Manchester Airports Holdings Limited who is a representative of the Council. This is Councillor Sir Richard Leese, Leader of the Council.

**Note 18. Cash Flow Statement - Adjustments to net deficit / (surplus) on the provision of services for non-cash movements**

|  | 2017/18<br>£000s | 2018/19<br>£000s |
|--|------------------|------------------|
| Depreciation of non-current assets   | (67,335)         | (73,011)         |
| Impairment of non-current assets   | (24,564)         | (77,238)         |
| Amortisation of intangible non-current assets  | (128)            | (130)            |
| Pension fund adjustments   | (62,284)         | (61,840)         |
| Movement in market value of investment property  | 33,443           | 29,690           |
| Differences between statutory accounting and amounts recognised as income and expenditure in relation to financial instruments   | 88               | (3,260)          |
| (Increase) in impairment provision for bad debts   | (7,421)          | (7,657)          |
| Contributions to provisions  | (6,703)          | (2,988)          |
| Carrying amount of property, plant and equipment, investment properties and intangible assets sold   | (63,500)         | (34,269)         |
| Amount by which council tax income and business rates adjustment included in the comprehensive income and expenditure statement is different from the amount taken to the general fund in accordance with regulation | (8,865)          | (5,636)          |
| Other non-cash movements   | 2,452            | 19,526           |
| Increase / (decrease) in inventories   | 12               | 0                |
| Increase / (decrease) in debtors (less capital)  | 57,801           | (38,358)         |
| Increase / (decrease) in interest debtors  | 6,209            | (3,657)          |
| (Increase) in creditors (less capital)   | (17,697)         | 11,332           |
| (Increase) / decrease in interest creditors  | (47)             | 5                |
| <b>Total</b>   | <b>(158,539)</b> | <b>(247,491)</b> |

**Note 19. Cash Flow Statement - Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities**

|  | 2017/18<br>£000s | 2018/19<br>£000s |
|--|------------------|------------------|
| Proceeds from the disposal of property, plant and equipment, investment properties and intangible assets                       | 113,457          | 50,179           |
| Capital Grants credited to deficit on the provision of services  | 69,963           | 98,107           |
| Other adjustments for items included in the net deficit on the provision of service that are investing or financing activities | (21,990)         | (25,420)         |
| <b>Total</b>   | <b>161,430</b>   | <b>122,866</b>   |

**Note 20. Cash Flow Statement - Operating Activities**

The cash flows for operating activities include the following items:

|                    | 2017/18<br>£000s | 2018/19<br>£000s |
|--------------------|------------------|------------------|
| Interest received  | (8,117)          | (26,629)         |
| Interest paid      | 34,946           | 33,642           |
| Dividends received | (52,966)         | (62,019)         |
| Taxation           | (456)            | (519)            |

**Note 21. Cash Flow Statement - Investing Activities**

|  | 2017/18<br>£000s | 2018/19<br>£000s |
|--|------------------|------------------|
| Purchase of plant, property and equipment, investment property and intangible assets | 221,616          | 399,933          |
| Purchase of short term and long term investments                                     | 0                | 4,000            |
| Proceeds of plant, property and equipment, investment property and intangible assets | (113,457)        | (50,179)         |
| Capital grants received  | (122,877)        | (46,807)         |
| Other receipts from investing activities   | (12,241)         | (12,628)         |
| <b>Total</b>   | <b>(26,959)</b>  | <b>294,319</b>   |

**Note 22. Cash Flow Statement - Financing Activities**

|   | 2017/18<br>£000s | 2018/19<br>£000s |
|---|------------------|------------------|
| Repayments of long and short term borrowing   | 18,020           | 76,266           |
| Cash payments for the reduction of outstanding liabilities relating to finance leases and PFI contracts | 11,486           | 15,647           |
| Cash receipts of long and short-term borrowing  | (12,251)         | (272,774)        |
| Net (receipts) relating to preceptors element of council tax  | 9,871            | 830              |
| Net (receipts) relating to national non domestic rates for government and GMCA fire element proportions | (15,155)         | 6,478            |
| <b>Total</b>  | <b>11,971</b>    | <b>(173,553)</b> |

## **Audit Status**

The City Council's accounts are subject to audit in accordance with the Audit Commission Act 1998 (formerly part of the Local Government Finance Act 1982) and the Code of Audit Practice.

## **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). 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).



## Manchester City Council Annual Statement of Accounts 2018/19

**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**

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.

## Manchester City Council Annual Statement of Accounts 2018/19

**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 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.

**Exceptional Items**

Material items which derive from effects or transactions that fall within the ordinary activities of the authority and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

**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.

## Manchester City Council Annual Statement of Accounts 2018/19

**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.

**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.

## Manchester City Council Annual Statement of Accounts 2018/19

**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.

**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.

## Manchester City Council Annual Statement of Accounts 2018/19

**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 effect 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

Manchester City Council Annual Statement of Accounts 2018/19

these inputs used in fair value measurement include management assumptions around rent growth and vacancy levels of properties.



MANCHESTER  
CITY COUNCIL

# Annual Governance Statement 2018/19

## 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. In 2018/19 the Council was in the third year of its four year financial settlement from government to 2019/20, and this document summarises how its budget and business plans were kept under continuous review to ensure it could respond to new and emerging challenges and opportunities during this period. The Council's five-year Capital Strategy also forms a critical part of strategic and financial planning, with delivery having commenced in 2017/18. Significant developments at city region level include the launch of the Greater Manchester Spatial Framework – its draft plan for homes, jobs and the environment through until 2037.
- 1.3 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 value for money using available resources. This document explains the governance mechanisms in place to ensure appropriate oversight of this work.
- 1.4 Whilst this document focuses on governance, the Council's Integrated Annual Report provides an overview of the context in which it operates, how public money has been spent, and what achievements this led to.

## 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 Our 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 was updated in 2018 to ensure it reflected the Council's current governance arrangements, and complied with CIFPA's "delivering good governance in Local Government Framework (2016 Edition)". The table below includes 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.

| <b>A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.</b><br><b>The Council's Commitment to Good Governance</b> |  | <b>Where you can see Governance in action</b>                                   |
|---|--|---|
| <b>Behaving with Integrity</b>  | <ul style="list-style-type: none"> <li>✓ The Council's <b>Our Manchester</b> 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>○ <b>Better lives</b> – it's about people</li> <li>○ <b>Listening</b> – we listen, learn and respond</li> <li>○ <b>Recognising strengths of individuals and communities</b> – we start from strengths</li> <li>○ <b>Working together</b> – we build relationships and create conversations</li> </ul> </li> <li>✓ "Listening in Action" events, attended by The Leader and the Chief Executive, give staff the opportunity to engage with senior leaders. At the events, staff can ask questions and understand more about the future direction of the Council, the Our Manchester Strategy, and what the 'behaviours' are that are expected of all staff.</li> <li>✓ The Council has a zero tolerance approach towards fraud and corruption and this commitment is set out in the Council's Anti-fraud and Irregularity Strategy.</li> </ul> | <p><u>People Strategy - Our People</u></p> <p><u>Counter Fraud Strategy</u></p> |

|  |   |  |
|--|---|--|
| <p><b>A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.</b><br/> <b>The Council's Commitment to Good Governance</b></p> | <p><b>How the Council meets these principles</b></p> <ul style="list-style-type: none"> <li>✓ The Whistleblowing Policy, which was updated and reviewed by Standards Committee in November 2018, provides protection for individuals who raise any serious concerns they have about suspected illegal or illegitimate practices at the Council, and explains how these will be investigated.</li> <li>✓ The Council ensures that, as part of their induction, new members of staff clearly understand the values of the organisation, and the standards of behaviour which are expected. As part of the Our People strategy, improved induction and 'About You' processes have been introduced. These ensure all staff will understand the part they will play in delivering the vision for the city set out in Our Manchester.</li> <li>✓ A Register of Members' Interests, in which Members' disclosable pecuniary interests, personal interests and prejudicial interests (as defined in the Member Code of Conduct) are registered. Each Member's individual entry can be viewed from their webpage, accessed via the 'Your Councillors' webpage.</li> <li>✓ The operation of the updated Member procedures for Gifts and Hospitality, Use of Resources and the Member Officer Relations Protocol was reviewed by Standards Committee in March 2019.</li> </ul> | <p><b>Where you can see Governance in action</b></p> <p><u>Whistle Blowing Policy</u></p> <p><u>Our People – People Strategy Update</u></p> <p><u>Your Councillors</u></p> <p><u>Annual review of the operation of the Use of Resources Guidance for Members, the Gifts and Hospitality Guidance for Members and the Member / Officer Relations Protocol</u></p> <p><u>Standards Committee</u></p> |
| <p><b>Demonstrating Strong Commitment to Ethical Values</b></p>  | <p>✓ 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.</p>  |  |

| <p><b>A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.</b><br/> <b>The Council's Commitment to Good Governance</b></p>   | <p><b>How the Council meets these principles</b></p>   | <p><b>Where you can see Governance in action</b></p>  |
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| <p>✓ The Council has a Code of Conduct for elected and co-opted Members, (Constitution Part 6, section A), as required by the Localism Act 2011. Allegations that the Code has been breached are heard by the Standards Sub Committee. A summary of the outcome of investigations is included in the Standards Committee Annual Report. The operation of the Code of Conduct is reviewed annually by Standards as part of the annual review of the Constitution.</p> | <p>✓ The Members' Update on Ethical Governance was updated and reviewed by Standards Committee in November 2018.</p>   | <p><u>Local Code of Conduct for Members</u><br/> <u>Standards Committee Annual Report</u></p>   |
| <p>✓ An Employee Code of Conduct (Constitution Part 6, Section E) which makes it clear what standards are expected from staff across the organisation in the performance of their duties. The Member/Officer Relations Protocol (Constitution Part 6, Section F) governs the relationships between officers and members of the Council.</p>  | <p>✓ The Members' Update on Ethical Governance was updated and reviewed by Standards Committee in November 2018.</p>   | <p><u>Members' Update on Ethical Governance</u></p>   |
| <p>✓ The Council insists its commitment to its values and integrity is shared by external suppliers delivering services on its behalf, as detailed in its Ethical Procurement Policy.</p>  | <p>✓ An Employee Code of Conduct (Constitution Part 6, Section E) which makes it clear what standards are expected from staff across the organisation in the performance of their duties. The Member/Officer Relations Protocol (Constitution Part 6, Section F) governs the relationships between officers and members of the Council.</p>    | <p><u>Employee Code of Conduct</u><br/> <u>Member/Officer Relations Protocol</u></p>  |
| <p>✓ The Council is reviewing the best practice recommendations from the Local Government Ethical Standards report produced by the Committee on Standards in Public Life, which was published in January 2019. A report was taken to March 2019 Standards Committee.</p>   | <p>✓ The Council is reviewing the best practice recommendations from the Local Government Ethical Standards report produced by the Committee on Standards in Public Life, which was published in January 2019. A report was taken to March 2019 Standards Committee.</p>   | <p><u>Ethical Procurement Policy</u></p>  |
| <p>✓ The Council has a Partnership Governance Framework which sets out protocols for partnership working, and the high standards of conduct which are expected from partner organisations. The Framework is currently under review and a revised version will be prepared for the next update of the Register of Significant Partnerships.</p>   | <p>✓ The Council has a Partnership Governance Framework which sets out protocols for partnership working, and the high standards of conduct which are expected from partner organisations. The Framework is currently under review and a revised version will be prepared for the next update of the Register of Significant Partnerships.</p> | <p><u>Review of Local Government Ethical Standards / Committee on Standards in Public Life</u><br/> <u>Partnership Governance Framework</u></p> |

| <p><b>A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.</b><br/> <b>The Council's Commitment to Good Governance</b></p> | <p><b>How the Council meets these principles</b></p>   | <p><b>Where you can see Governance in action</b></p>  |
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| <p><b>Respecting the Rule of Law</b></p>   | <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> <li>✓ The Council uses its legal powers, including the 'general power of competence' to promote its values and priorities to the full benefit of the citizens and communities in Manchester.</li> <li>✓ The Council has measures to address breaches of its legal and regulatory powers. The Council's Monitoring Officer (the City Solicitor) has statutory reporting duties in respect of unlawful decision making and maladministration.</li> <li>✓ The Council appoints Statutory Officers who have the skills, resources and support necessary to ensure the Council's statutory and regulatory requirements are complied with.</li> <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><u>The General Power of Competence</u></p> <p><u>Council Constitution (article 12.3(b))</u></p> <p><u>Council Constitution (article 12.4(a))</u></p> <p><u>CIPFA Statement on the Role of the Chief Finance Officer in Local Government (2016)</u></p> |

| <b>B. Ensuring openness and comprehensive stakeholder engagement</b><br><b>The Council's Commitment to Good Governance</b><br><b>How the Council meets these principles</b><br><b>Where you can see Governance in action</b> |  |
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| <p><b>Ensuring Openness</b></p>  | <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 Council Tax, and Waste and Recycling can be accessed quickly and easily from the main page.</li> <li>✓ The Council's commitment to Openness is set out in its Constitution (Article 12.3 (e)) and is evidenced by its decisions, along with the reasons for them being made publicly accessible.</li> <li>✓ 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 being produced in paper form and 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.</li> <li>✓ The Council publishes a Register of Key Decisions to notify the public of the most significant decisions it is due to take. To make the Register accessible and transparent the format discourages the use of 'generic entries' for types of decision, and encourages decisions to be included in full.</li> </ul> |
|  | <p><a href="http://manchester.gov.uk/website">manchester.gov.uk website</a></p> <p><a href="#">Council Constitution (article 12.3(e))</a></p> <p><a href="#">Council Meeting Agendas and Reports</a></p> <p><a href="#">Online Videos of Council Meetings</a></p> <p><a href="#">Register of Key Decisions</a></p>   |

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| <p><b>B. Ensuring openness and comprehensive stakeholder engagement</b><br/> <b>The Council's Commitment to Good Governance</b></p> | <p>✓ The Council has an "Open Data" website to meet its commitment to publishing as much non-personal data as possible. This means partners and the public can freely make use of it, supporting transparency and accountability.</p> <p>✓ The Council has an online residents' survey, which helps it to design services around residents' views and concerns about their local area and their public services.</p> <p>✓ The Council informs, consults and involves residents in significant decisions including service and budget changes. Their views are submitted to those making decisions for consideration. Consultations and surveys this year have included Northern Gateway redevelopment plans, and a City Centre Consultation asking residents, visitors, workers, and shoppers about their experiences and views of the city centre.</p> | <p><b>The Council's Commitment to Good Governance</b></p>  |
| <p><b>Engaging Comprehensively with Institutional Stakeholders</b></p>  | <p>✓ 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.</p> <p>✓ The Council publishes its Partnership Governance Framework, which standardises the approach to managing partnerships to strengthen accountability, manage risk, and to ensure that a consistent approach is taken to working with partners.</p> <p>✓ The Council also maintains a list of major partnerships in a Register of Significant Partnerships. This contains an assessment of the strength of the governance arrangements of each partnership, enabling any required improvements to be identified and addressed.</p>  | <p><u>Open Data</u></p> <p><u>Our Manchester Residents Survey</u></p> <p><u>Consultations and Surveys</u></p> <p><u>Our Manchester Forum</u></p> <p><u>Partnership Governance Framework</u></p> <p><u>Register of Significant Partnerships</u></p> |

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| <p><b>B. Ensuring openness and comprehensive stakeholder engagement</b><br/> <b>The Council's Commitment to Good Governance</b></p>   | <p><b>The Council's Commitment to Good Governance</b></p>     |
| <p>✓ The Council supports different ways for residents to present their individual and community's concerns to elected members, for example via Ward Co-ordination.</p>   | <p><u>The Family Poverty Strategy 2017/22</u></p>             |
| <p>✓ As part of Our Manchester, the Council focuses on a 'strengths based' approach to residents and communities. This means</p> <ul style="list-style-type: none"> <li>○ Recognising that it's about people and better lives</li> <li>○ 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> <p>This approach is used to inform the development of policy and strategy, for example the Family Poverty Strategy.</p> | <p><u>Digital Communication Strategy</u></p>                  |
| <p>✓ An 'Our Manchester' approach was taken for the Budget Conversation, to inform the 2017/20 Budget. This resulted in significant engagement about what people value and why, as well as what they could do to support those things.</p>  | <p><u>Budget Process 2017-2020: Update and Next Steps</u></p> |
| <p>✓ Following the Budget Conversation, using a "You said... we did" approach, the Council clearly set out online how funding was being allocated to support the priorities which are important to residents and other stakeholders. A progress update looking ahead to 2019/20 budget proposals is accessible online.</p>  | <p><u>Our Funding for 2019/20</u></p>                         |



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| <p><b>B. Ensuring openness and comprehensive stakeholder engagement</b><br/> <b>The Council's Commitment to Good Governance</b></p> | <p><b>The Council's Commitment to Good Governance</b></p>   |
| <p><b>The Council's Commitment to Good Governance</b></p>   | <p><u>Scrutiny Committee news bulletins</u></p> <p><u>Social Media Updates</u></p> <p><u>Social Media Guidance for Members</u></p> <p><u>Joint Strategic Needs Assessment</u></p> <p><u>Integrated Annual Report</u></p> <p><u>Older People's Forum and Board</u></p>   |
| <p><b>The Council's Commitment to Good Governance</b></p>   | <p>✓ Scrutiny Committees proactively invite local and national interested parties to contribute to their discussions.</p> <p>✓ To promote transparency and wider engagement with Council decisions, residents can use Social Media, such as Facebook, Twitter, LinkedIn and Instagram, as well as YouTube and Vimeo, to get updates from and interact with the Council.</p> <p>✓ There is a Social Media Code of Practice for staff in place to ensure a consistent approach, security of information, and avoid reputational damage. Social Media Guidance has also been provided for Members, which has been updated and was reviewed by Standards Committee in March 2019.</p> <p>✓ As part of its consideration of the needs of the current and future service users in the city, the Council produces an annual Joint Strategic Needs Assessment (JSNA). This provides a baseline assessment of need across the city as a whole, and is a key piece of evidence underpinning the development of the Joint Health and Wellbeing Strategy.</p> <p>✓ Our Integrated Annual Report gives an overview of funding, spending, activities and performance to show what was achieved in the financial year, as we worked towards the city's goals outlined in the Our Manchester Strategy.</p> <p>✓ The Age-Friendly Manchester Older People's Board includes and represents older people, addressing issues affecting the quality of life for older residents and their communities across Manchester. The Board members provide a vital voice for older people in the city.</p> |

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|  | <ul style="list-style-type: none"> <li>✓ The Council is committed in its support of the Manchester Youth Council, which acts to ensure young people have a strong voice enabling them to influence decision makers in the city and shape future services.</li> <li>✓ The Council produces public reports which provide information on complaints performance, and which identify where service improvements may be required. Strategic Directors share the complaints performance reports with their respective Executive Members. At year to date up to Q4 2018/19, 80% of first stage corporate complaints (where the complaint is handled by the service that has been complained about) were responded to in timescale, compared to 87% at the same point last year. The number of complaints at stage one was 2,268, compared to 2,020 last year. At Q4, 22% Ombudsman complaints have been upheld. At the same point last year 43% had been upheld.</li> </ul> | <p><u>Manchester Youth Council</u></p> <p><u>Annual Complaints and Enquiries Report</u></p> |
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| <p><b>C. Defining outcomes in terms of sustainable economic, social, and environmental benefits</b><br/> <b>The Council's Commitment to Good Governance</b></p> | <p><b>How the Council meets these principles</b></p>   | <p><b>Where you can see Governance in action</b></p>  |
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| <p><b>Defining Outcomes</b></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 – which included a new approach to working across the whole organisation and with residents, partners and other key stakeholders. The overall vision is of Manchester as a                             <ul style="list-style-type: none"> <li>○ Thriving and Sustainable City</li> <li>○ Highly Skilled City</li> <li>○ Progressive and Equitable City</li> <li>○ Liveable and Low Carbon City</li> <li>○ Connected City</li> </ul> </li> <br/> <li>✓ Our Corporate Plan sets out the Council's contribution to the Our Manchester vision, the priorities for the next 2-3 years are;                             <ul style="list-style-type: none"> <li>○ Young people</li> <li>○ Healthy, cared-for people</li> <li>○ Housing</li> <li>○ Neighbourhoods</li> <li>○ Connections</li> <li>○ Growth that benefits everyone</li> <li>○ Well-managed Council</li> </ul> </li> <br/> <li>✓ The Council uses its budget and business planning process to ensure that progress towards the strategic vision for the city is made in the most effective and efficient way.</li> <br/> <li>✓ The Council sets a Medium-Term Financial Strategy, which sets out the financial assumptions and provides a set of goals for financial decision making for the planning period ahead.</li> </ul> | <p><u>Our Manchester Strategy</u></p><br><br><br><br><br><br><br><br><p><u>Business Plans and Budgets</u></p><br><br><br><br><p><u>Medium-Term Financial Strategy</u></p> |

| <b>C. Defining outcomes in terms of sustainable economic, social, and environmental benefits</b><br><b>The Council's Commitment to Good Governance</b>          |  | <b>Where you can see Governance in action</b>   |
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| <p><b>C. Defining outcomes in terms of sustainable economic, social, and environmental benefits</b><br/> <b>The Council's Commitment to Good Governance</b></p> | <ul style="list-style-type: none"> <li>✓ A Performance Management Framework enables the Council and its Committees to access timely and accurate information about service delivery, supporting intervention to address any barriers to good performance.</li> <li>✓ The city's role in delivering Our Manchester will provide a key element of support for the linked objectives of the Greater Manchester Combined Authority (GMCA), as set out in the Strategy launched in October 2017; "The Greater Manchester Strategy – Our People, Our Place".</li> <li>✓ The Council has processes in place to identify and manage risks to the achievement of its objectives, as set out in the Risk Management Strategy 2018-20. The Corporate Risk Register is a part of this framework and is used to inform decision making, provide assurance over actions being taken to manage key risks, and to inform risk management planning and mitigation activities.</li> <li>✓ The Council has developed a School Governance Strategy to support and secure effective governance of schools in the city.</li> </ul> | <p><u>Performance Management Framework</u></p> <p><u>Our People, Our Place</u></p> <p><u>Annual Corporate Risk Management Report and Corporate Risk Register</u></p> <p><u>The School Governance Strategy</u></p> |
| <p><b>Sustainable Economic, Social and Environmental Benefits</b></p>   | <ul style="list-style-type: none"> <li>✓ The themes of sustainability, equity, and low carbon emissions are at the heart of the vision statement in the Our Manchester Strategy. In reports where the Council is recommending a decision, the impact that the decision will have on these broad objectives in the strategy will be set out.</li> <li>✓ The Council sets out the factors it has taken into consideration when making decisions in reports, which are available on its website. It also maintains a public Register of Key Decisions.</li> </ul>   | <p><u>Executive Reports Register of Key Decisions</u></p>   |

| <p><b>C. Defining outcomes in terms of sustainable economic, social, and environmental benefits</b><br/> <b>The Council's</b><br/> <b>Commitment to Good</b><br/> <b>Governance</b></p> | <p><b>How the Council meets these principles</b></p>  | <p><b>Where you can see</b><br/> <b>Governance in action</b></p>   |
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| <p><b>Sustainable Economic, Social and Environmental Benefits</b></p>   | <ul style="list-style-type: none"> <li>✓ Our Manchester demands an integrated approach to the deployment of revenue and capital spend against a clear set of priorities. The Council has a longer term five-year Capital Strategy, which has formed a critical part of strategic service and financial planning from 2017/18.</li> <li>✓ As part of the business planning process, the Council sets out how it will work towards its agreed Equality Objectives. When required, Equality Impact Assessments are carried out to assess the impact of proposals, which may have an effect on different individuals and communities across the city.</li> <li>✓ The Council strives to ensure fair access to services and monitors the extent to which this is occurring through its regular 'Communities of Interest' publication. Future publications will be called 'Communities of Identity'.</li> <li>✓ The Our Manchester Strategy includes the commitment that <i>'Manchester will play its full part in limiting the impacts of climate change and by 2025 will be on a path to being a zero carbon city by 2050'</i>.</li> <li>✓ Along with other partners, the Council works with the Manchester Climate Change Agency (MCCA) to develop initiatives which will contribute towards the goal of Manchester becoming a zero carbon city.</li> <li>✓ After collating views from across the city on climate change and the strategy for becoming a zero carbon city, the MCCA launched its Manchester Climate Change Strategy 2017-50 in December 2016. Information on progress can be found in their Annual Report.</li> <li>✓ The Manchester Local Industrial Strategy will support the delivery of the Our Manchester Strategy by producing a delivery plan that will help to create a more inclusive economy.</li> </ul> | <p><u>Capital Programme</u></p> <p><u>Equality Objectives</u></p> <p><u>Communities of Interest</u></p> <p><u>Manchester Climate Change Agency</u></p> <p><u>Manchester Climate Change Strategy 2017-2050</u></p> <p><u>Manchester Local Industrial Strategy</u></p> |

| <p><b>C. Defining outcomes in terms of sustainable economic, social, and environmental benefits</b><br/> <b>The Council's</b><br/> <b>Commitment to Good</b><br/> <b>Governance</b></p> | <p><b>How the Council meets these principles</b></p>  | <p><b>Where you can see</b><br/> <b>Governance in action</b></p>  |
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|   | <ul style="list-style-type: none"> <li>✓ Manchester is collaborating with the other GM authorities to prepare the Greater Manchester Spatial Framework (GMSF). This document will provide a policy framework to guide development across the City Region up to 2037. It will also provide a context for the preparation of Manchester's Local Plan. A consultation on the second draft GMSF is running between January and March 2019.</li> <li>✓ To enable a coordinated approach to transport investment, the Council will work with other GM authorities, GMCA, the Local Enterprise Partnership and TfGM to deliver the Greater Manchester Transport Strategy 2040.</li> <li>✓ An updated Family Poverty Strategy for Manchester has been in place since September 2017, supporting the aim of becoming a more progressive and equitable city.</li> <li>✓ The Council is part of a Strategic Education Partnership, working with schools and local businesses to promote economic growth, reduce dependency, and help people gain the skills needed to access rewarding jobs in the city.</li> <li>✓ The Council considers Social Value and follows an Ethical Procurement Policy, which sets out ethical trade practices and the ethical core objectives that the Council will deliver through commissioning and procurement activities. The Council pays at least the Manchester Living Wage (MLW) of £8.75 per hour, and commends the adoption of the MLW to its contractors and suppliers.</li> </ul> | <p><u>Greater Manchester Spatial Framework Consultation and Manchester Local Plan Review - Update</u></p> <p><u>Greater Manchester Transport Strategy 2040: Draft Delivery Plan (2020-2025)</u></p> <p><u>Manchester Family Poverty Strategy 2017-2020</u></p> <p><u>Strategic Education Partnership Board</u></p> <p><u>Social Value</u></p> |

| <b>D. Determining the interventions necessary to optimise the achievement of the intended outcomes</b><br><b>The Council's Commitment to Good Governance</b><br><b>How the Council meets these principles</b> |   | <b>Where you can see Governance in action</b>   |
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| <b>Determining Interventions</b>  | <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> <li>✓ Delegation of decision making to officers is detailed in the Constitution, so that they can deal with the day-to-day running of the service without the need to constantly refer matters back to Elected Members. Details of what decisions are taken in this way are included in the Scheme of Delegation in the council's Constitution. Further specific delegations may be granted, through recommendation in public reports to Committees.</li> </ul>  | <u>Performance Management Framework</u><br><br><u>Executive Reports</u><br><br><u>Constitution (Part 3, Section F)</u>    |
| <b>Planning Interventions</b>   | <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> <li>✓ The Manchester Partnership's Thematic Partnerships support delivery agencies across the city to co-ordinate their activity and consider how they can collaborate to reduce the risks to achieving their outcomes.</li> <li>✓ The effectiveness of the Council's interventions and the quality of its services is monitored through the provision of regular performance reports, showing progress towards goals and targets set in the budget and business plans. Key areas are highlighted, so that decision makers can take corrective action where necessary.</li> </ul> | <u>Business Plans and Budgets</u><br><br><u>The Manchester Partnership</u><br><br><u>Performance Management Framework</u> |

| <b>D. Determining the interventions necessary to optimise the achievement of the intended outcomes</b><br><b>The Council's Commitment to Good Governance</b> |   | <b>Where you can see Governance in action</b>   |
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|  | <ul style="list-style-type: none"> <li>✓ The Council's Digital Communication Strategy sets out its approach to engaging with stakeholders, to ensure their involvement in determining how services and interventions should be delivered.</li> <li>✓ The Council has a Planning Protocol within its Constitution (Part 6, Section B), to ensure fair planning decisions are based on sound evidence. This was reviewed by Standards Committee in November 2018.</li> </ul>  | <p><u>Digital Communication Strategy</u></p> <p><u>Planning Protocol</u></p>  |
| <b>Optimising Achievement of Intended Outcomes</b>   | <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 for the remainder of the Spending Review period to 2019/20.</li> <li>✓ The context and documents which support the Council's overall strategy are set out in its Efficiency Plan, published on the Council's website as required by Government for a four-year financial settlement.</li> <li>✓ The Council considers Social Value at pre-tender and tender stage to ensure that appropriate desirable outcomes can be offered by suppliers in their tender submissions. An example of this can be seen in the major six-year restoration project – Our Town Hall.</li> </ul> | <p><u>Medium Term Financial Strategy</u></p> <p><u>Capital Programme</u></p> <p><u>Updated Financial Strategy 2019/20</u></p> <p><u>Efficiency Plan</u></p> <p><u>Social Value</u></p> <p><u>Our Town Hall – Social Value</u></p> |



| <b>E. Developing the entity's capacity, including the capability of its leadership and the individuals within it</b><br><b>The Council's</b><br><b>Commitment to Good</b><br><b>Governance</b> |   | <b>Where you can see Governance in action</b>   |
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| <b>Developing the Organisation's Capacity</b>  | <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. These behaviours are;                             <ul style="list-style-type: none"> <li>• <b>We work together and trust each other</b></li> <li>• <b>We're proud and passionate about Manchester</b></li> <li>• <b>We take time to listen and understand</b></li> <li>• <b>We 'own it' and we're not afraid to try new things</b></li> </ul> </li> <li>✓ The Council continually seeks better outcomes from its use of resources by comparing information about functions, expenditure and performance with those of similar organisations and assesses why levels of economy, efficiency and effectiveness are different elsewhere. It acts upon the findings of this intelligence as part of its budget and business planning to ensure continual effectiveness of service delivery.</li> </ul> | <p><u>Our People</u></p> <p><u>Business Plans and Budgets</u></p>                             |
| <b>Developing the Capability of the Organisation's Leadership and Other Individuals</b>  | <ul style="list-style-type: none"> <li>✓ The Council Leader and Chief Executive have clearly defined roles, and maintain a shared understanding of roles and objectives. The Chief Executive leads on implementing strategy and managing service delivery and other outputs set by members. The Chief Executive and Leader provide a check and balance for each other's authority.</li> <li>✓ The Council maintains an annually updated Scheme of Delegation, setting out which decisions and powers have been delegated to various Committees and Officers.</li> </ul>   | <p><u>Constitution (Part 3, Section F)</u></p> <p><u>Constitution (Part 6, Section F)</u></p> |

| <p><b>E. Developing the entity's capacity, including the capability of its leadership and the individuals within it</b><br/> <b>The Council's</b><br/> <b>Commitment to Good</b><br/> <b>Governance</b></p> | <p><b>How the Council meets these principles</b></p>   | <p><b>Where you can see Governance in action</b></p>  |
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|   | <ul style="list-style-type: none"> <li>✓ To enable Elected Members and Senior Officers to have a shared understanding of their respective roles the Council has produced a Protocol governing Member and Officer relations.</li> <li>✓ New Members receive an induction and training throughout the year. The form and content of the induction is reviewed annually with Members. Member Development Strategy was considered at March 2019 Standards Committee.</li> <li>✓ An Annual Members' Assurance Statement is compiled, to identify governance challenges relating to the roles of elected members.</li> <li>✓ As part of the 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. A new induction approach has also been developed.</li> <li>✓ Each year the Council listens to the views of its staff via the annual "BHeard" survey, and uses learning from this to make continuous improvements in the way that it operates and communicates. This feedback played a key part in the development of the Our People Strategy.</li> <li>✓ There are a number of tools in place to ensure staff are briefed effectively, for example via staff engagement events, such as "Listening in Action" events which seek to engage staff on a regular basis and involves a Questions and Answers session with the Leader and Chief Executive, as well as active participation from Executive Members.</li> <li>✓ Internal regular staff e-mail communications have been re-launched with a new look and feel for 2019;</li> </ul> | <p><u>Member Development Strategy</u></p> <p><u>Our People</u></p> <p><u>Our People</u></p> |

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| <p><b>E. Developing the entity's capacity, including the capability of its leadership and the individuals within it</b><br/> <b>The Council's</b><br/> <b>Commitment to Good</b><br/> <b>Governance</b></p>  | <p><b>Where you can see Governance in action</b></p> |
| <p> <ul style="list-style-type: none"> <li>• <b>The Buzz</b> – a dedicated channel for Chief Executive to connect with staff in an informative and engaging way.</li> <li>• <b>Team Talk</b> – a dedicated channel for all managers.</li> <li>• <b>The Forum</b> – an all-staff broadcast designed to include something for everyone.</li> </ul> <p>✓ The Council delivers a comprehensive programme of leadership and management development, which all new managers are enrolled on. The programmes are targeted at different Grade banding, and cover a spectrum of areas essential to managers in the organisation.</p> <p>✓ The Council is committed to promoting the physical and mental health and wellbeing of the workforce as a core component of the People Strategy through both specific interventions and opportunities and as a central part of the role of all managers. 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. In September 2018 a new strategy for Employee Health and Wellbeing in the Council: 'Being Our Best Selves' was launched.</p> <p>✓ The Council has an open and welcoming approach to external and peer review and inspection and actively considers constructive feedback.</p> </p> | <p><u>Being Our Best Selves</u></p>                  |

| <b>F. Managing risks and performance through robust internal control and strong public financial management</b><br><b>The Council's Commitment to Good Governance</b> |   | <b>Where you can see Governance in action</b>   |
|---|---|---|
| <b>Managing Risk</b>  | <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 and other assets and is compliant with statutory and regulatory obligations.</li> <li>✓ 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.</li> <li>✓ Risk training has been reviewed and refreshed alongside the Our People and Our Manchester strategies. The full training package will be relaunched in 2019 and integrated into a wider portfolio of staff training opportunities that includes access to courses sponsored at a Greater Manchester level, by the Civil Contingencies and Resilience Unit, in addition to internal training opportunities developed by the Risk and Resilience Team.</li> <li>✓ Risk management is an integral component of the budget and business planning process. During 2019/20 additional focus will be given to the scrutiny and assurance over Business Plan risk assessments, led by the Governance and Assurance Group. Risks to the delivery of Business Plan objectives form a core component of corporate risk profile, with emerging risks that may impact on the delivery of corporate priorities escalated from directorates to the corporate risk register and scrutiny by Strategic Management Team.</li> <li>✓ In December 2017 Personnel Committee agreed a revised health and safety policy, supported by a three-year health and safety strategy. Key priorities are to strengthen leadership of health and safety, ensure managers focus on significant health and safety risks and improve employee participation within the risk</li> </ul> | <p><u>Risk Management Strategy 2018-20</u></p> <p><u>Corporate Risk Register</u></p> <p><u>Business Plans and Budgets</u></p> <p><u>Corporate Health and Safety Policy and Three Year</u></p> |

| <p><b>F. Managing risks and performance through robust internal control and strong public financial management</b><br/> <b>The Council's</b><br/> <b>Commitment to Good</b><br/> <b>Governance</b></p> | <p><b>Where you can see Governance in action</b></p>  |
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|  | <p>assessment process. Strong progress has been achieved, with 320 managers completing managing health and safety training and 164 managers completing leading health and safety training. A refreshed range of health and safety guides, templates and resources has been shared with over a 1,000 managers. Health and safety has now been included in all corporate and directorate Joint Consultative Committees to improve collaboration with Trade Unions on the health, safety and welfare of Council employees.</p>   |
| <p><b>Managing Performance</b></p>   | <p>✓ The Council puts in place Key Performance Indicators (KPIs) to monitor service delivery whether services are produced internally or through external providers. Reports compiling KPIs are submitted to directorate management teams to support transparency and resource allocation to address challenges.</p> <p>✓ The Council has developed performance 'logic models' which give senior managers a clear picture of progress towards Our Corporate Plan priorities. This has been done through taking a holistic view of shared priorities across Services, and understanding the collective contribution required to make a difference. These models measure both internal and external factors that influence performance towards our priorities.</p> <p>✓ As part of the business planning process Directorate objectives are reviewed, leading to a review of the relevant performance indicators to monitor progress towards them.</p> <p>✓ The Council ensures that external companies who deliver services have an understanding of expected contract performance, and monitoring takes place throughout the contract period.</p> |
|  | <p><u>Health and Safety Strategy</u></p>  |
|  | <p><u>Performance Management Framework</u></p>  |
|  | <p><u>Business Plans and Budgets</u></p>  |

| <b>F. Managing risks and performance through robust internal control and strong public financial management</b><br><b>The Council's</b><br><b>Commitment to Good</b><br><b>Governance</b> |  | <b>Where you can see Governance in action</b>  |
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|   | <ul style="list-style-type: none"> <li>✓ Each year the Council produces the State of the City report, which details the performance against key measures established to understand how the city is meeting its vision and priorities.</li> </ul>   | <u>State of the City</u>   |
| <b>Effective Overview and Scrutiny</b>  | <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 residents want. The agenda, reports and minutes are publicly available on the Council's website.</li> </ul>  | <u>Scrutiny Committees</u>   |
| <b>Robust Internal Control</b>  | <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.</li> <li>✓ 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> | <u>Internal Audit Plan 2018/19</u><br><u>Annual Corporate Risk Management Report</u><br><br><u>Audit Committee</u> |

| <p><b>F. Managing risks and performance through robust internal control and strong public financial management</b><br/> <b>The Council's</b><br/> <b>Commitment to Good</b><br/> <b>Governance</b></p> | <p><b>How the Council meets these principles</b></p>   | <p><b>Where you can see Governance in action</b></p> <p><u>Annual Governance Statement</u></p> |
|--|--|--|
|  | <ul style="list-style-type: none"> <li>✓ An assessment of the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the Council's internal auditor in the "Head of Audit and Risk Management Annual Opinion 2018/19" section of this Annual Governance Statement.</li> </ul>   |  |
| <p><b>Managing Data</b></p>  | <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 Data Protection Act 2018 (DPA 2018). This will ensure that such processing is carried out fairly, lawfully and transparently.</li> <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.</li> <li>✓ To remind staff of their responsibility to always take due care to protect information, the Council uses internal communication campaigns; posters and email reminders signposting to information protection principles and guidance.</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> </ul> |  |

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| <p><b>F. Managing risks and performance through robust internal control and strong public financial management</b><br/> <b>The Council's Commitment to Good Governance</b></p> | <p><b>How the Council meets these principles</b></p> <ul style="list-style-type: none"> <li>✓ The Council complies with the Local Government Transparency Code 2015 by publishing accurate data within appropriate time frames, in the areas mandated by the Code in the Council's Open Data Catalogue together with additional data of value to stakeholders and the public.</li> <li>✓ The Council allocates resources to review and monitor the quality of the data which it produces, and which it uses to produce performance reporting to inform decision making.</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> | <p><b>Where you can see Governance in action</b></p> <p><u>Local Government Transparency Code</u><br/> <u>Open Data</u></p> <p><u>Freedom of Information</u></p> <p><u>Medium-Term Financial Strategy</u><br/> <u>Constitution (Part 5)</u></p> |
| <p><b>Strong Public Financial Management</b></p>   | <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> </ul>   |   |



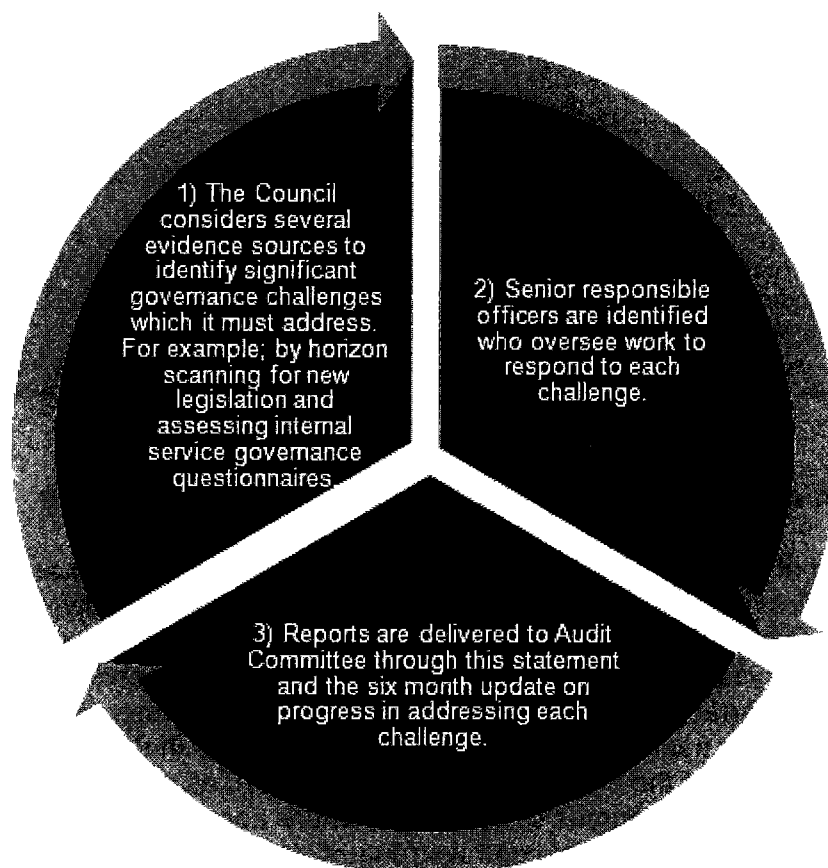
| <b>G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability</b><br><b>The Council's Commitment to Good Governance</b> |  | <b>Where you can see Governance in action</b>  |
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| <b>Implementing Good Practice in Transparency</b>   | <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>   | <p><u>Local Government Transparency Code</u></p> <p><u><a href="http://manchester.gov.uk">manchester.gov.uk</a></u><br/><u>website</u></p> |
| <b>Implementing Good Practices in Reporting</b>   | <ul style="list-style-type: none"> <li>✓ The information in the Annual Report is drawn from sources including the more detailed State of the City publication, which charts the city's progress towards its vision and priorities.</li> <li>✓ The Council explains how it reviews its governance arrangements, and how it has complied with CIPFA's "Delivering Good Governance in Local Government (2016)" principles by producing this Annual Governance Statement (AGS). This includes an action plan (section 7) identifying what governance challenges it will need to address in the next financial year. A concise summary of the findings of the AGS is included in an easily digestible format within the Annual Report.</li> </ul> | <p><u>State of the City</u></p> <p><u>Annual Governance Statement</u></p>  |
| <b>Assurance and Effective Accountability</b>   | <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 was the outcome of the Ofsted re-inspection of</li> </ul>  | <p><u>Ofsted Re-inspection of Children's Services</u></p>  |



## 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. This section explains what arrangements were reviewed, and how this assurance was achieved.
- 5.2 As well as providing overall assurance about the Council's governance arrangements, the review mechanisms detailed in this section are used to identify governance challenges. This process takes place in a cycle, to ensure continuous improvement, as illustrated below. The next section details progress made in addressing these challenges.

### *The governance improvement cycle*

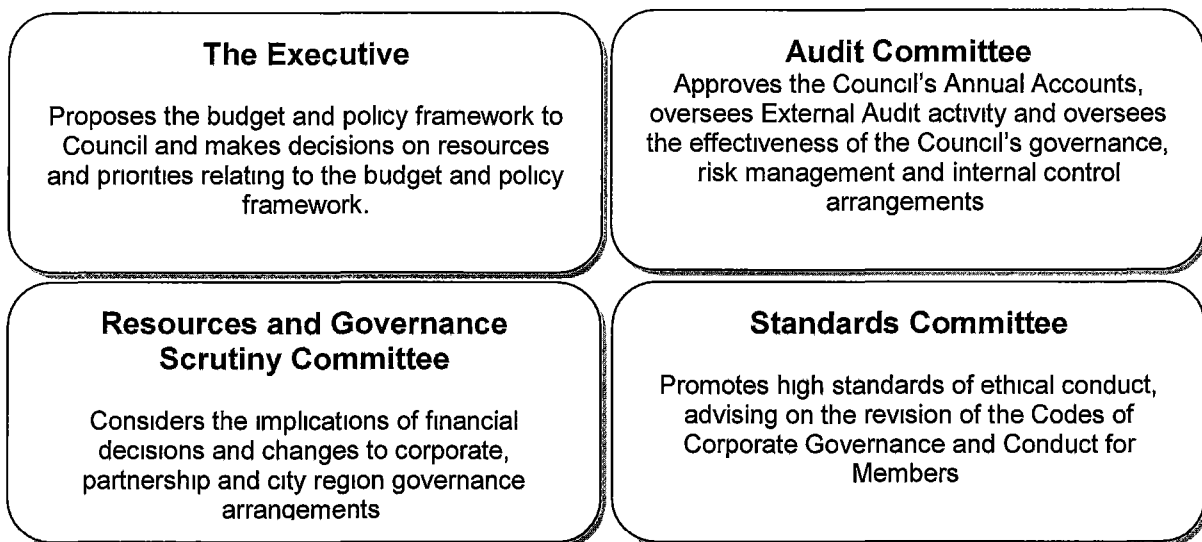


## Leadership of governance and internal control

- 5.3 Responsibility for governance and internal control lies with the Chief Executive and the Strategic Management Team (SMT) which meet on a roughly bi-weekly basis to steer the organisation's activity. SMT receive a regular suite of assurance reports from a number of sources, including the Corporate Risk Register, and the Integrated Monitoring Report which allows the Council to track performance towards its agreed objectives. Once per year SMT review the progress in addressing the significant governance challenges which have been identified.

## Summary of the process of challenge and scrutiny by Council and its Committees

- 5.4 The Council has four bodies responsible for monitoring and reviewing the Council's governance,



## Head of Audit and Risk Management Annual Opinion 2018/19

- 5.5 The Head of Audit and Risk Management can provide **moderate** assurance that the Council's governance, risk and control framework is generally sound and operated reasonably consistently. This is the same opinion as issued in the previous two years. The opinion reflects that overall governance, financial management arrangements and core systems and processes within the Council remain generally sound and there are notable strengths in some areas, whilst acknowledging that there have been issues identified as result of audit work and an assessment of other sources of assurance where appropriate. The key governance, risk and internal control strengths and issues of which the Head of Audit and Risk Management was made aware during the year which impact on the overall opinion are described in full in the Head of Audit and Risk Management Annual Assurance Opinion report.

## Annual Review of the System of Internal Audit 2018/19

- 5.6 The internal review of the effectiveness of the system of internal audit informed by the tool for self-assessment against PSIAS and follow up on key actions from the External Quality Assessment (EQA) action plan and integrated in the Quality Assurance Improvement Programme (QAIP) have not identified any additional issues which impact on the effectiveness of the Service. The Review of Effectiveness of Internal Audit report sets out the process for the 2018/19 review, key findings and actions proposed to further develop the effectiveness of internal audit in 2019/20

### **External Auditor's Review of the Effectiveness of Governance Arrangements**

- 5.7 The Council's external auditor is now Mazars. Grant Thornton, the previous external auditor, produced their final Annual Audit Letter for the 2017/18 financial year, which summarised the key areas highlighted by the work they had carried out. The Annual Audit Letter 2017/18 was reported to Audit Committee in November 2018. The main conclusions of the Audit Letter regarding the key assessment areas were:

#### *Overall Value for Money Conclusion:*

*"We are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency, and effectiveness in its use of resources for the year ended 31 March 2018. An unqualified Value for Money conclusion was issued."*

#### *Audit of the Accounts – Audit Opinion*

*"We gave an unqualified opinion on the Council's and group's financial statements on 31 July 2018, meeting the statutory deadline."*

- 5.8 The Council monitors the implementation of external audit recommendations. Assurance reports are regularly presented to Audit Committee and Mazars summarising the Council's performance in implementing recommendations effectively and within agreed timescales. However, progress is also monitored through other relevant Committees and Scrutiny functions. The latest Outstanding Audit Recommendations Report was taken to Audit Committee in February 2019. There were no outstanding External Audit recommendations.

### **Annual Review of the role and responsibilities of the Chief Finance Officer**

- 5.9 As part of its work on governance and financial management across public services, CIPFA issued its Statement on the role of the Chief Financial Officer in Local Government (the Statement) in 2016. The Council has undertaken a review of the role and responsibilities of its Chief Financial Officer (CFO) against the five principles that define the core activities and behaviours that belong to the role of the CFO and the governance requirements needed to support them
- 5.10 The 2018/19 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 Manchester City Council, given her role as the City Council's Section 151 Officer, Deputy Chief Executive and City Treasurer. She reports directly to the Chief Executive and is a member of the Council's Senior

**Management Team** The CFO influences all material business decisions and oversees corporate governance arrangements, the audit and risk management framework and the annual budget strategy and planning processes. 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**

- 5.11 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 Council has also established a Standards Committee, which is responsible for promoting and maintaining high standards of conduct by members of the Council. The Annual Report of the Standards Committee is one of the Council's sources of governance assurance.

### **Assessment of the robustness of corporate governance across services**

- 5.12 As part of the process of identifying any areas where governance needs to be strengthened across the organisation, services complete an annual online questionnaire indicating whether they comply with each of the criteria in the Code of Corporate Governance. The questionnaire has been updated to reflect the revised Code of Corporate Governance, with a key focus being assessment of the embedding of the Our Manchester approach and behaviours. Analysis of the responses shows compliance with the Code is generally robust.

Areas of particular strength identified in the questionnaire responses included,

- The Service considers Social Value at pre tender and tender stage to ensure that appropriate desirable outcomes can be offered by suppliers in their tender submissions. Through this process consideration is given to how what is proposed to be procured might improve the economic, social and environmental well-being of the relevant area
- The service has a plan to implement changes based on the findings of the "BHeard" staff survey.
- Scrutiny Committees - Officers are aware of and know how to engage with and support the Scrutiny Committees

Areas showing the most improvement since 2017/18 included;

- Workforce Plans are effectively implemented to ensure that staff develop the skills and behaviours which will contribute to the vision set out in Our Manchester, and as articulated in the Our People Strategy
- The service has strong information governance processes and procedures in place, which incorporate the requirements of GDPR and the Data Protection Act 2018. These processes and procedures are understood and followed by staff, who have all undertaken necessary training, including e-learning. The Golden Rules for Information Security are understood by all staff.

5 13 Using a strengths based approach, services highlight and give more information about areas of strength and good practice in their questionnaire responses. These are then shared, so that good practice can be adopted across the organisation.

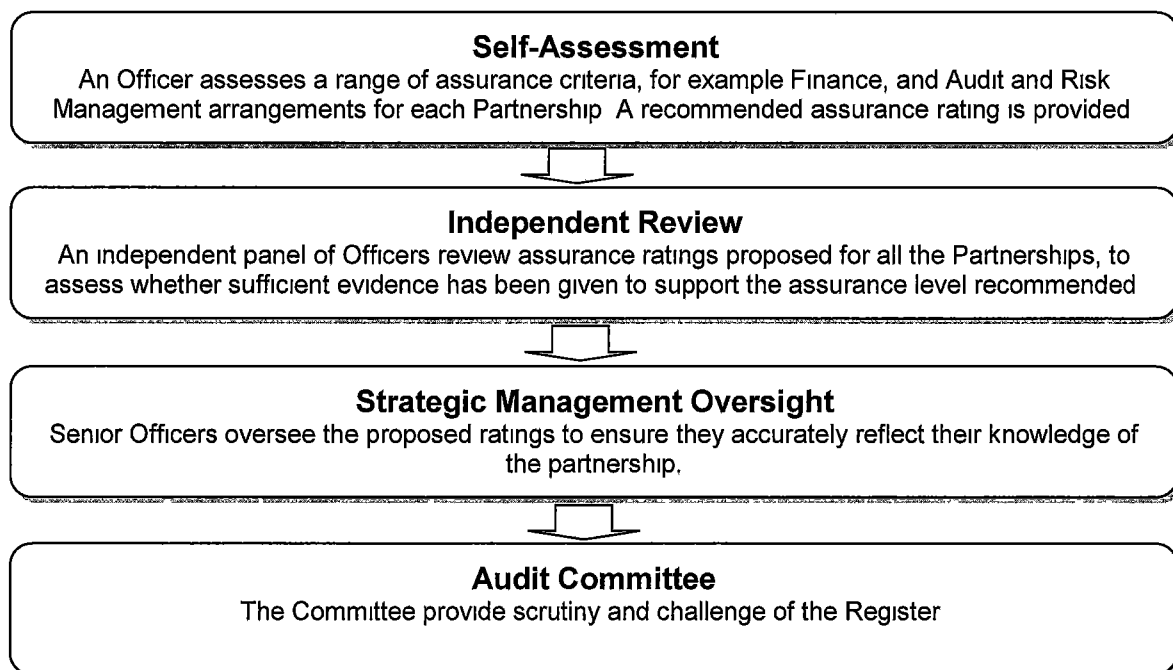
5 14 The analysis has also identified areas where improvement is required, which is part of the evidence base which informs the governance challenges which the Council will address in 2019/20 (Section 7). Examples include;

- The 'Our Manchester' Strategy priorities - the 64 'we will' commitments - and the seven Our Corporate Plan priorities are understood and embedded in the work of the service.
- All staff are aware of and know how to access the Whistle Blowing and Anti-Fraud and Corruption procedures as well as the Employee Code of Conduct (on the HROD intranet) and the Member / Officer Relations Protocol (within the Constitution)

### **Evaluation of the effectiveness of processes to gain assurance about the robustness of governance arrangements in the Council's Significant Partnerships**

5 15 The Council has a standardised approach to managing its partnerships as detailed in the Partnership Governance Framework. This supports officers and stakeholders in ensuring that good governance is understood and embedded from the outset, and throughout the lifetime of all partnerships. The governance arrangements of the Council's partnerships, which are on the Register of Significant Partnerships, are self-assessed annually to provide assurance that effective arrangements are in place, and to highlight any governance challenges which need to be addressed.

5 16 The annual self-assessment process has been developed to provide clear accountability, and robust scrutiny and challenge. It can be summarised as follows;



5.17 The Council works to continuously improve both governance in partnerships, and the assessment process. Every six months Audit Committee scrutinises the progress which has been made to implement improvements amongst those partnerships that the process has identified have governance challenges to address. Audit Committee will request Executive Member and Senior Officer attendance where it has specific areas it wishes to address. The assessment process is reviewed annually. This review concluded the current process is fit for purpose, but the Partnership Governance Framework guidance will be reviewed - and updated as deemed necessary - in time for the subsequent (2019) assessment cycle.

### **External inspection agencies**

5.18 The Office for Standards in Education, Children's Services and Skills (Ofsted) inspects and regulates services which care for children and young people and those providing education and skills for learners. It publishes all school inspection reports on its website, in addition to the inspection reports for the services for children and families which the Council provides. The last inspection took place in October 2017, with a subsequent focused visit in September 2018

5.19 The Care Quality Commission (CQC) is the regulatory body responsible for the quality of health, and adult social care services in England and carry out reviews of local arrangements. The CQC advises Councils that, although not a statutory requirement, it is good practice to produce "local accounts". Local accounts must demonstrate how the Council has safeguarded and maintained personal dignity, put people first and achieved value for money, judged against the health and social care outcomes for their area. The Council's Local Accounts are reviewed by Health Scrutiny Committee.

5.20 Mazars are the Council's External Auditors. They carry out auditing of the Council's activities in accordance with the National Audit Office (NAO) Code of Audit Practice, which reflects the requirements of the Local Audit and Accountability Act 2014. Their key responsibilities are to:

- Give an opinion on the Council's financial statements
- Assess the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion)



## 6 Progress in addressing the Council's governance challenges

This section provides an update on progress made addressing the Council's governance challenges which were identified in last year's AGS (2017/18). Progress is reviewed every six months, with an update previously being provided to Audit Committee in November 2018. Topics are grouped together, relative to particular areas of governance.

### Governance Area: Delivering Our Manchester

**Action 1) Ensuring the Our Manchester behaviours become embedded and reflected in all aspects of service delivery, ensuring that staff develop the skills and behaviours articulated in the 'Our People' Strategy, including effective implementation of workforce plans. Adopting a strengths-based approach to engaging with residents, and ensuring the Our Manchester approach is used strongly and consistently across all aspects of the Council's communications.**

'Our Corporate Plan' was launched in November 2018, which sets out the Council's priorities for the next three years. These priorities describe the most important activities that constitute the Council's contribution to delivering the Our Manchester Strategy. This plan supports staff to understand the connection between the work they do every day, and the bigger vision for the city, allowing everyone to make the connection to Our Manchester whilst demonstrating the four Our Manchester behaviours.

Embedding the Our Manchester behaviours is at the heart of the Our People Strategy, which is integral to the delivery of one of the priorities of 'Our Corporate Plan': A well-managed Council. The information below summarises a number of key activities progressed in the past year to support the embedding of these behaviours across the full workforce:

- The Our Manchester Experience was launched in October 2017, as an immersive learning experience to provide all staff with an opportunity to explore what the Our Manchester behaviours mean to them in the context of their own roles. Over 2,200 Council staff and 200 partners have participated in the Experience to date with feedback scores consistently around 90%. Work is continuing to support all staff in accessing the experience within three years.
- The Experience operates with the dedication of 46 Guides, who are council employees from across the organisation, that have volunteered to deliver training sessions, and act as ambassadors for Our Manchester. Every quarter new guides are recruited, with the aim for minimum 70 Guides to help deliver the Experience at full capacity.

- A refresh of the Our Manchester Experience is underway, which will strengthen the way theory is applied practically, with changes set to be live from May 2019.
- An Our Manchester Behaviours toolkit to support individuals and teams to explore and adopt the behaviours was launched in October 2018, over 100 trained 'toolkit ambassadors' across the Council.
- Over 50% of leaders and managers have engaged with the Council's core leadership and management programmes, 'Raising the Bar' and the 'Our Manchester Leadership programme'. These programmes will help managers understand how they can support their teams to embed the behaviours in everything they do.
- Over 400 staff have accessed the Council's employer supported volunteering policy, providing over 3,320 hours in volunteering to support the City's communities and demonstrate their commitment to putting the Our Manchester behaviours into action.
- Strengthened routes for internal communication and engagement continue with 2,381 employees attending a Listening in Action event (end of Round 9).
- All services were asked to complete an Our Manchester Self-Assessment Tool based on a maturity matrix model, which was intended to assess how services are understanding and embedding the Our Manchester approach and behaviours. The overall organisation position is at 'developing', with the aim to support services to 'maturing'.
- Co-design and testing of a Strengths Based Development Programme is complete which will help staff across the Health and Social Care sector to adopt an asset based way of working from April 2019.
- Strengthened processes for workforce planning live for the next financial year and underpinned by an improved corporate learning offer and support structures, including coaching and mentoring.
- A refresh of the Council's leadership and management development offer to re-launch in early 2019/20.
- Work is underway to strengthen core people management policies and processes to reflect the Behaviours, reinforcing these through our practical framework of people management. To date work has been delivered to update the Council's Recruitment and Selection policy and make a number of practical improvements to mi people Self Service.
- Behaviours are continued to be embedded through the delivery of the Health and Wellbeing Strategy, and demonstrated through Reward and Recognition, in particular categories and judging criteria for Awards for Excellence.

The organisation is now firmly a 'one to watch' employer with an overall improvement of 19 points in the 'Bheard' Survey 2018 (630 points). It saw a significant increase in staff engagement, with the highest response rate than ever before; 55% of employees responded (nearly 4,000 staff) with a 14% increase in off-line staff participation. This is a strong indication that staff are more engaged and the impact that the targeted work of Our Manchester has had. The Survey did, however, highlight some clear areas for improvement, including strengthening the visibility of the way the organisation's senior leaders demonstrate the behaviours.

The role, skill and capacity of line managers is absolutely central to delivering work to embed the Our Manchester behaviours across the organisation. It is also essential that all staff understand their role and the part they play to deliver against our corporate plan,

which contributes to the success of the Our Manchester Strategy. The behaviours remain central to everything that the council does, and the key areas listed above will continue corporately, and in specific Services to further embed them in all that the Council does.

All Services across the Council have completed an Our Manchester Self-Assessment to provide a clear baseline of how services are embedding Our Manchester in their day-to-day work. The organisational position indicates that the majority of services are self-assessing as 'developing', with the focus of activity going forward to move from 'developing' to 'maturing'. The assessment process is helping to ensure that there is a consistent application of the behaviours across the organisation, highlighting good practice, providing a mechanism for services to 'buddy up' for shared learning, and identifying opportunities for the behaviours to be demonstrated. As further progress is made, the ambition is that this should lead to a strengthened position around embedding the Our Manchester approach and its impact on governance, as identified through the next annual service governance questionnaires.

#### **Governance Area: Health and Social Care Integration**

##### ***Action 2) Supporting the integration of health and social care by ensuring effective governance of integrated teams, including operation of the MHCC commissioning function, and implementation of the Local Care Organisation (LCO).***

The Our Healthier Manchester locality plan is the key document that sets out the strategic ambitions for health and social care integration in the city. This plan was revised during 2018.

Manchester Health and Care Commissioning (MHCC) is a partnership of the Council and the NHS Manchester Clinical Commissioning Group, which was established in April 2017. MHCC developed a single Operational Plan for 2018/19 and this has subsequently been updated and agreed by all partners for 2019/20. The MHCC priorities for 2019/20 are: prevent and tackle health inequalities, transform community based care, transform hospital based care, deliver a transformed health and care system, and key enabling programmes such as organisational development. MHCC is governed by a Board which includes the Council Chief Executive, Deputy Leader, and the Executive Member for Adult Health and Well-Being.

The Manchester Local Care Organisation (MLCO) will deliver integrated out of hospital services, including Community Health, Primary Care, Mental Health and Social Care. The first phase of MLCO came into effect in April 2018, when the management of a number of services including community health services and adult social care city wide services transferred to MLCO. This was

enacted through the signing of a Partnering Agreement by all key partners: Manchester Clinical Commissioning Group; Manchester City Council; Manchester Foundation Trust; Greater Manchester Mental Health Trust, and Manchester Primary Care Partnership.

Approximately 990 FTE Council employees from across Adult Social Care and Business Delivery transitioned to the MLCO in the early part of 2018/19, in order to deliver the services that formed part of Phase One of MLCO. An [October 2018 report to Health Scrutiny Committee](#) details these services, which include Social Work, Primary Assessment and Re-ablement services. They will form part of the first suite of services to come together with Health as part of twelve Integrated Neighbourhood Teams working across the City. A [February 2018 report to Personnel Committee](#) sets out in full the implications for workforce, engagement and organisational development. A subsequent [February 2019 report to Health Scrutiny](#) gives a further update of progress made across core business areas of MLCO.

More generally, the development of the MLCO is being governed by the MLCO Partnership Board, which includes the Council Deputy Chief Executive and Director of Policy, Performance and Reform, internal management oversight is provided through robust governance arrangements including an MLCO Executive team. Work to define Phase Two of MLCO is being led by MHCC, and the Council is represented at key meetings.

Further to the Annual Governance Statement update in March 2018, there is an ongoing procurement process for the health services in scope of integrated out-of-hospital care. Social Care is connected by means of a Service Level Agreement, which is part of the Partnering Agreement. MLCO is the single preferred bidder in the procurement process.

NHS England (NHSE) has launched a national consultation on the draft Integrated Care Partnership (ICP) contract that is intended to underpin local integration of services. The continued existence of barriers such as VAT, the legal challenge and the development and implementation of the national contract model are likely to have an impact on the procurement process and contract award. Meanwhile, MHCC and MLCO are working together to improve services on the ground, pending completion of the procurement process and resolution of national constraints, which are outside the control of the Council and its health partners in Manchester.

A [February 2019 report to Audit Committee](#) describes in more detail the governance and assurance framework in respect of health and social care integration from a Council perspective.

## Governance Area: Adults Services Governance

### *Action 3) Adults Services governance oversight: operational compliance, quality assurance and the transition from Children's to Adults Services provision.*

During 2017/18 the Council's Internal Audit Service issued reports in four areas relating to adult services with limited assurance opinions:

- Transition: Children to Adults
- Disability supported accommodation services, Quality Assurance
- Homecare Contracts
- Client Financial Services

Regular detailed update reports have been taken to Audit Committee (22 March 2018, 3 September 2018) to provide assurance relating to actions being taken to address concerns raised in the audit reports. In addition, an Improvement Plan is now in place for Adult Social Care which includes actions identified through internal audits, as well as actions to address wider operational and quality issues.

The Improvement Plan is focused on ensuring the basics are in place for adult social care and to successfully deliver health and social care reform and integration. Key areas of focus in the plan include

- Ensuring that **processes** are streamlined and consistently managed across the service. This work will align responsibility and decision making to effectively meet people's care needs and maximising the opportunities afforded by the new case management system, LiquidLogic. Collectively this work is critical in ensuring delivery of an improved service delivery and value for money.
- Strengthening the basics of social work **practice** including accountability and management support and appropriate supervision
- Ensuring that appropriate professional standards are in place across the workforce and strengthened **workforce** planning and career pathways
- Securing the appropriate **resources** to stabilise the service, as well as work to design a fit for purpose structure for the future as part of the integrated structure within MLCO.

A brief summary of the governance arrangements in place to provide oversight of this work, and the progress made to date in relation to the specific internal audit actions is included in this report.

#### *Governance oversight and assurance*

The improvement plan is being overseen by a Senior Improvement Group, reporting to the MLCO Executive and the Council's Strategic Management Team. The Senior Improvement Group works closely with the Adults Directorate Management Team and Performance Board, which oversees implementation of audit recommendations.

A Health and Social Care Commissioning Group also has oversight over performance and quality of commissioned activity as well as finance and service developments. This has a wide membership across Council relevant services and health partners and includes the Lead Member.

Whilst the audit reports have identified areas of concern, a number of immediate actions have been taken to reduce risks, and actions are planned where issues require greater investment of time and resources. Governance arrangements will continue to provide assurance over progress as deadlines for implementation fall due.

#### *Transitions from Children's to Adults Services*

Work looking at the Transition Planning Team (TPT) and its responsiveness to the Care Act 2014 and outcomes for young people and their families began in February 2016. At that time it was understood that the group of young people being referred to the TPT had a far wider set of care and support needs than had traditionally been supported by the TPT. This led to engagement sessions with Children's Social Care, Leaving Care Services, Children's Health commissioners and with parent carers. At the time of the audit report (February 2018) this work continued, however there was a recognition that a systems wide approach to the complex issues that young people, their families and practitioners were facing needed to be taken. And at that time the system was not where it needed to be to engage in sharing responsibility of the young people of the city who were it would be of significant benefit for them to receive support through their transition. The audit provided limited assurance that effective arrangements were in place to support young people transitioning from Children's to Adults' Services. A number of actions have been taken, and are planned in response to the findings. These include

- Improved engagement with colleagues across the city to inform the future vision and strategy - this included a key workshop with all relevant professionals
- Joint funding of a new Strategic post by Children's and Adult Services to drive forward a plethora of improvement plans
- Extensive engagement and co-production with parent and carers
- A new governance model through a Transition Board and alignment to the Adults Improvement Plan
- Development of detailed linkages between both the Learning Disability and Autism GM strategies and Transition

Our Children living in Manchester are now receiving a health summary as they transition to adulthood. An Adults and Childrens Pathway in which it has been agreed that all Care Leavers over the age of 18 that may require an adult assessment will be provided with a Care Act Assessment. Training for Independence booklets and a toolkit have been developed and rolled out, with training for Foster carers to support. Further work to support care leavers has also been undertaken

- The quality of intervention has improved by updating the Pathway Plan to include the Signs of Safety practice model
- Partnership working with the Homelessness Service, RSLs and providers of supported accommodation has taken place. This is proving positive, with no care leavers in emergency accommodation arrangements and the allocations policy has been revised to offer 15 Care Leavers priority access (Band 1). More than 50 arrangements and lettings have been offered to Care Leavers since the pilot began. Soft marketing for supported accommodation has been carried out with Registered Social Landlords with nine properties being provided for care leavers, two of which are termed as Tenancy Starter Training Flats. It is, however recognised that the availability of accommodation is a challenge and there is a significant piece of strategic and commissioning work underway to ensure our care leavers receive the best quality accommodation. All of this work is captured in a project and programme approach that is currently overseen by the care leavers board; ensuring political, strategic and operational alignment.
- There is a new role for the Independent Reviewing Officer service in the first post-18 review of the young person's Pathway Plan to recognise both the short and long-term benefits of employment and training acting as a protective factor for young people.
- The Prince's Trust are developing a project bespoke for care leavers and young people involved in the youth justice service in Manchester. This will include a range of employability and skills courses. In addition, they will focus their work on Not in Education, Employment or Training (NEET) and at risk of being NEET young people - through a purpose developed 'One Stop Shop' hub.

- The 'Mind The Gap' project for eight of our young women has commenced - a six month programme of work designed for women in order to improve their health and emotional wellbeing, employability and Education, Employment and Training (EET) opportunities.
- The service has continued with their 'Aspiration Panel' in which young people are presented to access support from a multi-agency panel for direction and guidance to achieve their desired EET outcome, e.g a young person discussed at the last panel sought advice around a pathway to becoming a qualified mental health nurse.
- Funding and appointment has been secured for a practitioner to work closely and link in with the North West Business Leaders - with the key priorities being reducing the number of not in employment education and training thus widening the number of employment and training opportunities for our young people.

#### *Quality Assurance - Disability Supported Accommodation Services*

The audit gave limited assurance that the Quality Assurance Framework was operating effectively and in accordance with expectations, to support delivery in line with legislation. A number of actions have been taken, and are planned in response to the findings. These include

- Improved processes around audit allocation, resulting in a more cohesive and consistent approach
- Workshop with partners to streamline and define the quality assurance documentation - documentation has now been streamlined and further defined, and the guidance notes changed to reflect this. The revised documentation was trialled by a number of Support Coordinators during a pilot in December 2018 to test the changes. Following a feedback session, the documentation was further revised, and has now been changed on the intranet and rolled out across the Service. The Guidance Document is more succinct and directly correlates questions to the evidence criteria required, and has details of what the auditor should be looking for and asking.
- Inclusion of further care aspects such as safeguarding, Mental Capacity Act and Deprivation of Liberty Safeguards included in the revised document - Duty of Candour, Deprivation of Liberty and Safeguarding questions to assess staff knowledge and understanding of these concepts and legislation have now been incorporated into the audit documentation.
- Improved case file tracking system now in place and embedded as an approach within the service

#### *Homecare Contracts*



The limited assurance report on homecare contract governance was issued in March 2018. Planned actions to address these issues were:

- The new model of homecare will start to move the Council away from the 'time and task' model but, initially at least, hours of care will still be the unit of currency used to pay providers and they will continue to submit claims for payment on the basis of hours of care delivered.
- More capacity will be in place to manage the detail of contracts in future, with at least six link managers liaising with homecare providers, and a strengthened team of brokerage and placements officers able to take a much more hands-on approach to ensuring that payments and care are reconciled at an individual and contract level.
- Use of Electronic Call Monitoring is mandatory, meaning we will no longer receive manual invoices. An Electronic Call Monitoring System (ECMS) provides accurate real time information about the start, end and length of each visit by homecare workers to the home of a person using homecare, it also tells us about the continuity of care provided, and whether service visits have been missed. Such a system safeguards people using homecare, care workers and lone workers in particular, supporting timely and person-centred services.
- Providers will also supply a range of quality, social value and performance information including user satisfaction surveys
- The procurement process for the new homecare service started in September, with contracts due to be awarded in May 2019, and the new service up and running in September 2019. Pre-mobilisation work is underway now and it is expected that new teams will be up and running before the start of the new contract

#### *Client Financial Services (CFS) - Cash Handling*

Limited assurance was provided in the December 2017 audit report over the effectiveness of system in place where Appointee Support Officers (ASO) are dealing with customers' cash and the Council act as an Appointee or Deputy. Actions which have been taken to address the issues raised include:

- Two new dedicated Appointees Support Officers (ASO) have now been created instead of this being a social worker task, freeing up social work capacity
- Extensive work has taken place by the ASO Manager to develop detailed policies and procedures to ensure that the ASOs, as lone workers, are safe, working to the prescribed Audit recommendations and that they are following key recommendations in relation to cash handling
- Lone working monitoring is now in place for the ASOs so their community location is known at all times and they can summon help in an emergency
- Improved cash receipting procedures now in place and signed off by Audit.

## Governance Area: Information systems and governance

### Action 4) Improving the resilience of ICT systems, and the Council's arrangements for disaster recovery

#### Disaster Recovery (DR)

The overall objective of the Data Centre (DC) Programme is to ensure secure high availability of critical business applications, services and ICT infrastructure, based on the operation of services from two active data centres rather than a 'traditional' model of a primary and backup data centre. This model means that each data centre will always be active and in the event of interruption or disaster at one, the other centre will act as an almost immediate failover solution and thereby ensure that operational services are maintained as far as possible without disruption.

The DC programme is now in the delivery phase and by the beginning of 2020, services are expected to be operating from two separate DR equipped data centres within Manchester. The Programme comprises the following three tranches:

- **Core Infrastructure Refresh (delivery phase)** - The Core Infrastructure Refresh Project is progressing to plan and all of the Council's virtual servers will be running on new technology by the end of summer 2019 in the current Council Data Centre, providing greater resilience prior to the move to the new data centres.
- **Network Design and Implementation (delivery phase)** - The contract has been awarded for the new technical infrastructure and professional services that are required for the new network and connectivity to be delivered to the two data centres. with Works are due to be completed by the end of 2019.
- **Data Centre Facilities and Migration (delivery phase)** - This tranche is dependent on network connectivity being in place before the migration of IT services. The migration of services is scheduled to take place from August through to early 2020.

Significant planning and discussions with business colleagues are already underway in order to help minimise operational impact. The programme team has established a Programme Steering Group, chaired by the Chief Information Officer (CIO) which will oversee all aspects of the programme. The Steering Group reports into the monthly ICT Board and on to Senior Management Team periodically.

### *Cyber Security*

The Council acknowledges the ongoing and increasing risk that is manifested through Cyber Crime, furthermore the Chief Executive and Senior Management Team understand that Cyber Security is a corporate responsibility, and not just one of the ICT function. The Council continues to invest in its people and technology whilst developing a rigorous approach to Cyber Security, ensuring that appropriate defences are deployed to protect the Council services it provides. Defences are constantly being reviewed and strengthened through a proactive system that includes applying software security patching for identified system security vulnerabilities, and through improved anti-virus and malware protection. Ongoing investment is in place to ensure the corporate estate remains as secure as possible.

ICT continues to strengthen its position around Cyber Security and has recently appointed a new Security & Resilience Manager that reports directly to the Director of ICT. This role has the responsibility for establishing the Cyber Security Strategy for the Council, whilst ensuring all information assets and technologies are adequately protected. Reporting into this new role is the ICT Compliance Manager and the Cyber Security Service Delivery Manager. Other roles within this team include a Senior Security Analyst and a Senior Technical Analyst. An additional development opportunity has been made available to the final technical analyst role within the Cyber team with the individual now enrolled in to a two-year Cyber Security Apprenticeship. The onsite Cyber Security team are further supported and enhanced by our relationship with specialist organisations including Warning, Advice and Reporting Point (WARP), and The National Cyber Security Centre (NCSC). The recently awarded Security Services contract award that was made in 2018. This specialist and local external partner provides subject matter expertise, consultancy and business as usual support.

The Council recognises that one of the biggest risks to the organisation remains with our end-users. It is essential that all staff and Members have access to a standard Cyber Security training programme which will be used to educate all our system users with the cyber security skills. Our award winning Training modules consist of engaging eLearning content and user interactions. These short, targeted courses will allow staff to learn through digestible bites of training. These best practice recommendations are not specific to Council systems, but should be used to protect all online user accounts regardless of the location both in the work and personal environments. Additionally, this platform will also deliver ICT policy management acceptance and compliance, whilst also providing the ability to test our own users with sample 'phishing' emails. The training suite will be coupled with a management system which

will allow tracking and reporting on levels of uptake and can force users to undertake training, policy reading and acceptance before being allowed to logon if required.

***Action 5) Improving information management, and preparing for the introduction of the EU General Data Protection Regulation.***

As detailed in last year's AGS, all organisations which handle personal data have to comply with the EU General Data Protection Regulation (GDPR). The GDPR came into force on 25 May 2018, and is the biggest change to Data Protection law in over 20 years.

Whilst the fundamental principles of data protection remain largely unchanged, the GDPR introduces a more enhanced data protection regime. It brings a 21st century modernising approach to the processing of personal data in the digital age, imposing new obligations on data controllers, such as the Council (and for the first time) data processors (persons who handle information under outsourcing arrangements) as well as expanding the rights individuals have over the use of their personal information impacting people, processes and technology across all business functions.

A key change requires organisations to show compliance through existence of policies, procedures and staff training, and be able to demonstrate how in each case it has complied with GDPR requirements. It requires accountability at Board level evidencing a 'whole system' ethos in the way the organisation protects, governs and knows its data; adopting a 'privacy by design' and 'privacy by default' approach.

The GDPR has introduced a new duty on all organisations to record all data breaches, and to report data breaches that are likely to result in a risk to individuals to the Information Commissioner's Office (ICO) within 72 hours of becoming aware of the breach. If there is a high risk to the individual there is also a requirement to notify the individual without undue delay.

***Governance and compliance monitoring***

To ensure that the Council is compliant with the GDPR, an intensive work programme led by an interdisciplinary team of officers was carried out supported by a project manager. The project has been supported at a senior level across the Council, with regular reporting to the City Solicitor who is the Council's Senior Information Risk Owner (SIRO), the Council's Corporate Information Assurance Risk Group (CIARG), Departmental SIROs (DSIROs) and the Council's Strategic Management Team (SMT).

The Council has built on existing practices and procedures to ensure staff are aware of the need to take care when handling personal data and what constitutes a data breach. The Council's data breach management procedures use a directorate based model.

Awareness regarding GDPR requirements including data breaches has been raised by a variety of measures such as a 'Golden Rules' communications campaign. The majority of staff who have access to Information Governance e-learning have completed the Council's Information Governance e-learning module. Arrangements have been made for training staff who do not have ICT access. Deputy DSIROs have received face to face training on data breach handling.

The Information Governance e-learning module has been made available to all Councillors and all Councillors have been sent a GDPR Guide on processing personal information as data controllers in respect of constituency work.

As required by GDPR the Council has appointed a Data Protection Officer (DPO). One of the main tasks of this role is to monitor the organisation's compliance with the GDPR, and the Council's data protection policies. The Council's DPO is consulted in relation to all data breaches and as part of his role makes recommendations to CIARG and DSIROs, to ensure lessons are learnt across the Council.

#### *Next steps*

The Council's rating using the ICO's data controller online GDPR self-assessment tool is 'overall green'. The main focus now is to fully embed the new requirements. This will be an ongoing programme. A Phase 2 of the GDPR plan has been drawn up. It includes supporting Deputy DSIROs in their role, embedding Data Privacy Impact Assessments, and ensuring appropriate processes are in place for data sharing and data processing. Central to this is the Phase 2 Communications Strategy which has been discussed at CIARG. This is to be followed by a detailed Communications Plan.

#### *Freedom of Information, and Data Protection Subject Access Requests*

Work to improve speed of response to Freedom of Information (FOI) and Subject Access Requests (SARs) is, as previously, led by DSIROs and Heads of Service. Performance Reports continue to be considered at each CIARG meeting. The target for responding to requests within the statutory deadline (in line with ICO expectations) is 90%. In the year to date (April to March 2019) the Council received 2477 FOI requests. Of the requests responded to within this period, 82% were responded to on time. The Council received 839 SARs during this period (excluding disclosure requests). Of the requests responded to within this period 86% of requests were responded to on time.

## Governance Area: Finance

### Action 6) Changes to the local government finance system, and delivery of continued significant savings

#### *Changes to Local Government Finance system*

The wider changes affecting business rates and funding reform will come into effect from 2020. The impact of these is, as yet, unknown. Similarly, with BREXIT negotiations ongoing and the increasing potential for a 'no deal', there is further uncertainty on future funding and service demand.

2019/20 is the last year in the four-year settlement 2016/17 - 2019/20, however there are a number of unknowns which may impact including the roll out of welfare reforms.

From 2020/21, there will be significant changes to Local Government financing which includes:

- New Spending Review period starts 2020/21 – Reports Autumn 2019.
- Funding formula for allocating funding to local authorities is changing. Reports late 2019.
- Changes to how business rates are managed – currently the Council retains 100% of growth generated during the valuation period, although this is then lost at reset of base. Currently Government is generally seeking a move to 75% retention.
- Business rates income is very volatile and difficult to predict, particularly due to the number and scale of appeals and the lack of information following the move to the Check, Challenge and Appeal process
- Potential changes to funding for adult social care with the Green Paper expected in Summer 2019.

The Council is engaging with central government and other interested bodies through formal consultation responses and working groups to ensure the impact of the potential changes on local government, and particularly cities is recognised. This includes responding to the Local Government Association green paper for adult social care and wellbeing, technical provisional settlement consultation response and numerous Fair Funding and Business Rates redesign workshops and consultations as well as contributing to papers considered by the Fair Funding Technical working group. The Council has also submitted written evidence to the Housing, Communities and Local Government Committee inquiry into Local Government Finance on 17 April 2019.

In relation to Business Rates Reform Manchester has been involved in a number of schemes to maximise the resource available in the region including the creation of a Business Rates Pool across Greater Manchester (GM) and Cheshire, the Business Rates

Growth Retention Scheme 2015 and a three-year 100% retention pilot from April 2017 to March 2020. A response to a consultation on further reform of the system from 2020/21 was submitted in February 2019.

The review of relative need and resources will propose an updated formula for distributing funds across Local Authorities, this is welcome as the data in the current formula has not been updated since 2013/14. Government have now published the second of several formal consultations on this and aim to implement the findings of the review in 2020-21. The Council is working closely with the Ministry of Housing, Communities and Local Government (MHCLG), Local Government Association (LGA) and other Local Authorities (particularly Core Cities) to ensure the circumstances of metropolitan cities are represented in the review, specifically in relation to the impact of deprivation on need to spend. Detailed responses will be submitted for all relevant consultations and representations made where possible. The Council have recently made a representation on the impact of density of spend, to the Fair Funding Technical working group which is chaired by MHCG and LGA and submitted a response on this latest consultation on 21 February. The responses were the subject of a report to Resources and Governance Scrutiny on 7 March 2019.

#### *Delivery of continued significant savings*

SMT consider the progress against the 2018-20 savings at their monthly budget meeting and updates are provided monthly to Executive Members. Resources and Governance Scrutiny Committee and Executive meetings in October 2018 received a report on the detailed monitoring position, including the forecast achievement of savings and Executive received further updates in December and February.

The approved savings target is £25.482m for 2018/19 and £9 022m for 2019/20. Following a number of years of budget cuts, these represent challenging savings and their delivery is regularly monitored. A summary of the updated 2018/19 savings position is set out below.

| Savings Target 2018/19      |               |              |               |               |  |               |
|-----------------------------|---------------|--------------|---------------|---------------|--|---------------|
|                             | Green         | Amber        | Red           | Total         | Non recurrent / as per Investment MTFP | Net Total     |
|                             | £000          | £000         | £000          | £000          | £000                                   | £000          |
| Children's Services         | 3,670         | 373          | 7,381         | 11,424        | (741)                                  | 10,683        |
| Adults and Social Care      | 3,018         | 494          | 6,122         | 9,634         | (1,115)                                | 8,519         |
| Corporate Core              | 2,312         | 633          | 0             | 2,945         | 0                                      | 2,945         |
| Neighbourhoods              | 3,335         | 0            | 0             | 3,335         | 0                                      | 3,335         |
| Strategic Development       | 0             | 0            | 0             | 0             | 0                                      | 0             |
| <b>Total Budget Savings</b> | <b>12,335</b> | <b>1,500</b> | <b>13,503</b> | <b>27,338</b> | <b>(1,856)</b>                         | <b>25,482</b> |

The key areas of concern are those savings targets that have been rated as high risk or 'red'; the reported position assumes these will not be achieved in 2018/19. The main reasons are:

**Children's Services £7.381m:** Residential placements reduction £2.797m and External Fostering £2.934m, residential preferred supplier agreement £1m, External Foster care, new North West Framework £0.650m. The savings plans have been reviewed in the Children's Budget 2019/20.

**Adults and Social Care - £6.122m** – Savings are not expected to be achieved due to revised timescales for implementation and changes in costs and financial benefits arising from new care models and delays in realising other savings. The investment cost and benefits and subsequent financial savings have been revised as part of the budget for 2019/20. The £5.366m red risk savings in



2018/19 are made up of Reablement £1.566m; Assistive Technology £2.159m, High Impact Primary Care £213k; Prevention £0.834m, Strength based support planning £0.6m; low cost placements £250k, Contract review £0.5m.

In 2018/19 an overspend of £293k is reported, which reflects pressures being experienced nationally, particularly in Children's Social Care. The overall position has improved significantly from the previously reported overspend of £13.7m following the development of Budget Recovery Plans to address the position. All Directorates are continuing to work towards greater efficiencies and accelerating savings where possible in order to ensure the delivery of the Medium Term Financial Plan (MTFP) is not undermined.

The 2018/19 budget process identified £9.022m of savings and budget reductions to be delivered in 2019/20. As part of the 2019/20 budget process these have been reviewed and replaced where appropriate and further £5.776m of recovery plan savings have been agreed bringing the total required to £14.798m. These are summarised in the table below.

#### Updated Savings and Budget Delivery Plans

| 2019/20   |              | £000 | £000         | £000          |
|---|--------------|------|--------------|---------------|
| Approved Savings Recovery Savings Total Proposals |              | £000 | £000         | £000          |
| Adults Social Care                                | 18           |      | 1,975        | 1,993         |
| Homelessness                                      | 0            |      | 440          | 440           |
| Children and Education Services                   | 2,269        |      | 776          | 3,045         |
| Corporate Core                                    | 2,160        |      | 1,189        | 3,349         |
| Neighbourhoods                                    | 4,575        |      | 376          | 4,951         |
| Strategic Development                             | 0            |      | 1,020        | 1,020         |
| <b>Total Savings identified</b>                   | <b>9,022</b> |      | <b>5,776</b> | <b>14,798</b> |

Detailed work will now begin on the budget requirements for 2020/21 and beyond. This is in the context of considerable changes to Local Government Funding including the outcome of the Spending Review, changes to how local government funding is distributed, changes to the Business Rates Retention scheme, and the Green Paper on the future of Adult Social Care funding and interaction

with the NHS 10-year plan. Due to the timescales for calculating and consulting on the above changes the level of funding to be made available by the government is not expected to be known until Autumn 2019 therefore it is very difficult to plan with any certainty. Initial very high level work has led to an estimated budget gap for the council in the region of £75m by 2025 therefore discussions are starting on the next round of planned reductions.

#### **Governance Area: Programme and Project Governance and Delivery**

#### ***Action 7) Ensure robust governance and delivery of the new five-year Capital Programme Strategy, including major infrastructure projects across Highways and Strategic Development***

##### *Capital Programmes*

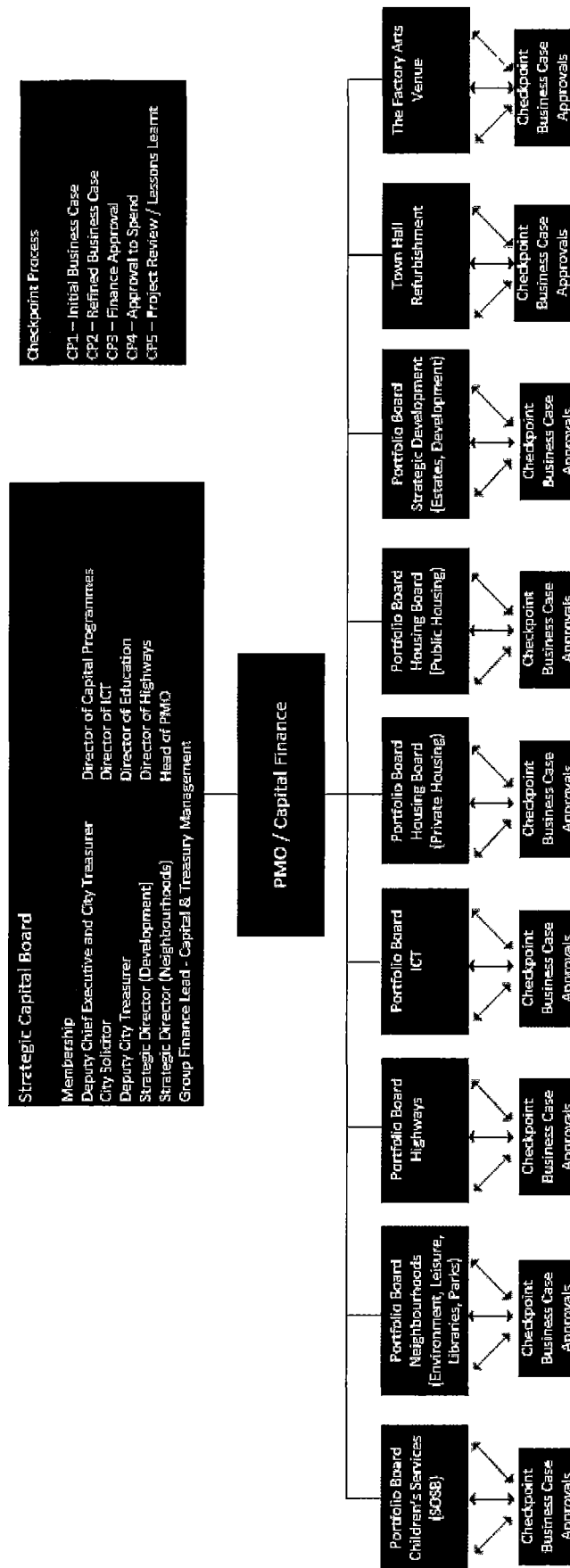
The Capital Strategy was revised as part of establishing the Capital Programme approved by Executive at its meeting on 7 February 2018. The Strategy is a long term rolling programme covering five years providing planned investment to define Manchester as an attractive place to live and further improve the quality of life for its residents, to increase their overall social and economic prospects and enable them to fully participate in the life of the City. Important to the delivery of these aspirations will be:

- to support, promote and drive the role and continuing growth of the city as a major regional, national and international economic driver; as the main focus for employment growth through a strengthening and diversification of its economic base and through the efficient use of land,
- to support investment in transport infrastructure the City Centre which will lay the foundations for continuing success by 'future proofing' the city's transport infrastructure including, the Second City Crossing, The Northern Hub, Cross City, Bus Corridor and the redevelopment of Victoria Station;
- to drive forward the Council's Residential Growth Strategy and associated policy frameworks such as Housing Affordability and the Residential Quality Guidance, all of which seek to provide the city with an expanded, diverse, high quality housing offer that is attractive to and helps retain economically active residents in the city, ensuring that the growth is in sustainable locations supported by local services, good public transport infrastructure, and core lifestyle assets such as parks, other green and blue infrastructure, and leisure facilities. This will include maximising the opportunities through Manchester Place,

Manchester Life and the Housing Investment Fund and to be able to react flexibly to deliver an attractive housing offer for the City,

- to deliver a Schools Capital Programme that will support new and expanded high quality primary and secondary school facilities for a growing population;
- to support businesses and residents to create thriving district centres with appropriate retail, amenities and public service offer, and
- to continue to promote investment to secure an internationally competitive cultural and sporting offer and sustaining core lifestyle assets such as parks, leisure facilities and libraries within the City.

The governance structure is summarised in the following chart and detailed in the paragraphs which follow:



The Strategic Capital Board, chaired by the Deputy Chief Executive and City Treasurer and with a membership consisting of the main portfolio leads (Directors) together with representatives from Capital Programmes, Finance and Legal Services has been established to ensure that all capital projects meet the strategic priorities of the Council, provide value for money, and have effective risk management in place regarding cost and delivery. The terms of reference for the Board include:

- To provide the strategic framework for the development and delivery of the Capital Strategy
- To be responsible for ensuring the effective implementation, operation and review of the Checkpoint process that oversees the investment lifecycle from project pipeline to post completion review, including approving schemes to progress at relevant Checkpoints subject to conditions being met.
- To review and consider the pipeline of projects prior to Checkpoint 1, as proposed by Portfolio Boards and confirm agreement to progress through approval process.
- To consider and agree fast tracking of approvals where conditions met.
- To receive and approve requests for feasibility funding subject to conditions being met.
- Ensure accountability for the delivery of the agreed capital programme to time, outcome, quality and cost, and ensure reviews against project plans at regular milestones
- To review, as a minimum, the top ten risk concerns identified within the capital programme and ensure relevant actions in place to mitigate
- Continually review the longer term capital investment strategy with regard to allocation and reprioritisation of resources for recommendations to Executive
- Support the delivery functions in Highways and Capital Programmes to achieve excellence and provide an effective delivery and management function

Over the last 12 months, the Board has reviewed all new capital projects and has provided support and challenge to these as required, and has continuously reviewed the existing capital programme. The Board has completed a review of the new capital approval process, and is introducing measures to strengthen governance particularly regarding the role of Directorate Boards in capital decision making, and the use of the Register of Key Decisions.

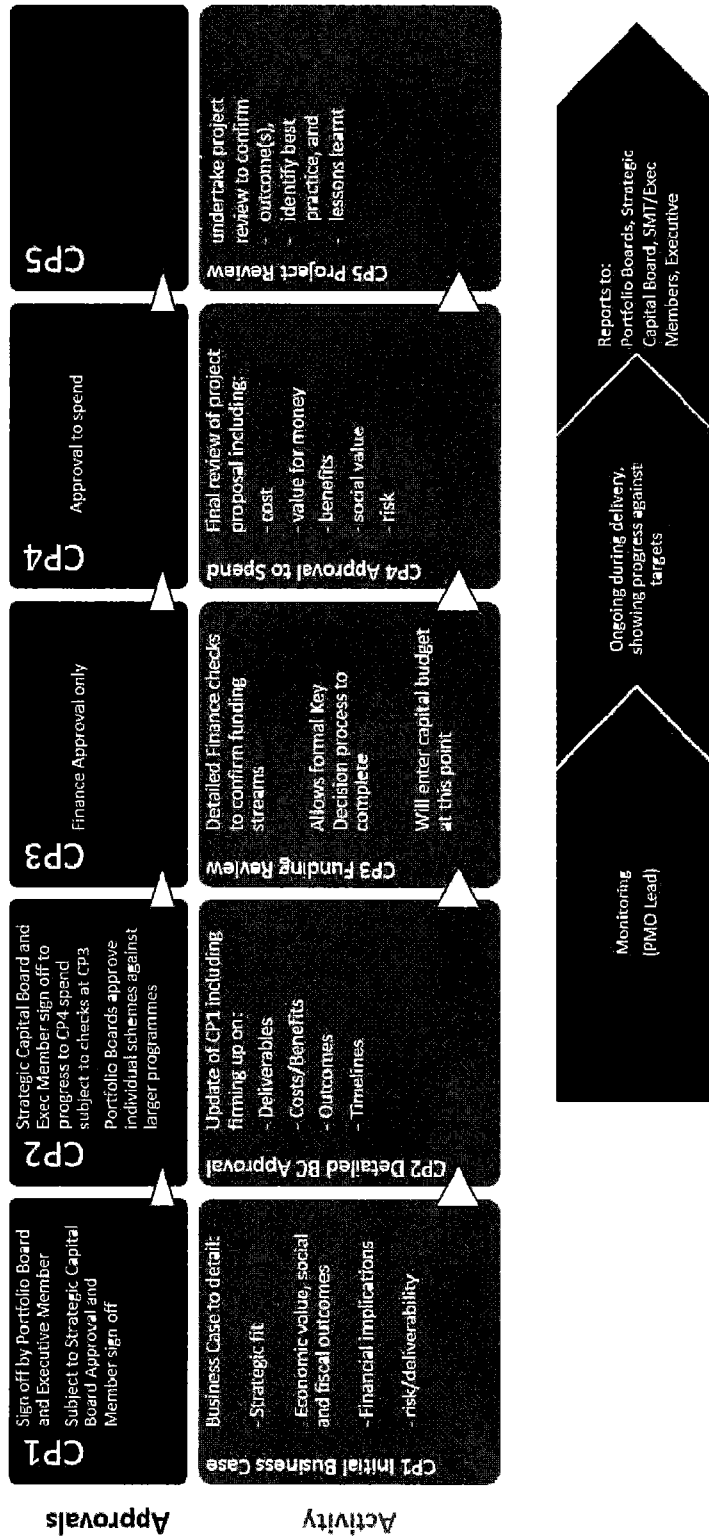
The Board reviewed the information provided to committees regarding the progress of the capital programme and has made fundamental changes to the monitoring reports to widen their scope to provide information on key milestones, finance, project

outcomes including social value and risk. It is recognised that this will continue to be developed, alongside further system improvements as outlined in the paragraphs below.

The Strategic Capital Board is underpinned by a number of Portfolio Boards covering the main areas of the capital programme to ensure that there is detailed oversight of submissions and ongoing monitoring of spend and outcomes, with course correction as required.

The business cases for investment approval which are presented to the Strategic Capital Board are progressed through a checkpoint process before spend can commence with Senior Member oversight and sign off at Checkpoints 1 (initial business case), Checkpoint 2 (detailed business case) and, as appropriate, Checkpoint 4 (approval to spend). There are five Checkpoints and Checkpoint 3 confirms the funding approvals, whilst Checkpoint 5 is project review to confirm outcomes and lessons learnt including best practice.

# Capital Approval Process and Governance – Checkpoint Overview



Work is underway to create a technological solution to the management of capital projects, from project inception to completion. The aim of this is to streamline the approval process, to provide a clear governance process and documentation for project decision making, and to support project officers in their delivery of the works. This will also include the detailing of the financial position both in terms of budget, actual spend and any changes.

The capital approval process is kept under constant review to ensure it is robust and appropriate for all capital projects. Following audit work on the process, it has been identified that further work is required to strengthen the monitoring of benefits realisation for

capital projects and ensure that good practice is embedded including learning from elsewhere within the capital programme. To support this, work is currently underway to review the business case format to provide greater focus on governance and outcomes, including social value, and to provide clear and strong guidance on the expected contents of a business case. It is expected that a revised format will be adopted in the first quarter of the 2019/20 financial year.

Further work is also required to clearly set out the pipeline of projects, particularly in a time of constrained resources in order that investment decisions reflect any prioritisation requirements.

This strengthens the governance arrangements through ensuring transparency of the investment decision making process, through a clear Governance structure of an overarching Strategic Capital Board which is underpinned by a number of portfolio boards. The business cases are in a standard format, and are submitted to the Strategic Capital Board (and the portfolio boards beforehand) to provide a clear audit trail in support of investment decisions, and these can be called upon to support the Key Decision process. All business cases must have Executive Member support before progressing.

#### *Highways*

The Head of Design, Commissioning and PMO is now firmly established, within the team having joined the Council in July 2018. This has resulted in significant progress in strengthening the governance and reporting arrangements for the Highway Capital Programme. In alignment with the Capital Strategy process highways have established a Portfolio Board, this is chaired by the Director of Operations (Highways) with membership including the highways senior management team, the Head of Capital Finance, the Head of Revenue Finance and colleagues from Capital Programmes. This board meets on a fortnightly basis to review scheme and project submissions and requests for capital funding, the board is also responsible for overseeing the delivery of the broader capital programme. In addition to the above the service have introduced project and programme level governance with every project having a structured project board to track and monitor progress and risks etc. Furthermore, a more robust approach to finance management has been introduced with regular meetings scheduled to review and manage.

The development of the Programme Management Office (PMO) is progressing, with work underway to develop the function and introduce the reporting tools and collateral needed to track, monitor and provide assurance. There has also been a significant focus on recruitment resulting in the permanent appointments of the remaining three Project Managers.

A new five-year programme is currently being finalised that builds on projects already in progress, that will inform how the service can make the appropriate contribution towards the delivery of the Greater Manchester Transport Strategy 2040. The programme has also been discussed with the Strategic Capital Board, as part of their governance.

#### *Strategic Development*

The Strategic Development function of the Council takes the lead in the development and implementation of proposals that will deliver major residential, commercial and cultural initiatives.

The Portfolio Boards which govern projects have been strengthened, with a consistent approach mapped back into the Strategic Capital board. Comprehensive monthly reporting of actual performance and forecasting of expected spend, activity and outcomes including re-profiling where appropriate is undertaken. This identifies progress against key deliverables in line with the Checkpoint business cases. It includes an analysis of the variance from forecasted position and identifies the impact assessment against the outputs.

A programme level Risk Register and tracker is reported alongside the monthly reporting to identify any changes in the risk profile and flag early warnings which need to be resolved. These reports are overseen by the Senior Responsible Owner (SRO) for each capital project, prior to submission.

There is a forecasting protocol to capture future Checkpoint and Business Case submissions against the Capital Programme Strategy. This is aligned with the monthly returns for committed projects outlined above. The strategic fit of potential future projects is measured against the Council's priorities within the Directorate prior to being taken forward to Capital Strategy board.

Representation of the Directorate on the SMT Governance Assurance sub-group will strengthen alignment of activities with corporate governance arrangements and ensure consistent adoption of best practice.



To make the service more agile a streamlined approach to small increases to capital spend or minor projects would mitigate some risks associated with projects and holding assets. The team is continuing to work with Capital Projects, Procurement and City Solicitors to explore whether this can be achieved.

***Action 8) Develop, design and deliver the Our Town Hall (OTH) refurbishment project to time, cost and quality standards.***

Manchester Town Hall, which opened on 13 September 1877, is an internationally significant landmark and Manchester's greatest cultural and civic asset, which makes a significant contribution not only to the heritage but also to the identity of the City. The Town Hall, whilst structurally sound, is now seriously showing its age with many elements reaching the end of their natural lifespan. It was agreed that significant refurbishment is required to rectify the identified defects, and to protect the building for the benefit of future generations of Mancunians.

At its meeting in November 2016 Executive approved a report recommending the full refurbishment and upgrade to modern standards and partial restoration of the Town Hall. A further report considered by Executive on 8 March 2017 provided progress on the procurement of the design team and the assembling of the project team to maintain the momentum of the project to keep to the agreed work programme and timelines.

A report was delivered to full Council in July 2018 on the progress with Royal Institute of British Architects (RIBA) Stage 2 (Concept Design), including proposals for the design of Albert Square, and the closure of three sides of the Square to traffic.

The Strategic Board approved the RIBA Stage 3 Report (Developed Design) at its meeting on 27 March 2019, and the project is now in the early stages of Stage 4 (Technical Design).

***Governance and Risk Management***

The project is overseen by a Strategic Board which is chaired by the Deputy Leader and which includes the Leader, Lead Member for Finance and Human Resources, Chief Executive, Deputy Chief Executive and City Treasurer, and City Solicitor.

A robust governance structure is in place for the OTH project, which was updated and signed off by the Strategic Board in August 2018. A schedule of delegated authorities was agreed in accordance with the Council's constitution, and the project calendar has been updated to reflect a routine cycle of reporting that is based on a four weekly flow of information upwards from the project into the governance structure.

The governance plan will ensure that the project proceeds within the cost, time and quality parameters, which will be signed-off at each stage end. This will deliver progressive cost and outcome certainty as design solutions are developed.

Regular reports are produced on performance, risk and finances. A Strategic Risk Register is monitored by the Strategic Board. The Risk Register identifies potential impact of, and mitigation strategies for the identified risks.

The project has been the subject of two internal audits, the details of which are:

- Change Control, Monitoring and Use of Contingencies, Decision-making and Monitoring of Key Project Decisions. The auditor was able to provide substantial assurance (December 2018).
- Decant and disposal of Town Hall Portable Heritage Assets. The auditor was able to provide moderate assurance (January 2019), and recommended that, for the period beyond completion of the OTH project, proposals be developed and agreed for the future long-term storage of furniture that will not form part of the Town Hall collection, and for the staffing arrangements for curatorial care.
- The Estates team is aware that there is a significant quantity of furniture in storage which cannot be stored or used in the Town Hall in the long term. A paper to review plans for this furniture is due to be prepared for discussion by September 2019. Initial recommendations on staffing arrangements for curatorial care post-project completion will be available for review with Facilities Management, Estates and Galleries in June 2019.

Actions plans have been agreed with the auditors, with planned completion dates in each case.

#### *Progress Reporting*

Publicly available detailed progress reports are regularly provided through the governance structure described above, and as required, reports are provided to Resources and Governance Scrutiny Committee and Council Executive at critical project milestones (such as appointment of the management contractor).

Previously, progress reports have been requested by Resource & Governance Scrutiny Committee on decant, communications activity, social value being achieved, design activity and the procurement of the management contractor. A detailed report on the progress with the appointment of the Management Contractor was submitted to Resource and Governance Scrutiny Committee in September 2018, and final reports on the procurement were submitted to Resource and Governance Scrutiny Committee, and Council Executive in December 2018.

The Ethical Procurement Sub Group of the Resources and Governance Scrutiny Committee has identified the Our Town Hall Project as one of the projects it wishes to focus on in looking at maximising social value, and regular reports are submitted to this sub group. It is proposed that a report will be submitted to Executive at the conclusion of the management contractor procurement.

#### *Procurement and Recruitment of the Project Team*

The core consultant team was appointed in 2017, and is periodically reviewed to ensure that further additional specialist advice is obtained as required. The team currently comprises in addition to the core team, a buildability consultant, fire engineer, acoustician, security strategy consultant, planning consultant and creative producer.

Lendlease Construction was appointed as management contractor in January 2019. Lendlease is currently finalising the procurement strategy for each of the works packages, and developing the programme for the works. The early works packages will be let in time for a start on site during autumn 2019. In order to inform the strategy and refine the programme to reduce the risks on the project, initial Intrusive Survey works were scoped and procured early in Stage 3 to discover more about the existing building. These works completed in March 2019 which has in turn informed design scope and provided greater cost surety as the project progressed through Stage 3 and the commencement of Stage 4.

The Management Contractor has reviewed the Stage 3 design information and identified a number of due diligence surveys and early works that are required in advance of the commencement of main construction activities. The surveys will enable close out of Stage 4 design, provide a robust final Listed Building Consent submission, and validate the construction methodology and temporary works solutions.

The early works will allow the start of programme critical works early such as courtyard drainage, scaffold design and erection as early as the design allows, access to assess the condition of the stonework and windows to better establish the extent of these works as early as practicable and achieve greater cost surety.

The Council have signed up to Unite's Construction Charter in order to achieve the highest standards in respect of direct employment status, health & safety, standard of work, apprenticeship training, and appropriate nationally agreed terms and conditions of employment.

#### *Moving out of the Town Hall*

The decant of Council services completed in November 2018, with the relocation of the Coroner's Service into Royal Exchange. The building is therefore currently occupied only by the project team.

The removal of the first phase of the Portable Heritage Assets has now concluded (artworks and heritage furniture).

#### *Communications and Engagement*

An engagement strategy and plan, has been developed, which is intrinsically aligned to the communications strategy. It is recognised that engagement activities for the project will be varied and will need to develop over time, but immediate actions identified include.

- Acting as the "Front Door" to the Town Hall,
- Management of enquiries about the programme;
- Management of volunteer opportunities for the project;
- Engagement with neighbouring residents and businesses;
- Establishing links with the Education sector, to develop an historical, civic pride, and potential employment and apprenticeship opportunities; and
- To educate on the history of the building, the political importance, the artistry and the future legacy for Manchester's young people.

The project was featured on BBC North West Tonight on 10 January 2019, with a focus on a behind-the-scenes look at progress with the intrusive surveys and some of the lesser known back of house spaces.

#### **Governance Area: Commissioning, Procurement and Contract Management**

##### ***Action 9) Strengthening the Council's approach to commissioning, procurement and contract management.***

In February 2018, the Council's SMT endorsed the work plan and priorities for the commissioning and contract management improvement programme. The work plan builds on existing strengths as well as addressing weaknesses identified in previous reviews and audit reports (including the January 2018 report to Audit Committee). The key points were:

- Strategic governance and oversight of contracts was limited, hampered by inconsistent and, in places, incomplete reporting of contract data and performance,
- Contract management processes and systems were inconsistent and prone to failure,

- Basic standards for monitoring performance were not always being followed;
- Staff and managers wanted more opportunities to develop commercial and contract skills;
- The contract design stage needed a greater emphasis on how the contract will be managed, both in terms of establishing well-designed KPIs that align with the outcome goals of the contract, and practically in how the supplier relationship will be managed;
- Social value could be insufficient or lacking in specifications and in contract monitoring.

A detailed report on progress went to Audit Committee in November 2018. In summary, a great deal has been achieved, with notable progress on completion and analysis of contract registers, on the development of standard products and processes, and growing awareness and tools for monitoring social value in contract delivery. However, the scale and complexity of the challenge should not be underestimated, given the number, value and variety of external contracts, the Council's ambition for delivering for Manchester residents, and the pressing need to maximise value for money.

#### *Ensuring effective strategic oversight and governance*

Contract registers are in place across the directorates, providing the foundation for improved grip on contract performance and spend. However, accuracy and usage are variable on the plus side, in some directorates, the contract register is being used as a key reference document, as the basis for forward planning of commissioning and procurement activity; for tracking performance, all contracts are assessed for criticality (Gold, Silver, Bronze) and current performance (RAG); and Directorate Management Teams (DMTs) are planning and tracking performance regularly (quarterly). In other directorates, the accuracy of contract register has slipped, owing to resourcing problems; advance planning is not in place, with high numbers of waivers and extensions; and DMTs are not fully engaged in planning commissioning and procurement, and tracking performance of contracts. DMTs have been invited to make this a priority for 2019/20.

The Commercial Board is taking a more active approach to senior oversight, and SMT in February conducted its first review of dashboards, summarising key data such as number of contracts, contract spend, number of contracts procured under a waiver to tender, activity, performance and contract breaches. The new accountability arrangements for approvals and to strengthen the pre-tender and tender stages are in place, and being communicated across the Council. The team is working with Manchester Health and Care Commissioning and the Local Care Organisation on the future management of council-funded social care contracts.

### *Processes and systems*

Following a series of workshops with practitioners, standard processes now exist for commissioning and contract management. Implementation is not yet consistent across the Council. Discussions are under way with MHCC and MLCO about appropriate processes and systems for governance for Council-funded contracts.

Improved ICT systems and capability are required to support contract management, and is part of the ICT investment plan. Work started in April 2018 on requirements; design and procurement is due in quarter four of 2018/19 (delayed from quarter one), and implementation is due in the 2019/20 financial year.

### *Resourcing, skills and capability*

Work is underway to raise the prominence of contract management as a career and improve staff skills and capability. Since October, there have been dedicated sessions on financial and contract management on the Our Manchester Leadership and Raising the Bar programmes; these have been well received. In addition, the Council is designing an e-learning course for contract management, to be ready this spring (delayed from autumn, owing to prioritisation of the topics for the e-learning programme).

### *Social Value*

Commissioning for and monitoring delivery of Social Value has been included in all the new contract management standards and tools, and a Social Value Toolkit for Commissioners was launched in March 2018. To strengthen delivery of commitments in contracts, officers are focusing on ensuring that Social Value and its monitoring is explicitly covered early on, at the commissioning and pre-tender stages, and later, at the tender stage; and closely monitoring the delivery of social value once contracts are live. The approach was set out in the Report on use of Social Value KPIs for the Ethical Procurement Sub Group meeting in November 2018.

At full Council meeting in July 2018, the Council ratified the charter on modern slavery, noted that Councils have an important role to play in ensuring their contracts and supplies do not contribute to modern day slavery and exploitation, and committed the Council to a series of actions. The Report on Modern Slavery for the Resource and Governance Scrutiny Committee meeting in January 2019 set out the current position in relation to each of these ten actions, and proposed next steps.

### *Looking ahead*

The priorities for the next six months remain the delivery of the improvement programme, with particular focus on (i) sustaining the progress that has been made; (ii) supporting Directorate Management Teams and SMT in the forward pipeline of commissions and contracts; and (iii) raising staff skills and capabilities, and facilitate cultural change. Work is underway on a communications programme to ensure all staff are aware of their contract and commissioning responsibilities. This is a long-term improvement programme, and there remains much to be done.

### **Governance Area: Schools and Education**

***Action 10) Maintaining a strategic leadership role for the Council in the context of changing national policy in relation to schools, including changes to the school funding formula, and the reducing role of local authorities. Via partnership working, support schools to deliver a good or better level of education and learning, including improvement of quality of secondary school provision and outcomes.***

The Council has undertaken a wide range of activities, and maintained and developed relationships in support of this action

- A peer review was completed in December 2018 involving 2 other GM Local Authorities (Bury and Bolton) which looked at the effectiveness of Manchester's approach to Quality assurance of schools in supporting a Self Improving School System. The outcomes of the review were very positive; identified strengths and areas for further development.
- Continued strategic engagement with the school system through the Strategic Education Partnership Board.
- Continued partnership with Manchester Schools' Alliance (of which the Council is a member), with all major headteacher groups now incorporated into the Alliance. This Alliance reports to the Strategic Education Partnership Board on its programme to support developing practice across all types of school.
- Continued representation from Director of Education at all termly strategic headteacher groups to provide information, discussion of priorities and collaborate on ways forward. The Director of Children's Services promotes all agencies working together to improve the lives, opportunities and outcomes for young people.

- Continued coordination and facilitation of networks of key leaders from all schools to ensure flow of information and strategic intention from national government, local government, regional work and across the school system.
- Continued engagement with the school system regarding allocation and management of Dedicated Schools Grant (DSG) through the Schools' Forum.
- Annual meeting between Director of Education, senior Education officers and each Trust operating in the city to support strategic planning.
- Embed and further develop the role of Manchester School Improvement Partnership to ensure that all teaching schools and National Leaders of Education based in the city are effectively deployed to support school improvement.
- Work with school leaders to ensure that there is better coordination and understanding about the role of school representatives on different strategic boards and steering groups, and strengthening school representation on the Children's Board.
- Implementation of school governor strategy including recruitment of LA governors and termly briefings for Chairs of Governing Boards.
- Sustained quality assurance relationship with the vast majority of schools in the city, including academies and free schools, to provide the Council with a knowledge of schools and to provide the basis of relationships through which the role of schools has continued to develop. This includes development of Support and Challenge boards for schools.
- Development and dissemination in September 2019 of a 'Welcome to Manchester' pack for all headteachers which provides information on the whole schools system and offer from the Council.
- Considerable direct activity with schools in support of meeting the need for additional places, including local schools and multi academy trusts agreeing to expand and develop free school proposals in response to Council requests.
- Work with the Department for Education's (DfE) Regional Schools Commissioner, other parts of the DfE and OFSTED to place the Council at the heart of discussions about performance, capacity and growth in academy and free schools in the city.

#### **Governance Area: Communication of Policy and Procedure**

***Action 11) Continued improvement of governance and communication of workforce policy and associated guidance, including embedding new ways of working. This includes ensuring strong messages around compliance and accountability, and a planned programme of work to identify and tackle areas of non-compliance.***



There are a number of projects in progress that modernise the way we work, focusing clear role accountabilities and automation in order to drive upward compliance levels. Examples of these initiatives are detailed below:

#### *Induction*

The induction process content has been updated, for the inductions of both new staff and managers. The updated process ensures that during induction officers are introduced to key policies and procedures, including those related to HR, Health, Safety and Welfare, Finance and Governance. The process will also outline the key priorities of the Council and the behaviours required of officers, related policy, and how this supports the Our Manchester Strategy. New starters will receive a starter booklet explaining other elements to their employment, such as flexible working, pensions; equality, diversity & inclusion, and information on our union representation. A video has also been created to provide new starters with an overview of the democracy of the Council and its decision making process. The new approach will go live before the end of the 2018/19 financial year.

#### *Leadership Development*

The Raising the Bar Programme continues to assist the development of managers up to Grade 9 ensuring that they have the knowledge, skills and behaviours to deliver Manchester's ambitious targets. For managers Grade 10 and above the Our Manchester Leadership Programme (OMLP) is providing a programme of enhanced leadership development. Currently over 50% of leaders and managers have engaged in these programmes.

Each of the programmes cover key issues, which include people, policy, health, safety and welfare management and mental health awareness. A recent addition launched from October 2018 is a financial management and commissioning module, which seeks to improve awareness and understanding of these key topic for managers. These courses explore both the behaviours required of Manchester managers, and how this links with successful delivery of the Our Manchester Strategy.

An additional Public Service Management module will be added to the Our Manchester Leadership Programme early in the new financial year, which will focus on the accountable leader in the modern public sector, exploring themes around the changing nature of leadership in public services and the expectations of citizens. Delegates will examine what it means to be innovative and entrepreneurial, with public service values at the heart. The module will cover the following key areas.

- Public service leadership for the 21st century

- Principles of good governance
- Personal leadership
- Real life challenges and dilemmas

### *Communications*

Channel development is a key part of the internal communications and engagement strategy 2018/19. The new internal communications team will drive forward further developments with more emphasis on insight, engagement, planning and performance.

The initial focus will be on launching a new look and feel for internal communications in 2019, starting with the core staff broadcasts. This report includes a suggested approach for the launch and proposals to further improve the three electronic broadcasts;

**The Buzz** – a dedicated channel for Chief Executive Joanne Roney OBE to connect with staff in an informative and engaging way. This channel showcases how the vision and priorities of the Council are being put into action, through the eyes of its most senior officer.

**Team Talk** – a dedicated channel for all managers. This broadcast provides a platform to share good practice, build relationships and equip managers with the tools they need to support their teams and succeed in their managerial role. Managers are encouraged to contribute stories, guest-edit and suggest ideas for each issue.

**The Forum** – an all-staff broadcast designed to include something for everyone, including the latest news, employee stories, events, and opportunities to get involved in shaping the future. As this is an employee-led channel, all staff are invited to contribute and help shape its content.

The aim is for the new-style broadcasts to be recognised as credible channels of communication that are valued by all members of staff due to their engaging nature. As part of the new approach to internal communications, the Council will ensure that the broadcasts are used in the most effective way and in conjunction with other channels so that communications and engagement activity is coordinated.

*Our Ways of Working (OWOW)*

Our Ways of Working (OWOW) is a programme of work focused on helping to achieve the Our People ambition through improving flexible working options for our employees, complemented by the right technology and office space. So far the programme has been communicated across the organisation and continues to focus on new ways of working, allowing services to tailor how they work to provide a professional and flexible offer, which works for the services and individuals. A new intranet site is in development to provide employees and managers with all the tools, guidance and support for them to work more flexibly both as an individual and as a service. A revised flexible working policy framework and supporting guidance are also in development to help simplify this approach.

#### *Recruitment and selection*

Launched in October 2018 as part of the autumn update is the new Recruitment and Selection policy and guidance which encourages managers to 'Hire with their Head', tailoring the recruitment process to their roles and services to get the best possible candidates in a way which is fair, inclusive and consistent across the organisation. Alongside the policy, a new intranet site has been developed covering each area of the recruitment process and a mandatory e-learning course has been developed and launched to improve understanding of key areas such as equality considerations. The policy, guidance and e-learning provides consistent content which links recruitment to the Our Manchester Strategy and Our Manchester Behaviours when recruiting. Since October, 674 managers have completed the e-learning course. We are continuing to communicate with managers across the Council to increase the proportion of those who have completed training using the rebranded communication channels.

#### *Using Workforce Intelligence*

The Workforce Assurance dashboards allow HR to highlight key areas of risk to the organisation at both service and directorate levels on a quarterly basis. The range of measures included make it easy to evaluate the wider impact of service level changes: for example, the knock-on effect of high levels of turnover on staff engagement, sickness levels, agency spend and overtime usage. The dashboards have further assisted in monitoring performance against the Budget Recovery Action Plans.

The dashboards enable corporate responses to Council-wide issues. For example, one of the areas of poor performance highlighted in the dashboard was manager compliance with the Management of Attendance policy (particularly around managers recording Return to Work (RTW) interviews, and holding Attendance Monitoring Review meetings for staff who have hit an absence trigger). The RTW compliance rate in the Q4 2017/18 Dashboard was at 77% Council wide with the lowest performing directorate having a compliance rate of 38%. To address this, reminders were built into SAP to prompt managers when they had outstanding tasks of this type. The impact of the reminders has resulted in direct improvements for these metrics, which are then reported in subsequent

dashboards The Q4 2018/19 dashboard is now showing a Council wide compliance rate of 92%, with the lowest performing directorate having a compliance rate of 88%.

## 7. Action Plan: Governance Challenges for 2019/20 Onwards

The review of governance arrangements has identified eleven main areas where the Council will need to focus its efforts during 2019/20, to address changing circumstances and challenges identified. These are set out in the action plan below. Completion or substantial progress against these objectives is due by the end of the financial year, in March 2020.

| Action | What action is to be addressed   | Who is responsible for delivery  |   |
|--------|--|--|---|
|        |  | SMT Leads  | Directors or Heads of Service                           |
| 1      | Continuing progress with embedding Our Manchester priorities, behaviours and approach across all aspects of service delivery, ensuring that staff develop the skills and behaviours articulated in the 'Our People' Strategy, including effective implementation of workforce plans. Supporting Services to move from 'early' and 'developing,' to 'maturing' and 'mature' in the Our Manchester Self-Assessment. Continuing to develop leadership and management capacity and capability. | Deputy Chief Executive & City Treasurer, City Solicitor                    | Director of HROD, Director of Strategic Communications. |
| 2      | Supporting the integration of health and social care by ensuring effective governance of integrated teams, including operation of the MHCC commissioning function, and implementation of the Local Care Organisation (LCO)   | Director of Adult Social Services, Deputy Chief Executive & City Treasurer | -   |
| 3      | Delivery of the Adults Improvement Plan to ensure effective 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   | Director of Adult Social Services  | -   |

| Who is responsible for delivery<br>Directors or Heads of<br>Service |  | Who is responsible for delivery<br>Directors or Heads of<br>Service        |   |
|---|--|--|---|
| Action  | What action is to be addressed   | SMT Leads  | Directors or Heads of Service           |
|   | assurance and the transition from Children's to Adults Services provision.   |  |   |
| 4   | Improving the resilience of ICT systems, including cyber security, the Council's arrangements for disaster recovery.   | Deputy Chief Executive & City Treasurer                                    | Director of ICT                         |
| 5   | Governance of delivery of proposed ICT systems essential to business operations and legal compliance, including the new social care system.  | Deputy Chief Executive & City Treasurer                                    | Director of ICT                         |
| 6   | Changes to the local government finance system, and delivery of continued significant savings.   | Chief Executive, Deputy Chief Executive & City Treasurer                   | Deputy City Treasurer                   |
| 7   | Planning and implementation of changes required to mitigate potential negative impact of Brexit on budget and other assumptions for the Council, partners and residents of the City.   | Chief Executive  | -                                       |
| 8   | Development, design and delivery of major infrastructure projects across Highways, maintenance, and governance of response to the reporting of road issues, linking with strategic development plans, to time, quality standards and on budget.  | Deputy Chief Executive & City Treasurer, Director of Strategic Development | Strategic Director (Neighbourhoods)     |
| 9   | Strengthening the Council's approach to commissioning, procurement and contract management.  | Deputy Chief Executive & City Treasurer                                    | Head of Strategic Commissioning         |
| 10  | 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. | Deputy Chief Executive & City Treasurer, City Solicitor                    | Director of HROD, Deputy City Solicitor |

**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: [signature redacted]

**Leader of the Council**

Signed: [signature redacted]

**Chief Executive**

**Manchester City Council  
Report for Resolution**

**Report to:** Audit Committee – 11 June 2019  
Resources and Governance Scrutiny Committee – 18 June 2019  
Executive – 26 June 2019

**Subject:** Capital Programme Outturn 2018/19

**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 and financing for 2018/19.
- (b) The major variances between the 2018/19 outturn and the previous Capital Programme monitoring report submitted in February 2019.
- (c) The commitments to be carried over into the five year Capital Programme 2019/20 to 2023/24.

### Recommendations

Audit Committee are asked to note the report.

Resources and Governance Scrutiny Committee are asked to note the report.

The Executive is requested to:

1. Note the outturn of capital expenditure 2018/19 for the Manchester City Council Programme was £361.6m. The outturn of capital expenditure 2018/19 for the Programme on behalf of Greater Manchester was £91.2m.
  2. Note the changes to the outturn attributable to movement in the programme that occurred after the previous monitoring report to Executive in February 2019.
  3. Approve the budget transfers between capital schemes to maximise the use of funding resources available to the Council.
  4. Note the decisions of the Deputy Chief Executive and City Treasurer regarding the funding of capital expenditure in 2018/19.
  5. Note the impact of final expenditure in 2018/19 on the revised Capital Programme 2019/20 to 2023/24.
- 

**Wards Affected:** All

| <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

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### **Financial Consequences – Revenue**

All Revenue consequences are included in the current Revenue Budget.

### **Financial Consequences – Capital**

The Capital Outturn 2018/19 for Manchester City Council is £361.6m compared to the revised budget of £400.0m submitted to Executive in February 2019. The Capital Outturn 2018/19 for the programme on behalf of Greater Manchester is £91.2m compared to the revised budget of £95.8m.

The programme is subject to continual review to establish whether the forecast remains achievable. Whilst the intention is for the City Council to progress the programme as stated, some projects and their sources of funding may require re-profiling into future years.



The Greater Manchester programme is hosted by the City Council, but is managed by the Combined Authority which also monitors the projects. The City Council is currently working with the Greater Manchester Combined Authority (GMCA) to finalise the novation of a number of Housing Investment Fund projects following the granting of the relevant borrowing powers to the CA. This will be reported in further detail once the position is confirmed.

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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 13<sup>th</sup> February 2019 – Capital Strategy and Budget 2019/20 to 2023/24
- Report to the Executive 13<sup>th</sup> March 2019 – Capital Programme – Capital Programme Update

## 1 Introduction

1.1 The purpose of the report is to:

- Inform the Executive of the outturn position for 2018/19.
- Inform members of the forward commitments into the 2019/20 to 2023/24 capital programme.
- Confirm that funding streams were managed to best utilise resources available to fund the capital programme.

1.2 This report has been redesigned, to provide more information on the activities undertaken in delivering the programme and the risks associated with the works, as well as the financial monitoring and changes required.

1.3 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. Risks associated with each of the programme areas are highlighted in section 16 of the report.

1.4 Appendix A details the virements requested across the programme since Executive approved the capital budget in February 2019 for 2019/20 onwards. Appendix B details the cost variations since the capital budget was approved in February. Appendix C details the revised capital budget for each project, taking into account the virements requested, any cost variations and any re-profiling between years which has been identified.

## 2 Capital Budget

2.1 Executive approved the Capital Budget for the period 2018/19 to 2023/24 in February, and there was a subsequent capital budget increase report submitted to Executive on 13 March 2019. The revised capital budget for the period 2018/19 to 2023/24, before changes proposed at outturn, is shown below:

| <b>Capital Programme 2018-2024</b>           | <b>2018/19</b> | <b>2019/20</b> | <b>2020/21</b> | <b>2021/22</b> | <b>2022/23</b> | <b>2023/24</b> | <b>Total Programme</b> |
|--|----------------|----------------|----------------|----------------|----------------|----------------|------------------------|
|  | £m             | £m             | £m             | £m             | £m             | £m             | £m                     |
| Capital Budget (Feb 19)                      | 495.4          | 505.6          | 419.0          | 244.0          | 87.0           | 39.0           | <b>1,790.0</b>         |
| Capital Programme Update (Approved March 19) | 0.4            | 3.4            | 1.3            | 0.3            | 0.0            | 0.0            | 5.4                    |
| <b>Revised Capital Budget</b>                | <b>495.8</b>   | <b>509.0</b>   | <b>420.3</b>   | <b>244.3</b>   | <b>87.0</b>    | <b>39.0</b>    | <b>1,795.4</b>         |
| <i>Of which:</i>                             |                |                |                |                |                |                |                        |
| Manchester City Council Programme            | 400.00         | 362.5          | 382.3          | 244.3          | 87.0           | 39.0           | <b>1,515.1</b>         |
| Programme on behalf of Greater Manchester    | 95.8           | 146.5          | 38.0           | 0.0            | 0.0            | 0.0            | <b>280.3</b>           |

2.2 The figures shown above include those approved by the Executive Member for Finance and Human Resources and the Deputy Chief Executive and City

Treasurer under delegated powers and budget increases approved by the Executive.

### 3 Projects carried out on behalf of Greater Manchester

- 3.1 The Greater Manchester programme has spent £91.2m against a budget of £95.8m, a variance of £4.6m, as the number of loan requests during the year was lower than originally anticipated. The Housing Investment Fund has novated to the Greater Manchester Combined Authority, and most of the associated investments will novate across. The Council will retain a number of loans which cannot easily be novated and the Combined Authority will provide loan finance to offset these assets and provide a guarantee against any losses. The exact number and value of loans retained will be reported once the novations are completed.

### 4 Capital Outturn 2018/19

- 4.1 The final spend position for the Manchester City Council Capital Programme in 2018/19 is £361.6m compared to a revised budget of £400.0m. The outturn for the 2018/19 Programme on behalf of Greater Manchester is £91.2m compared to a revised budget of £95.8m. The variations, by service area, are shown in the table below.

*Capital Programme 2018/19 Outturn*

| <b>Manchester City Council Programme</b>  | <b>Budget<br/>£m</b> | <b>Outturn<br/>£m</b>         | <b>Variance<br/>£m</b> |
|---|----------------------|-------------------------------|------------------------|
| Highways                                  | 37.8                 | 38.3                          | 0.5                    |
| Neighbourhoods                            | 11.7                 | 8.9                           | -2.8                   |
| Strategic Development                     | 123.0                | 100.3                         | -22.7                  |
| Town Hall Refurbishment                   | 11.1                 | 8.5                           | -2.6                   |
| Housing - GF                              | 27.8                 | 26.8                          | -1.0                   |
| Housing - HRA                             | 16.7                 | 15.2                          | -1.5                   |
| Children's Services                       | 31.6                 | 29.8                          | -1.8                   |
| ICT                                       | 6.3                  | 3.7                           | -2.6                   |
| Corporate Services                        | 134.0                | 130.0                         | -4.0                   |
| <b>Manchester City Council Programme</b>  | <b>400.0</b>         | <b>361.6</b>                  | <b>-38.4</b>           |
| Programme on behalf of Greater Manchester | 95.8                 | 91.2                          | -4.6                   |
| <b>TOTAL</b>                              | <b>495.8</b>         | <b>452.8</b>                  | <b>-43.0</b>           |
|   |                      | <b>Reprofiling</b>            | -41.4                  |
|   |                      | <b>Cost Variations</b>        | -1.0                   |
|   |                      | <b>Net over (under) spend</b> | -0.6                   |

- 4.2 There is a capital programme variance of £43.0m between the budget and the outturn position.

4.3 The main changes to the programme since the report to Executive in February 2019 are in the Strategic Development Programme where planned spend is £22.7m lower than budgeted. The main reasons are as follows:

- The fit out of floors 4 and 5 of Heron House, at a cost of £3.8m has been rescheduled for 2019/20.
- Although the legal agreements for the Civic Quarter Heat Network have now been signed this has taken longer than originally forecast and the £3.6m estimated spend for the scheme will now be moved into 2019/20.
- There have been changes to the schedule of works from the contractor with additional fire stoppage works required at One Central Park meaning the final £2.7m will now be spent in 2019/20.
- The £5.1m to support the land acquisitions for the Northern Gateway and the additional works as part of the Eastern Gateway Project will now be required in 2019/20.
- Changes to the planned drawdown of the grant, loan and equity for the City Labs scheme means that £2.0m will now be required in 2019/20 when it is scheduled to complete. The outstanding £2.0m grant for the Digital Business Incubators project has also been made in April 2019 moving it into the next financial year.

4.4 Across the rest of the Capital Programme some of the other main changes include:

- An updated forecast for the Our Town Hall Project, based on the actual tendered costs and the rephasing of some early works. Professional fees for 2018/19 have now been drawn down based on the number of days and following the finalisation of the Management Contractor terms, the cost and drawdown profile has now been amended. As a result £2.6m will be moved in to 2019/20.
- Hardware for the Data Centre Network Design and Implementation project that was scheduled to arrive at the end of March arrived in early 2019/20, meaning the £1.4m budget will be required in next financial year.
- £2.4m for the BioMedical investment programme has been reprofiled in to future years. The company is ahead of progress as set out in the business plan. A variation in the work programme has led to a re-phasing to the timing of the loan drawdown.

4.5 The detail of this report will focus on the Council's Capital Programme outturn for 2018/19. Major variances, by service area are explained below. The implications for the programme from 2019/20 onward are explored towards the end of the report.

## **5 Highway Services Programme**

5.1 The Highways capital programme has spent £38.3m compared to a budget of £37.8m, a variance of £0.5m. The programme is shown in the table below:

| <b>Highways</b>                              | <b>18/19<br/>Budget<br/>£m</b> | <b>18/19<br/>Outturn<br/>£m</b> | <b>18/19<br/>Variance<br/>£m</b> | <b>All<br/>Years<br/>Budget<br/>£m</b> | <b>All Years<br/>Forecast<br/>£m</b> | <b>All Years<br/>Variance<br/>£m</b> |
|--|--------------------------------|---------------------------------|----------------------------------|--|--------------------------------------|--------------------------------------|
| Highways Planned Maintenance Programme       | 14.0                           | 17.3                            | 3.3                              | 116.4                                  | 116.3                                | -0.1                                 |
| Manchester/Salford Inner Relief Road (MSIRR) | 6.0                            | 3.7                             | -2.3                             | 13.9                                   | 13.9                                 | 0.0                                  |
| Street Lighting PFI                          | 11.1                           | 12.1                            | 1.0                              | 32.8                                   | 32.8                                 | 0.0                                  |
| Mancunian Way and Princess Parkway NPIF      | 0.4                            | 0.3                             | -0.1                             | 8.2                                    | 9.7                                  | 1.5                                  |
| Other Projects                               | 6.3                            | 4.8                             | -1.4                             | 119.0                                  | 123.1                                | 4.0                                  |
| <b>Total Highways</b>                        | <b>37.8</b>                    | <b>38.3</b>                     | <b>0.5</b>                       | <b>290.3</b>                           | <b>295.7</b>                         | <b>5.4</b>                           |
|  | <b>Reprofiling</b>             |                                 | <b>0.7</b>                       |  |                                      |                                      |
|  | <b>Cost Variations</b>         |                                 | <b>-0.3</b>                      |  |                                      |                                      |
|  | <b>Net over (under) spend</b>  |                                 | <b>0.1</b>                       |  |                                      |                                      |

- 5.2 The schemes within the current Highways portfolio include the highways improvement investment fund, projects to improve and increase the use of cycle routes which relieve congestion and reduce air pollution from CO<sub>2</sub> emissions, improvements to pedestrian access in areas in the City, improvements to safety measures and schemes to reduce energy consumption for street lighting.

#### Activities

- 5.3 Following the original contractor going into administration in early March, a new contractor has now been appointed for the Manchester/Salford Inner Relief Road (MSIRR) scheme, with works re-commencing in early April. The overall scheme will not be significantly affected with completion expected in 2020.
- 5.4 An updated methodology to establish the programme of works for the School crossings programme has been agreed and as a result the first seven schemes were awarded to contractors in the final quarter of 2018/19.
- 5.5 Highways are currently developing a localised social value strategy. Companies will be encouraged to align social value offers in areas such as women in construction, employment of ex-forces personnel, and road safety to maximise impact and ensure social value is achieving key outcomes.
- 5.6 The public consultation for the Manchester to Chorlton Cycleway is now complete. The scheme will now cover a wider area and further improvements have been added meaning additional funding from the Greater Manchester Mayor's cycling fund is required.

- 5.7 A social value meeting has been held with Trafford Council regarding the Cycle City Ambitions Grant (CCAG) scheme which crosses Local Authority boundaries. It has been agreed to set joint targets which will be included with tender documentation.
- 5.8 The Carriageway Resurfacing and Prevention programme continues to progress well with patching works and gully cleaning being delivered across the city. The scheme has also seen a Manchester resident recruited by the contractor with training also provided to three Council employees to increase skills available within the internal workforce. A draft programme for year 3 of this scheme has now also been produced.

#### Variances – All Years

- 5.9 There is an underspend of £0.1m on the Planned Highways Maintenance Programme which backdates to 2014/15. Highways have confirmed that all retentions have been paid for that year.
- 5.10 Various projects in the Highways Portfolio are contributing to the remaining overspend of £5.5m. However, applications for grant funding have been made to cover the costs associated with the Stockport SEMMMS A6 scheme (£2.9m) for works carried out by Stockport MBC on a section of the Council's road network, and work on the Mancunian Way and Princess Parkway NPIF scheme (£1.5m). There is further forecast spend of £1.9m on the Hyde Road Pinch Point Widening scheme due to changes in the design and additional cycling elements being added and it is anticipated this will be funded by the GMCA.

#### Variances – In Year

- 5.11 The main variances reported are:

##### *Highways Maintenance Programme*

- The Carriageway Preventative and Carriageway Resurfacing Programmes have progressed well, with the outstanding works due to poor weather conditions in 2017/18 now completed alongside a significant amount of the 2018/19 programme. Re-profiling of the entire scheme has resulted in an acceleration of £2.9m in 2018/19.
- Drainage works have progressed quicker than expected, resulting in acceleration of £0.7m to 2018/19.
- There has been significant progress on the Large Patching Repairs scheme in the final quarter of 2018/19 with £0.5m budget moved from 2019/20 into 2018/19.
- A revised programme for the Footway schemes now factors in the recent bad weather conditions during the spring. This has resulted in £0.8m of budget being moved in to 2019/20.

MSIRR

- Manchester/Salford Inner Relief Road (MSIRR) has seen £2.3m re-profiling in to next financial year as a result of the main contractor going into administration in early March. As noted in 5.3, a new contractor has now been appointed for the scheme and the works have recommenced.

#### *Street Lighting PFI*

- The LED forecast provided by the contractor at the start of the year anticipated that the rate of installation would slow down once works commenced in the City Centre region. However the contractor has been able to remain ahead of the programme and £1.0m has been accelerated into 2018/19.

#### *Other Projects*

- The funding agreement for Green Bridge at Airport City will be signed in 2019/20, meaning detailed designs will also be received next financial year. The airport has also delayed construction due to planning permission of an adjacent multi storey car park, which requires a movement of £0.4m into future years.
- £0.5m of budget within the Public Realm Highways scheme will be moved in to 2019/20 to support the works to the Exchange Square Water feature and the Automatic Bollard Replacement project. The tender will go out in April 2019.
- As per forecasts from Stockport Metropolitan Borough Council, the Stockport SEMMMS A6 scheme has total slippage of £0.3m in to 2019/20.
- The Bus Priority Package programme – Oxford Road is near completion with an underspend expected. The remaining budget of £0.2m has been moved to 2019/20 while it is determined if there will be any further costs.

#### *Cost Variation*

- A further £0.3m is required for project delivery procurement within the Highways Investment Programme and discussions are ongoing with TfGM regarding the funding.

## **6 Neighbourhoods Programme**

- 6.1 The Neighbourhoods programme is shown in the table below, and is split across three main themes, the details of which are provided separately below:

#### *Neighbourhoods Capital Outturn 2018/19*

| <b>Neighbourhoods</b>       | <b>Budget £m</b> | <b>Outturn £m</b>             | <b>Variance £m</b> |
|-----------------------------|------------------|-------------------------------|--------------------|
| Environment and Operations  | 1.3              | 1.0                           | -0.3               |
| Leisure                     | 9.7              | 7.4                           | -2.3               |
| Libraries                   | 0.7              | 0.5                           | -0.2               |
| <b>Total Neighbourhoods</b> | <b>11.7</b>      | <b>8.9</b>                    | <b>-2.8</b>        |
|                             |                  | <b>Reprofiling</b>            | <b>-2.5</b>        |
|                             |                  | <b>Cost Variations</b>        | <b>-0.1</b>        |
|                             |                  | <b>Net over (under) spend</b> | <b>-0.2</b>        |

*Environment and Operations Programme*

6.2 The Environment and Operations programme has spent £1.0m compared to a budget of £1.3m. The programme is shown in the table below:

| <b>Environment and Operations</b> | <b>18/19 Budget £m</b> | <b>18/19 Outturn £m</b>       | <b>18/19 Variance £m</b> | <b>All Years Budget £m</b> | <b>All Years Forecast £m</b> | <b>All Years Variance £m</b> |
|-----------------------------------|------------------------|-------------------------------|--------------------------|----------------------------|------------------------------|------------------------------|
| Waste Reduction Measures          | 0.3                    | 0.3                           | 0.0                      | 4.7                        | 4.7                          | 0.0                          |
| Waste Contract                    | 0.5                    | 0.5                           | 0.0                      | 11.5                       | 11.5                         | 0.0                          |
| Other Projects                    | 0.5                    | 0.2                           | -0.3                     | 1.3                        | 1.3                          | 0.0                          |
| <b>Total Environment</b>          | <b>1.3</b>             | <b>1.0</b>                    | <b>-0.3</b>              | <b>17.5</b>                | <b>17.5</b>                  | <b>0.0</b>                   |
|                                   |                        | <b>Reprofiling</b>            | <b>-0.3</b>              |                            |                              |                              |
|                                   |                        | <b>Cost Variations</b>        | <b>0.0</b>               |                            |                              |                              |
|                                   |                        | <b>Net over (under) spend</b> | <b>0.0</b>               |                            |                              |                              |

6.3 The schemes are centred on improving the environment with the main focus on the control of waste disposal and promoting recycling.

Activities

6.4 In line with previous forecasts, the remaining budget to procure residual bins to encourage recycling in communal properties and residential housing will be spent within the 2019/20 financial year. A scheme to improve recycling facilities within the City's passageways will now also be progressed by the Environment team.

6.5 The Waste Contract scheme is a loan to Biffa for the purchase of vehicles for use within the waste and street cleansing contract. Biffa have purchased a further five vehicles and further purchases are now being considered.

6.6 The Smart litter bins project is now to be funded through Clean City funds rather than by borrowing.

Variances – In Year

6.7 The Smart Litter Bin scheme is to introduce a 'Bigbelly' bin system that combines smart bin technology with a solar powered compactor which pushes waste down fitting up to eight times more rubbish in the bin. The £0.3m budget for this scheme will be moved in to 2019/20 to firm up the social value implications and associated cost plans to ensure maximum value for money is achieved.

*Leisure Programme*



6.8 The Leisure programme has spent £7.4m compared to a budget of £9.7m, a variance of £2.3m. The programme is shown in the table below:

| Leisure                       | 18/19 Budget £m | 18/19 Outturn £m              | 18/19 Variance £m | All Years Budget £m | All Years Forecast £m | All Years Variance £m |
|-------------------------------|-----------------|-------------------------------|-------------------|---------------------|-----------------------|-----------------------|
| Parks Programme               | 1.7             | 0.8                           | -0.9              | 29.4                | 21.3                  | -8.1                  |
| Indoor Leisure – Abraham Moss | 0.7             | 0.4                           | -0.3              | 14.8                | 14.8                  | 0.0                   |
| Indoor Leisure – Moss Side    | 5.6             | 5.6                           | 0.0               | 8.7                 | 8.7                   | 0.0                   |
| Other Projects                | 1.7             | 0.7                           | -1.0              | 38.3                | 38.3                  | 0.0                   |
| <b>Total Leisure</b>          | <b>9.7</b>      | <b>7.4</b>                    | <b>-2.3</b>       | <b>91.3</b>         | <b>83.2</b>           | <b>-8.1</b>           |
|                               |                 | <b>Reprofiling</b>            | <b>-2.2</b>       |                     |                       |                       |
|                               |                 | <b>Cost Variations</b>        | <b>-0.1</b>       |                     |                       |                       |
|                               |                 | <b>Net over (under) spend</b> | <b>0.0</b>        |                     |                       |                       |

6.9 The Leisure Programme provides leisure, sports and park facilities and services to communities across the City to promote health and wellbeing. It includes improvements to energy equipment to reduce consumption to realise economic and environmental benefits. The programme also includes improvements to facilities which are used for events and which may provide an economic benefit.

#### Activities

- 6.10 Recruitment to the supporting structure for the Parks Development Programme (PDP) is progressing and work is underway to re-profile the budget across the three elements of the programme: Heaton, Wythenshawe and City Wide.
- 6.11 Works at a number of parks are progressing to improve the quality and capacity of play facilities on site. Works at King George V Park is expected to be completed at the end of April 2019, with Wythenshawe and Heaton Park South Play area to follow in early May.
- 6.12 The contractor for the Abraham Moss Leisure Centre was appointed in early 2019/20 with start-up meetings held shortly after. The project team are now working with the contractor to align design and cost with available funding and site investigations are ongoing.
- 6.13 Progress has been made with the proposed refurbishment and ongoing maintenance works at the Manchester Aquatics Centre (MAC) and works to the National Cycling Centre (NCC). For the MAC, Estates Board have agreed to use the £0.9m approved Asset Management Programme (AMP) expenditure for 2019/20 to develop plans to RIBA Stage 2. Ongoing reactive maintenance will continue while discussions are held with the University regarding the current lease on the venue. The same approach to develop

plans to RIBA Stage 2 in order to submit a business case in January 2020 is likely to be followed for the NCC.

- 6.14 Two further projects, funded by external contributions, have been identified by Leisure. Sports England have agreed to fund £0.4m improvement works at the NCC (outside of the works highlighted in 6.13), and Manchester City Football Club's City in the Community are seeking to invest £0.4m in Council assets.

#### Variances – All Years

- 6.15 Following a review of the proposed Parks Development Programme (PDP), the grant giving body are now more likely to focus grants on historic buildings than parks, which means it can no longer be assumed that they will support the programme. As there is a risk the grant will not be forthcoming the £8.1m grant element supporting the scheme has been removed from the Capital Programme.

#### Variances - In Year

- 6.16 Various schemes within the Parks programme have seen total slippage of £0.9m. For the Parks Events Infrastructure Project, one remaining work package at Platt Fields Park to alleviate seasonal flooding is outstanding. Works have commenced on site and will finish in early 2019/20 and £0.2m has moved to next year. An arborist issue relating to Heaton Park South play area is likely to result in a two week programme delay and therefore £0.3m will be reprofiled to 2019/20. £0.3m has been reallocated into next financial year in relation to Wythenshawe Park, Northenden Riverside Park and King George V Park due to slight delays in getting contracts signed, meaning works will now complete in early 2019. Lastly, due to the recruitment to the Parks Development Programme (as noted in 6.10) taking longer than expected, the £0.1m budget for 2018/19 will be moved into the next financial year.
- 6.17 For the Indoor Leisure - Abraham Moss project, £0.3m budget has been re-profiled to 2019/20 whilst the contractor's cost plan is being reviewed. This may result in a need to revisit the profiling of the whole scheme.
- 6.18 The Boggart Hole Clough Visitors Centre project is currently on hold while the current cost plans are reconsidered against the available budget. This will be reviewed as part of the Parks Development Programme city wide investment feasibility works. As a result the £0.5m budget will be reallocated to 2019/20.
- 6.19 Works at the Velodrome track have now been completed. The £0.1m contingency element of the budget will be moved in to 2019/20 in case of any defects, although this is unlikely.
- 6.20 Finally, the two recently approved projects; Booth Street Car Park and the Contact Theatre Loan will be actioned early next financial year and hence the combined budgets of £0.4m will be reallocated to 2019/20.

#### *Libraries Programme*

6.21 The Libraries programme has spent £0.5m against a budget of £0.7m, a variance of £0.2m. The programme is shown in the table below:

| Libraries              | 18/19 Budget £m               | 18/19 Outturn £m | 18/19 Variance £m | All Years Budget £m | All Years Forecast £m | All Years Variance £m |
|------------------------|-------------------------------|------------------|-------------------|---------------------|-----------------------|-----------------------|
| Open Libraries         | 0.0                           | 0.0              | 0.0               | 0.5                 | 0.5                   | 0.0                   |
| Other Projects         | 0.7                           | 0.5              | -0.2              | 2.7                 | 2.5                   | -0.2                  |
| <b>Total Libraries</b> | <b>0.7</b>                    | <b>0.5</b>       | <b>-0.2</b>       | <b>3.2</b>          | <b>3.0</b>            | <b>-0.2</b>           |
|                        | <b>Reprofiling</b>            |                  | <b>0.0</b>        |                     |                       |                       |
|                        | <b>Cost Variations</b>        |                  | <b>0.0</b>        |                     |                       |                       |
|                        | <b>Net over (under) spend</b> |                  | <b>-0.2</b>       |                     |                       |                       |

6.22 The library programme seeks to bring up to date accessible technology to communities, provide high quality exhibition areas attracting visitors and residents and create new community meeting spaces.

#### Activities

6.23 Libraries are reporting 488 registered users at Withington Library as part of the Open Libraries project with this being monitored as a benefit during the ongoing operation of the facility. A 2.7% increase in self-service transactions was reported for 2017/18 as part of the RFID Refresh.

#### Variances – All Years and In Year

6.24 The roll out of the Central Library ICT project has identified equipment on a revenue lease basis which will provide an improved specification compared to the planned capital purchase resulting in an underspend of £0.2m.

## 7 Strategic Development Programme

7.1 The Strategic Development programme is shown in the table below, and is split across three main themes, the details of which are provided separately below:

#### *2018/19 Strategic Development Capital programme outturn*

| Strategic Development              | Budget £m                     | Outturn £m   | Variance £m  |
|------------------------------------|-------------------------------|--------------|--------------|
| Culture                            | 26.7                          | 28.4         | 1.7          |
| Corporate Estates                  | 49.2                          | 39.7         | -9.5         |
| Development                        | 47.1                          | 32.2         | -14.9        |
| <b>Total Strategic Development</b> | <b>123.0</b>                  | <b>100.3</b> | <b>-22.7</b> |
|                                    | <b>Reprofiling</b>            |              | <b>-22.1</b> |
|                                    | <b>Cost Variations</b>        |              | <b>-0.1</b>  |
|                                    | <b>Net over (under) spend</b> |              | <b>-0.5</b>  |

### Culture Programme

- 7.2 The Culture programme has spent £28.4m compared to a budget of £26.7m, a variance of £1.7m. The programme is shown in the table below:

| Cultural              | 18/19 Budget                  | 18/19 Outturn | 18/19 Variance | All Years Budget | All Years Forecast | All Years Variance |
|-----------------------|-------------------------------|---------------|----------------|------------------|--------------------|--------------------|
|                       | £m                            | £m            | £m             | £m               | £m                 | £m                 |
| The Factory           | 26.7                          | 28.4          | 1.7            | 138.6            | 139.4              | 0.8                |
| Other Projects        | 0.0                           | 0.0           | 0.0            | 26.8             | 26.8               | 0.0                |
| <b>Total Cultural</b> | <b>26.7</b>                   | <b>28.4</b>   | <b>1.7</b>     | <b>165.4</b>     | <b>166.2</b>       | <b>0.8</b>         |
|                       | <b>Reprofiling</b>            |               | <b>0.9</b>     |                  |                    |                    |
|                       | <b>Cost Variations</b>        |               | <b>0.8</b>     |                  |                    |                    |
|                       | <b>Net over (under) spend</b> |               | <b>0.0</b>     |                  |                    |                    |

- 7.3 The Factory will act as a driver of the next stage of Manchester's and the North's regeneration – with clear cultural, economic, educational and social benefits for the city and the wider region. It will be a new type of venue – one that can commission, produce and present the widest range of opera, dance, theatre, visual arts and popular culture, with an emphasis on new cross-art form collaborations, for a much wider audience than any traditional venue.

#### Activities

- 7.4 Further activity for the project includes the first cranes being erected and site cabins arriving onsite for occupation by site staff from April 2019 onwards. 51% of the value of work packages are now let.
- 7.5 Laing O'Rourke have submitted their sustainability plan for the project, identifying their social value commitments. This includes 60 mentoring, training, employability skills or career development sessions and 50 work experience placements. Delivery of targets is being monitored by the project team.

#### Variances – All Years

- 7.6 As part of the report to Executive in January 2017, the City Council approved funding of £20.0m for the scheme from Capital Receipts and Non-recurring Revenue Receipts. At that stage it was estimated the revenue required would be £2.1m. This has now been revised and as per the report to Executive in November 2018, the revised requirement is £1.3m. The difference of £0.8m has now been included in the Capital budget profile and Executive are asked to approve a transfer of £0.8m from the non-recurring revenue receipt to Capital.

#### Variances – In Year

7.7 As the project has now achieved notice to proceed (NTP) and the programme has now been agreed, the forecast reflects the revised programme cash flow from Laing O'Rourke and the revised fee profile for the design team consultants. A payment to Manchester Quays Limited related to electricity supply was expected to be paid in 2019/20, however was triggered early due to activity on site. As a result the total acceleration of budget in to 2018/19 is £0.9m.

7.8 The other in year variance is in relation to the cost variation of £0.8m noted in 7.6.

#### *Corporate Estates Programme*

7.9 The Corporate Estates programme has spent £39.7m compared to a budget of £49.2m, a variance of £9.5m. The programme is shown in the table below:

| <b>Corporate Estates</b>         | <b>18/19 Budget<br/>£m</b> | <b>18/19 Outturn<br/>£m</b> | <b>18/19 Variance<br/>£m</b>  | <b>All Years Budget<br/>£m</b> | <b>All Years Forecast<br/>£m</b> | <b>All Years Variance<br/>£m</b> |
|----------------------------------|----------------------------|-----------------------------|-------------------------------|--------------------------------|----------------------------------|----------------------------------|
| Asset Management Programme       | 9.0                        | 7.3                         | -1.7                          | 37.8                           | 37.8                             | 0.0                              |
| Strategic Acquisitions Programme | 8.7                        | 10.4                        | 1.7                           | 19.1                           | 19.1                             | 0.0                              |
| Hammerstone Road Depot           | 0.9                        | 0.7                         | -0.2                          | 15.0                           | 15.0                             | 0.0                              |
| Heron House and Registrars       | 15.8                       | 12.0                        | -3.8                          | 20.6                           | 20.6                             | 0.0                              |
| Carbon Reduction Programme       | 0.1                        | 0.1                         | 0.0                           | 10.3                           | 10.3                             | 0.0                              |
| Civic Quarter Heat Network       | 6.5                        | 2.9                         | -3.6                          | 26.0                           | 26.0                             | 0.0                              |
| Estates Transformation           | 5.2                        | 4.4                         | -0.8                          | 18.0                           | 18.0                             | 0.0                              |
| Other Projects                   | 2.9                        | 1.9                         | -1.0                          | 5.2                            | 5.2                              | 0.0                              |
| <b>Total Corporate Estates</b>   | <b>49.2</b>                | <b>39.7</b>                 | <b>-9.5</b>                   | <b>152.0</b>                   | <b>152.0</b>                     | <b>0.0</b>                       |
|                                  |                            |                             | <b>Reprofiling</b>            |                                |                                  | <b>-9.5</b>                      |
|                                  |                            |                             | <b>Cost Variations</b>        |                                |                                  | <b>0.0</b>                       |
|                                  |                            |                             | <b>Net over (under) spend</b> |                                |                                  | <b>0.0</b>                       |

7.10 The programme supports the provision of fit for purpose accommodation for corporate, community and residential use and proactively maintaining and managing the corporate estate which includes reducing carbon emissions.

#### Activities

7.11 A large number of projects within the 2018/19 Asset Management Programme (AMP) completed on time, including Withington Library roof works and internal remodelling and Heathfield windows and doors replacement. The Arndale

Market safety and ventilation works are also now complete and feedback from the client was positive. A programme of works for 2019/20 has now been agreed.

- 7.12 A construction partner has been appointed for the Hammerstone Road project, and a revised RIBA Stage 3 figure was submitted in March. The final scope, taking into account the potential impact of the HS2 project and costs will be reviewed early in 2019/20. A decision on the direction of the project will be taken once revised costs have been assessed.
- 7.13 Design works are progressing for Alexandra House and the associated car park using the £1.6m approved for site investigations, surveys and design fees. The scheme is scheduled to complete in December 2020. Staff have been relocated to offices on City Road while the refurbishment is underway and a furniture re-use, sale and disposal exercise has been completed. Refurbishment of the Hulme District Offices completed in early 2019/20 with staff now relocated back to the venue.
- 7.14 It was reported to Executive in January that there was a potential issue within the Education and Corporate Estate in cases where aerated concrete had been used during construction. The material was predominantly used between 1950-1980, with a defect recently identified nationally which could lead to the product failing within a 48 year period. A review of MCC buildings constructed within this period was undertaken and all surveys conducted showed no sign of this type of concrete.

#### Variances – All Years

- 7.15 The Alexandra House car park scheme is being further developed to RIBA Stage 4 and the Design Team and client are looking at options and amendments to the Stage 3 design that will help deliver the project within budget.

#### Variances – In Year

- 7.16 Various schemes within the Asset Management programme will require re-profiling in to future years. A new contractor has had to be appointed for the Space Roof project and completion will now be in 2019/20. The Central library survey and works will now commence in 2019/20 as further design work is required. While design has been commissioned for the Council's property within the Eastlands estate, the National Football Museum and Bridgewater Hall, some works resulting from this will now be delivered next year. Finally the works at Heaton Park and Hall will now start in 2019/20. As a result, a total reprogramming of £1.7m in to future years is required.
- 7.17 The schedule of works within the Strategic Acquisitions Programme has recently been re-profiled and an acceleration of £1.7m budget in to 2018/19 is required due to negotiations across various projects concluding sooner than expected.

- 7.18 Due to the current position on the Hammerstone Road project as noted in 7.12, the remaining £0.2m budget for 2018/19 will be moved in to 2019/20.
- 7.19 The Heron House and Registrars work has now completed, however the fit out of floors 4 and 5 has been reprofiled into next financial year as a consequence of agreement for lease negotiations with the proposed tenant, procurement routes that had to be taken and various contract negotiations. A further contribution of £0.7m has been received in relation to the fit out of floor 2 and the total programme requires a movement of £3.8m budget in to 2019/20, when the scheme is scheduled to complete.
- 7.20 In line with the latest position reported to Executive, the legal agreements for the Civic Quarter Heat Network have now been signed and the programme of work updated. The budget is now being adjusted accordingly with a need to re-profile £3.6m of the budget into future years.
- 7.21 Elsewhere, the refurbishment of Ross Place Resource Centre has recently completed, however the service are awaiting the final costs and the remaining £1.0m budget will be moved in to 2019/20 until it is determined whether this will be fully utilised.

*Development Programme*

- 7.22 The Development programme has spent £32.2m compared to a budget of £47.1m, a variance of £14.9m. The programme is shown in the table below:

| <b>Development</b>                     | <b>18/19 Budget<br/>£m</b> | <b>18/19 Outturn<br/>£m</b> | <b>18/19 Variance<br/>£m</b> | <b>All Years Budget<br/>£m</b> | <b>All Years Forecast<br/>£m</b> | <b>All Years Variance<br/>£m</b> |
|--|----------------------------|-----------------------------|------------------------------|--------------------------------|----------------------------------|----------------------------------|
| Digital Asset Base – One Central Park  | 9.4                        | 6.7                         | -2.7                         | 10.8                           | 10.8                             | 0.0                              |
| Eastern Gateway – Central Retail Park  | 1.3                        | 0.3                         | -1.0                         | 40.4                           | 40.4                             | 0.0                              |
| Eastern Gateway – New Islington Marina | 1.8                        | 1.5                         | -0.3                         | 5.2                            | 5.2                              | 0.0                              |
| Northern Gateway                       | 3.9                        | 0.0                         | -3.9                         | 25.0                           | 25.0                             | 0.0                              |
| City Labs 2                            | 3.7                        | 1.7                         | -2.0                         | 3.7                            | 3.7                              | 0.0                              |
| Airport City Power Infrastructure      | 2.4                        | 2.4                         | 0.0                          | 6.0                            | 6.0                              | 0.0                              |
| Digital Business Incubators            | 3.5                        | 1.5                         | -2.0                         | 4.0                            | 4.0                              | 0.0                              |
| Sustaining Key Initiatives             | 0.0                        | 0.0                         | 0.0                          | 13.6                           | 13.6                             | 0.0                              |
| Manchester College                     | 17.6                       | 17.6                        | 0.0                          | 27.6                           | 27.6                             | 0.0                              |
| Other Projects                         | 3.4                        | 0.4                         | -3.0                         | 89.4                           | 88.0                             | -1.4                             |
| <b>Total Development</b>               | <b>47.1</b>                | <b>32.2</b>                 | <b>-14.9</b>                 | <b>225.7</b>                   | <b>224.3</b>                     | <b>-1.4</b>                      |
|  |                            |                             | <b>Reprofiling</b>           |                                |                                  | <b>-13.5</b>                     |
|  |                            |                             | <b>Cost Variations</b>       |                                |                                  | <b>-0.9</b>                      |

|                                   |             |
|-----------------------------------|-------------|
| <b>Net over (under)<br/>spend</b> | <b>-0.5</b> |
|-----------------------------------|-------------|

- 7.23 The Development Programme seeks to provide sustainable growth and transformation of the City, not only to support internal growth but also to retain international competitiveness by promoting opportunities to develop the City's fabric, infrastructure, business and skills base and connecting local communities to employment opportunities.

#### Activities

- 7.24 The remaining £2.0m grant funding in relation to the Tech Hub must be spent prior to Summer 2019 and work is ongoing to finalise the business case.
- 7.25 The statue in Lincoln Square has been removed to enable public realm works to be undertaken. Highways are currently reviewing proposals including the transfer of land and future use of the public realm.
- 7.26 An enhanced proposal for Piccadilly Gardens is being developed by the City Centre Regeneration team with a public consultation due to take place in Summer 2019.

#### Variances – All Years

- 7.27 The East Manchester retentions carried forward from previous years are no longer required and the £0.5m released is available for use against the Eastern Gateway – New Islington Marina project within the Development programme.
- 7.28 There is a £0.9m underspend against the disposal of the Collyhurst police station as part of the Northern Gateway scheme, as the outstanding amount was deducted from the initial premium paid by our joint venture partner when the legal agreements were put in place. A cost variation is requested for this.
- 7.29 The nature of the Sustaining Key Initiatives project is that it is required as and when projects necessitate support which means forecasting spend is difficult. Budget provision remains which can be accelerated into 2019/20 as and when required.

#### Variances – In Year

- 7.30 There is a requirement to move £2.7m budget for the Digital Asset Base – One Central Park into the next financial year due to the contractor being slightly behind schedule and additional fire stopping works being undertaken. The outstanding packages of work are expected to be completed in 2019/20.
- 7.31 Demolition works at Central Retail Park have commenced, however there is slippage of £1.3m on the Eastern Gateway schemes whilst appropriate due diligence is being undertaken.



- 7.32 Discussions regarding the Northern Gateway scheme are ongoing. The intention is to support the acquisition of land for the joint venture in a manner which mitigates the risks to the City Council. The £3.9m set aside for acquisition in 2018/19 will be moved to next financial year.
- 7.33 City Labs 2 will require movement of £2.0m budget in to 2019/20 due to a shift in drawdown timings, caused by getting the grant agreement signed, agreeing the Evergreen loan and an equity raise process that was completed to ensure the scheme was fully funded. The scheme is expected to fully complete in 2019/20.
- 7.34 The outstanding grant payment for the Digital Business Incubators project will now be paid in early April 2019 when the contractor will be in a position to commence the refurbishment work. As a result the remaining £2.0m budget will be moved in to 2019/20.
- 7.35 There is slippage of £0.2m on the Medieval Quarter Public Realm as site surveys originally scheduled for December didn't take place until early spring. Construction will begin in April 2019 until the end of November 2019 with a project budget of £1.7m.
- 7.36 The Space Project – Phase 2 has completed the Tenant Fit Out element of Space Studios, against which there are potential savings of £1.0m. Further work is being completed and in the interim the £1.0m budget will be moved in to 2019/20.
- 7.37 Other in year variances relate to the underspends in 7.27-7.28.

## 8 Our Town Hall Refurbishment

- 8.1 The Our Town Hall Refurbishment programme has spent £8.5m compared to a budget of £11.1m, a variance of £2.6m. The programme is shown in the table below:

| <b>Our Town Hall</b>                     | <b>18/19 Budget<br/>£m</b>    | <b>18/19 Outturn<br/>£m</b> | <b>18/19 Variance<br/>£m</b> | <b>All Years Budget<br/>£m</b> | <b>All Years Forecast<br/>£m</b> | <b>All Years Variance<br/>£m</b> |
|--|-------------------------------|-----------------------------|------------------------------|--------------------------------|----------------------------------|----------------------------------|
| Our Town Hall Refurbishment              | 11.1                          | 8.5                         | -2.6                         | 305.2                          | 305.2                            | 0.0                              |
| <b>Total Our Town Hall Refurbishment</b> | <b>11.1</b>                   | <b>8.5</b>                  | <b>-2.6</b>                  | <b>305.2</b>                   | <b>305.2</b>                     | <b>0.0</b>                       |
|  | <b>Reprofiling</b>            |                             | <b>-2.6</b>                  |                                |                                  |                                  |
|  | <b>Cost Variations</b>        |                             | <b>0.0</b>                   |                                |                                  |                                  |
|  | <b>Net over (under) spend</b> |                             | <b>0.0</b>                   |                                |                                  |                                  |

### Activities

- 8.2 The Our Town Hall Refurbishment programme continues at pace, with the contractors RIBA Stage 3 report approved, and the team reaching agreement

with stakeholders about the scope and extent of many of the work packages. Feedback from public consultation events has been positive and these will continue to take place.

- 8.3 TfGM are undertaking traffic modelling to assess the proposed options for Albert Square for through traffic under 'business as usual' and 'event' conditions.
- 8.4 Workshops are scheduled for 2019 to ensure: design proposals will guarantee the building will be accessible to all, the finalisation of the management contract with Lendlease, scope and cost of early works are finalised and progress is made on the appointment of a suitable mechanical, electrical and plumbing contractor.
- 8.5 The responsibility for the building will transfer to the Management Contractor from May 2019, and they will then be responsible until the building is handed back to the Council in 2024. This will include Planned Preventative Maintenance, security, housekeeping operations along with reactive repairs in the building. Once the asset is transferred to the Management Contractor then the expenditure to run the building will be capitalised. Executive are asked to approve a funding switch of £32k from Capital to Revenue to pay for Planned Preventative Maintenance (PPM) works scheduled for April 2019 before the building formally transfers.

#### Variances – In Year

- 8.6 The forecast is now based on the actual tendered costs and some early works have now been re-phased in 2019/20. Professional fees for 2018/19 have been drawn down based on the number of days and following the finalisation of the Management Contractor terms, the cost and drawdown profile has been amended to reflect the commercial agreement. There was also a reduction on spend of ICT de-commissioning. As a result a total of £2.6m has been moved into 2019/20.

### **9 Housing - General Fund**

- 9.1 The Private Sector Housing programme has spent £26.8m compared to a budget of £27.8m, variance of £1.0m. The programme is shown in the table below:

| <b>Private Sector Housing (General Fund)</b> | <b>18/19 Budget £m</b> | <b>18/19 Outturn £m</b> | <b>18/19 Variance £m</b> | <b>All Years Budget £m</b> | <b>All Years Forecast £m</b> | <b>All Years Variance £m</b> |
|--|------------------------|-------------------------|--------------------------|----------------------------|------------------------------|------------------------------|
| Brunswick PFI Land Assembly                  | 2.4                    | 2.6                     | 0.2                      | 9.5                        | 9.5                          | 0.0                          |
| Disabled Facilities Grant                    | 8.1                    | 8.2                     | 0.1                      | 53.9                       | 53.9                         | 0.0                          |
| Extra Care                                   | 3.6                    | 3.6                     | 0.0                      | 6.0                        | 6.0                          | 0.0                          |
| Ben St Regeneration                          | 5.6                    | 4.9                     | -0.7                     | 15.6                       | 15.6                         | 0.0                          |

|  |             |                               |             |              |              |             |
|--|-------------|-------------------------------|-------------|--------------|--------------|-------------|
| Marginal Viability Fund – New Victoria             | 0.0         | 0.0                           | 0.0         | 10.1         | 10.1         | 0.0         |
| Marginal Viability Fund – Bowes Street             | 0.0         | 0.0                           | 0.0         | 3.3          | 0.0          | -3.3        |
| Other Projects                                     | 8.1         | 7.5                           | -0.6        | 90.3         | 90.3         | 0.0         |
| <b>Total Private Sector Housing (General Fund)</b> | <b>27.8</b> | <b>26.8</b>                   | <b>-1.0</b> | <b>188.7</b> | <b>185.4</b> | <b>-3.3</b> |
|  |             | <b>Reprofiling</b>            | <b>-1.0</b> |              |              |             |
|  |             | <b>Cost Variations</b>        | <b>0.0</b>  |              |              |             |
|  |             | <b>Net over (under) spend</b> | <b>0.0</b>  |              |              |             |

- 9.2 The Private Sector Housing programme focuses on providing affordable housing including the facilities, adaptations and community focus required.

#### Activities

- 9.3 Major progress has been made on the redevelopment of the Turkish Centre within the Brunswick PFI Land Assembly scheme, with a final valuation for the build and fees expected in early 2019/20.
- 9.4 The Disabled Facilities Grant 2018/19 has been spent on mandatory and discretionary adaptations to people's homes. The remaining allocation from prior years will be carried forward in to 2019/20.
- 9.5 Plans are progressing for the development of the former Spire Hospital site in Whalley Range to provide extra care accommodation. It is expected that there will also be residential homes for sale. The financial model is being reviewed to ensure affordability and the project scope and risks are being finalised, with a business case expected in early 2019/20.
- 9.6 The current phase of the Ben Street project has completed on time and to specification.

#### Variances – All Years

- 9.7 The funding and delivery model associated with the Marginal Viability Fund – Bowes street scheme has been re-evaluated, with alternative options being explored. This will be subject to consultation with the Executive Member for Adult Health and Wellbeing as well as local stakeholders. In the interim, the £3.3m has been removed from the Capital Programme budget.

#### Variances – In Year

- 9.8 Acceleration of £0.2m budget for the Brunswick PFI Land Assembly scheme is required due to the progress noted in 9.3.

- 9.9 The Disabled Facilities Grant has been accelerated by £0.1m due to exceeding the anticipated number of completed adaptations within the financial year.
- 9.10 Reprofiting of the Ben Street Regeneration project is required, due to the contingency and risk retention budgets not being utilised in 2018/19. Therefore, a total of £0.7m budget will be moved in to 2019/20.
- 9.11 The budget for the West Gorton Community Park scheme is being reviewed, including the link to the European Community Fund – research project, looking at the impact of green space on climate change. Whilst the scheme is under review, the remaining £0.5m budget for 2018/19 will be re-profiled in to 2019/20.
- 9.12 There are various other projects within the Private Sector Housing portfolio that collectively require budget re-profiling in to future years of £0.1m.

## 10 Housing Revenue Account (HRA)

- 10.1 The Public Sector Housing (HRA) programme has spent £15.2m compared to a budget of £16.7m, a variance of £1.5m. The programme is shown in the table below:

| Public Sector Housing (HRA)              | 18/19 Budget<br>£m | 18/19 Outturn<br>£m           | 18/19 Variance<br>£m | All Years Budget<br>£m | All Years Forecast<br>£m | All Years Variance<br>£m |
|--|--------------------|-------------------------------|----------------------|------------------------|--------------------------|--------------------------|
| Northwards                               | 9.5                | 8.7                           | -0.8                 | 124.7                  | 124.7                    | 0.0                      |
| North Manchester New Builds              | 7.2                | 6.2                           | -1.0                 | 21.4                   | 21.4                     | 0.0                      |
| Other Projects                           | 0.0                | 0.3                           | 0.3                  | 47.8                   | 47.3                     | -0.5                     |
| <b>Total Public Sector Housing (HRA)</b> | <b>16.7</b>        | <b>15.2</b>                   | <b>-1.5</b>          | <b>193.9</b>           | <b>193.4</b>             | <b>-0.5</b>              |
|  |                    | <b>Reprofiling</b>            | <b>-1.8</b>          |                        |                          |                          |
|  |                    | <b>Cost Variations</b>        | <b>0.3</b>           |                        |                          |                          |
|  |                    | <b>Net over (under) spend</b> | <b>0.0</b>           |                        |                          |                          |

- 10.2 The Public Sector Housing programme seeks to bring the estate up to and maintain Decent Homes standard including statutory health and safety regulations and the reduction of CO2 emissions.

### Activities

- 10.3 The Northwards 2019/20 capital programme is currently being developed, along with business cases for Riverdale Maisonette improvements and demolition works and Low Rise blocks fire safety assessments. External factors, mainly relating to the Grenfell inquiry, have severely delayed the Northwards programme in this financial year.

- 10.4 Northwards have reported that 287 non-decent properties were refurbished to Decent Homes standard in 2018/19, and that energy efficiency targets are being exceeded. Northwards plan to commence further major improvements across their portfolio in early 2019/20 which will contribute further to the Decent Homes standards objectives. This will incorporate fire safety works including sprinkler systems. Work is continuing on sprinkler demonstration flats, with open days ongoing for tenants to view the system and ask any questions.
- 10.5 A scheme to provide communal heating for 270 properties through a ground source heat pump is being progressed, following confirmation of 50% match funding from European Regional Development Fund (ERDF).

#### Variances – All Years

- 10.6 There is a £0.5m variance to the Parkhill Land Assembly budget across all years. The legal title of the area is now under the Council's ownership and land remediation works have commenced. This underspend in future years is in relation to Homes England grant funding no longer being available.

#### Variances – In Year

- 10.7 Across the whole of the Northwards programme of works, there is a requirement to move £0.8m budget in to next financial year. This is due to various reasons such as delays in completing final accounts, potential savings that have been identified which won't be confirmed till next year, or other slight changes to schedules of works.
- 10.8 The North Manchester New Builds (NMNB) scheme will require total budget re-profiling of £1.0m in to next financial year across various tranches of the project. NMNB1 for the delivery of 60 new build units will slip £0.4m due to delays caused by the Utilities. A capital budget increase for NMNB3 was requested in March 2019 for additional funding to enable the development process to proceed, which will begin in early 2019/20 meaning that £0.6m budget will be moved to next year.
- 10.9 £0.3m of expenditure from the Asset Management Programme in relation to Woodward Court has been transferred to the HRA due to the asset being under HRA control.

## **11 Children's Services**

- 11.1 The Children's Services programme has spent £29.8m compared to a budget of £31.6m, a variance of £1.8m. The programme is shown in the table below:

| <b>Children's Services</b>       | <b>18/19 Budget<br/>£m</b> | <b>18/19 Outturn<br/>£m</b>   | <b>18/19 Variance<br/>£m</b> | <b>All Years Budget<br/>£m</b> | <b>All Years Forecast<br/>£m</b> | <b>All Years Variance<br/>£m</b> |
|----------------------------------|----------------------------|-------------------------------|------------------------------|--------------------------------|----------------------------------|----------------------------------|
| Basic Need and SEND Programme    | 28.1                       | 27.3                          | -0.8                         | 300.7                          | 300.7                            | 0.0                              |
| School Maintenance programme     | 2.3                        | 2.1                           | -0.2                         | 18.8                           | 18.5                             | -0.3                             |
| Other Projects                   | 1.2                        | 0.4                           | -0.8                         | 5.6                            | 5.5                              | -0.1                             |
| <b>Total Children's Services</b> | <b>31.6</b>                | <b>29.8</b>                   | <b>-1.8</b>                  | <b>325.1</b>                   | <b>324.7</b>                     | <b>-0.4</b>                      |
|                                  |                            | <b>Reprofiling</b>            | <b>-1.7</b>                  |                                |                                  |                                  |
|                                  |                            | <b>Cost Variations</b>        | <b>-0.1</b>                  |                                |                                  |                                  |
|                                  |                            | <b>Net over (under) spend</b> | <b>0.0</b>                   |                                |                                  |                                  |

- 11.2 The main focus of the children's services programme is to provide additional school places for children across the City and maintain the school buildings. Ensuring that there is investment in modern, energy efficient and high quality education infrastructure which drives reductions in carbon across the estate of schools, 85% of materials are locally sourced and contractors recycle more than 75% of waste products.

#### Activities

- 11.3 Progress is being made expanding alternative provision (AP) and Special Educational Needs (SEN) provision at sites across the City including Burgess and Northridge. The tender exercise to appoint a contractor for the Northridge works has completed with the contract report to be drafted. The tender documents for the four other schools within the SEN programme of works are due to go out in mid-April to be returned mid-May, with works scheduled to start in May 2020.
- 11.4 The 2018/19 Schools Maintenance Programme is complete and final accounts are being agreed. Design work to support the 2019/20 Schools Maintenance Programme is nearing completion with several schemes already out for pricing with the contractors. Programming of these works will, where possible, provide for delivery during the summer break or where this cannot be achieved, with minimum disruption to the operation of the school.
- 11.5 Earlier this year, an issue regarding potential defects to buildings constructed using aerated concrete within the Education estate was identified. Schools potentially affected by this issue were all contacted and have now all been surveyed, with no instances of this type of concrete found.

#### Variances – All Years

- 11.6 The Schools Maintenance allocation for 2019/20 was released in March 2019, with Manchester due to receive £2.7m. Before the allocation was announced,

an estimated £3.0m was put in to the budget, hence this has now been reduced by £0.3m.

- 11.7 There is a £0.1m underspend on the project to install additional toilets at the Greenheys Adult Education Centre on Upper Lloyd Street due to costs being funded from revenue budgets.

#### Variances – In Year

##### *Basic Need Programme*

- 11.8 Within the Basic Need programme, the contingency budgets against various recently completed projects will be moved in to 2019/20 until it is clear how much, if any will need to be utilised:
- The contingency budget of £0.1m against the Crossacres Primary School project to build an eight modular class building and multi-use hall will be moved in to 2019/20. The programme is complete and was handed over with a few minor issues being dealt with during the defects liability period. This period ends in September 2019.
  - Works to expand the Co-op Academy are now complete, with the contingency budget of £0.4m moved in to 2019/20 until it is clear how much of the of this the Trust will claim.
  - £0.1m contingency budget for the Beaver Road project to construct new school accommodation on the site of the former Manchester Metropolitan University Halls of Residence will also be moved in to 2019/20. This was retained for the defects liability period and there will not be any spend against it in 2018/19.
- 11.9 Within the Basic Need Programme, there is potential budget provision for a new high school at Matthews Lane to increase the number of secondary places in the central and eastern area of the City. Initial works at the site have been completed, however the project is currently paused pending a review of the number of school places required in the context of both the Council's Basic Need Programme and the Government's Free School Programme. The remaining £0.2m budget for 2018/19 will be moved in to 2019/20.

##### *Schools Maintenance Programme*

- 11.10 Within the Schools Maintenance programme, the schemes to rewire Cheetwood Primary school and Crowcroft Primary school are now complete with an underspend of £0.2m collectively. These funds will be vired back into the unallocated Schools Maintenance budget to be utilised on other projects.

##### *Other Projects*

- 11.11 The Universal Infant Free School Meals (UIFSM) Grant allocated to the Council to help schools improve their kitchen and dining facilities has an

unallocated budget of £0.4m for 2018/19. This will be reallocated for use in 2019/20.

11.12 £0.3m budget for the Gorton Youth Zone scheme will be moved into the next financial year as there was a slight delay in getting the Development Agreement and property deal signed off by the Legal team. This has now been completed and an invoice is expected to be submitted soon, upon which the next drawdown will take place.

11.13 The remaining £0.1m is the underspend on Greenheys toilets, referred to in 11.7.

## 12 ICT Capital Programme

12.1 The ICT programme has spent £3.7m against a budget of £6.3m, a variance of £2.6m. The programme is shown in the table below:

| ICT                             | 18/19 Budget<br>£m | 18/19 Outturn<br>£m           | 18/19 Variance<br>£m | All Years Budget<br>£m | All Years Forecast<br>£m | All Years Variance<br>£m |
|---------------------------------|--------------------|-------------------------------|----------------------|------------------------|--------------------------|--------------------------|
| New Social Care System          | 2.0                | 1.3                           | -0.7                 | 3.2                    | 3.2                      | 0.0                      |
| ICT Investment Plan unallocated | 0.0                | 0.0                           | 0.0                  | 28.4                   | 28.4                     | 0.0                      |
| Other Projects                  | 4.3                | 2.4                           | -1.9                 | 43.3                   | 43.3                     | 0.0                      |
| <b>Total ICT</b>                | <b>6.3</b>         | <b>3.7</b>                    | <b>-2.6</b>          | <b>74.9</b>            | <b>74.9</b>              | <b>0.0</b>               |
|                                 |                    | <b>Reprofiling</b>            | <b>-2.6</b>          |                        |                          |                          |
|                                 |                    | <b>Cost Variations</b>        | <b>0.0</b>           |                        |                          |                          |
|                                 |                    | <b>Net over (under) spend</b> | <b>0.0</b>           |                        |                          |                          |

12.2 The aim of the ICT programme is to reduce key risks, decommission legacy platforms and to create a simpler, more robust, resilient and easier to support environment. The programme will move towards a modern infrastructure whilst adding business value.

### Activities

12.3 An Interim ICT Director has now been recruited who started in May 2019.

12.4 The ICT Capital Investment plan is being reviewed in order to ratify the committed spend against the overall budget allocated. A roadmap is also being constructed to inform the order and interdependencies of ICT projects which will also support allocation of the remaining budget across future years. The Digital Experience Programme will form part of this assessment as it identifies upgrades to infrastructure required to support future developments and improve the service the council offers to residents.



- 12.5 Plans to procure and implement a new and updated Wider Area Network (WAN) are underway. This will provide a new fit for purpose network which delivers adequate and appropriate bandwidth for all sites, together with the capacity, resilience and security to transport services such as Telephony and Wi-Fi. ICT have gone out to tender for a new telephony platform with the intention to award the contract at the end of August 2019.
- 12.6 The scheme to implement both a new social care system – Liquid Logic and a new social care payments system – ContrOCC has been reviewed and it is now planned to conclude at the end of July 2019 when both systems will go live. The project intends to automate many of the processes that support social care payments, and improve reporting and performance monitoring to enable tracking of activities and finances. An e-learning training module has been issued to all intended users along with ‘Stop the Clock’ training sessions to support staff in completing this training.

#### Variances – In Year

- 12.7 For the new social care system Liquid Logic, payment dates have now changed meaning that £0.7m needs to be re-profiled in to future years. The payments were due to be made at the end of cycle 6 of testing, for user acceptance testing (UAT) in its entirety, however it has now been decided that a 7th round of testing is required. This will happen in May/June prior to the go live date in July, and as a result the final payment will need to be made in 2019/20.
- 12.8 Kit for the Data Centre Network Design and Implementation project that was scheduled to arrive at the very end of March has arrived in early 2019/20, and as a result £1.4m will need to be reprofiled in to next financial year.
- 12.9 A business case to support the Council’s adherence to compliance regulation has recently been approved. This will also ensure that core infrastructure is fully supported and secure to enable improved performance and platform stability. Works will begin next year and as such, the £0.3m budget will be moved in to 2019/20 when the project is expected to complete.
- 12.10 The Core Infrastructure Refresh project has not yet completed the migration to new storage hardware and data domains with DellEMC. The project was expected to complete in 2018/19, however due to slight delays will now complete in early 2019/20 meaning that the remaining £0.1m budget will be required next financial year.
- 12.11 Various other projects within the ICT portfolio require movement of £0.1 total budget in to future years.
- 12.12 ICT have requested to combine the budgets for the Communications Room Replacement Phase 2 and the Corporate Wifi schemes as a single supplier will be sought to deliver both projects under one project manager. Procurement is due in July relating to both projects.

### 13 Corporate Services Programme

13.1 The Corporate Services programme has spent £130.0m compared to a budget of £134.0m, a variance of £4.0m. The programme is shown in the table below:

| Corporate Services                     | 18/19 Budget<br>£m | 18/19 Outturn<br>£m           | 18/19 Variance<br>£m | All Years Budget<br>£m | All Years Forecast<br>£m | All Years Variance<br>£m |
|--|--------------------|-------------------------------|----------------------|------------------------|--------------------------|--------------------------|
| Integrated Working – Gorton Health Hub | 1.4                | 0.9                           | -0.5                 | 22.8                   | 22.8                     | 0.0                      |
| Airport Strategic Investment           | 125.0              | 124.2                         | -0.8                 | 125.0                  | 124.2                    | -0.8                     |
| Other Projects                         | 7.6                | 4.9                           | -2.7                 | 25.1                   | 25.1                     | 0.0                      |
| <b>Total Corporate Services</b>        | <b>134.0</b>       | <b>130.0</b>                  | <b>-4.0</b>          | <b>172.9</b>           | <b>172.1</b>             | <b>-0.8</b>              |
|  |                    | <b>Reprofiling</b>            | <b>-3.2</b>          |                        |                          |                          |
|  |                    | <b>Cost Variations</b>        | <b>-0.8</b>          |                        |                          |                          |
|  |                    | <b>Net over (under) spend</b> | <b>0.0</b>           |                        |                          |                          |

#### Activities

13.2 Included in the Corporate Services programme is Gorton Health Hub which will bring together key organisations responsible for tackling worklessness and low skills. The business case is due in mid May which will request funding to continue the RIBA process and established partner commitments as part of the overall function of the completed asset.

13.3 As detailed in the reports to Executive on 18th October 2017, in order to drive further growth, substantial capital expenditure is required at both Manchester and Stansted Airports. Both airports have terminal transformation projects. The Council has provided a term loan facility of £124.2m as one of the public sector shareholders along with the other District Councils.

#### Variances – All Years

13.4 The final instalment of the Airport Strategic Investment was paid in December 2018, and the total investment was £0.8m less than originally budgeted for, hence there is an underspend across all years.

#### Variances – In Year

13.5 There has been slippage of £0.5m on the Integrated Working – Gorton Health Hub scheme, due to the discovery of an unknown 900mm sewer on site which led to stoppage time while a project review took place to determine how it would be dealt with in the design.

13.6 Due to slight delays with property agreements and building fit outs for the Phase 1 Implementation – Locality Plan Programme Office works, the project

is now expected to finish in 2019/20 and as a result £0.3m has been moved into 2019/20.

- 13.7 For the BioMedical Investment programme, the company is ahead of progress as set out in the business plan. A variation in the work programme has led to a re-phasing to the timing of the loan drawdown. The remaining £2.4m budget from 2018/19 will be moved in to 2019/20.

## 14 Capital Financing 2018/19

- 14.1 The funding of the 2018/19 Capital Programme is summarised below:

|                              | £m    | %     |
|------------------------------|-------|-------|
| Capital Expenditure          | 452.8 |       |
| Financed by:                 |       |       |
| Government Grants            | 76.5  | 16.9% |
| Other External Contributions | 12.1  | 2.7%  |
| Capital Receipts             | 41.1  | 9.1%  |
| Revenue Funding              | 9.0   | 2.0%  |
| Major Repairs Reserve        | 14.1  | 3.1%  |
| Borrowing                    | 300.0 | 66.2% |

- 14.2 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 2018/19.

- Any unused grant, subject to conditions, has been carried forward in to 2019/20 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 2018/19. Similarly, any external contributions that have not been used will be carried forward in to 2019/20.
- The balance of available capital receipts carried forward from 2017/18 was £72.0m. A further £51.0m receipts were received in 2018/19. Drawdown of capital receipts was £41.1m leaving a balance for use in future years of £81.9m, of which £54.9m relate to Housing, plus any new receipts generated in 2019/20.
- Revenue contributions were used to finance expenditure of £9.0m, including works on Strategic Acquisitions, the HRA, and to fund ICT expenditure.
- 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.
- Borrowing of £300.0m has been used to fund the programme. This figure is higher than in previous years, in the main due to the £124.2m term loan facility paid to Manchester Airport to support their transformation project, and a further £74.6m borrowing used to support the Housing Investment Fund.

- The minimum revenue provision for 2018/19 was £20.9m. This is the funding set aside to repay the debt incurred through funding previous capital expenditure through borrowing. This has been funded from the Council's capital financing budget.

## 15 Capital Programme Re-phasing and Variations 2019/20 to 2023/24

15.1 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 2019/20 to 2023/24. The cumulative impact of these adjustments are shown in the table below. The future programme will be reviewed throughout 2019/20 to reflect changes to the proposed profile of spend.

### *Proposed Capital Programme variations 2018/19 to 2023/24*

|   | 2018/19<br>£m | 2019/20<br>£m | 2020/21<br>£m | 2021/22<br>£m | 2022/23<br>£m | 2023/24<br>£m | Total<br>Programme<br>£m |
|---|---------------|---------------|---------------|---------------|---------------|---------------|--------------------------|
| Revised Capital Budget (March 2019)       | 495.8         | 509.0         | 420.3         | 244.3         | 87.0          | 39.0          | 1,795.2                  |
| Forecast Re-profile                       | -41.4         | 2.6           | 17.6          | 0.5           | 11.3          | 9.2           | 0.0                      |
| Cost Variations                           | -1.0          | -1.9          | -1.0          | -2.7          | -2.2          | 0.0           | -9.0                     |
| <b>Proposed Capital Budget</b>            | <b>453.3</b>  | <b>509.7</b>  | <b>436.9</b>  | <b>242.0</b>  | <b>96.1</b>   | <b>48.2</b>   | <b>1,786.2</b>           |
| <i>Of which:</i>                          |               |               |               |               |               |               |                          |
| Manchester City Council Programme         | 362.1         | 358.5         | 398.9         | 242.0         | 96.1          | 48.2          | 1,505.8                  |
| Programme on behalf of Greater Manchester | 91.2          | 151.2         | 38.0          | 0.0           | 0.0           | 0.0           | 280.4                    |

15.2 Further details regarding the proposed adjustments to the programme are given below.

#### *Budget re-profiling:*

15.3 As highlighted in the narrative of this report, various schemes throughout the capital programme are now forecast to be accelerated into 2018/19, or have been moved to 2019/20 or future years. The budgets for these projects will be re-profiled to reflect the changes, and the revised budget profiles are shown at Appendix C.

#### *Virements*

15.4 Various schemes across the programme require virements in 2018/19 and 2019/20, as shown in Appendix A.

15.5 The Council is recommended to approve virements over £0.5m within the capital programme as outlined in Appendix A.

- 15.6 The Executive is recommended to approve virements under £0.5m within the capital programme as outlined in Appendix A.

#### *Cost Variations*

- 15.7 Various schemes across the programme require cost variations to reflect their updated forecast. Details of these can be found in Appendix B. For major cost variations, the reasons are detailed in the project narrative in the earlier sections of this report.

## **16 Risks to the Future Forecasts**

- 16.1 The Capital Budget is prepared on the best estimate of the spend profile for each scheme across its life. The format of the monitoring report has been updated to monitor the total cost of the scheme across the total life of the scheme and the budget and spend profile are updated as the scheme develops. As such the budget profile will always be subject to change and some of the main factors which may lead to changes being required are outlined below.
- 16.2 All projects carry risk such as delivery risk, third party risk and market risk. Whilst the updated forecasts reflect officers expectations based on existing and planned works, these may change as projects develop and in response to wider market changes.
- 16.3 The programme also contains some budgets which are yet to be allocated to specific projects but are reserved for a specific purpose, such as Basic Need funding for additional school places, the Highways Investment Fund and the ICT Fund. This is predominantly because the future projects are not yet at the stage where procurement can take place, or are dependent on other projects completing. The current forecast profile of spend is based upon service's view as to the expected timescales for project initiation, completion and cost, and once projects are approved through the Council's capital approval process the budgets will be allocated and the Capital Budget updated accordingly.
- 16.4 This creates some uncertainty in the programme, but ensures that the programme reflects the likely use of resources and enables agile approval processes for relevant projects as they are developed. These budgets are carefully monitored throughout the financial year and, if the expected programme of works changes, the impact on the forecast will be reported at the earliest opportunity.
- 16.5 Specific risks have been identified across the capital programme and are detailed below. Whilst efforts have and will be made to mitigate these risks, they cannot be removed and therefore the future forecast may change. Directorate teams are required to monitor and report risk as part of their regular capital monitoring processes. This will form part of the monitoring reports to members throughout the financial year.

#### *Highways*

- 16.6 The Highways programme for 2019/20 contains a high number of large and strategically important projects for the highway network. Whilst the service is working to ensure that the works can be delivered to the timescales indicated, this will require the successful mitigation of a number of key and significant risks.
- 16.7 With the nature of the projects in Highways, there are inherent risks around external factors, such as weather conditions, which can hinder the schedule of works. The availability of appropriately skilled resources has also been identified as a significant risk to the timely delivery of projects, with efforts being made to recruit to vacant posts and secure the skills required.
- 16.8 Extensive consultation and engagement with stakeholders to manage expectations within available budgets and realistic timescales is undertaken to minimise the risk of scope creep. Additional funding opportunities through partners are also routinely explored in order to increase project scope.
- 16.9 Failure to complete the land acquisition necessary to support proposals for the Department for Transport (DfT) Pinch Point Widening scheme on Hyde Road may impact deliverability. The construction programme may need to be phased to allow work to progress where ownership is not an issue.

#### *Neighbourhoods*

- 16.10 External funding can form a significant part of available budgets to support parks improvements but is subject to lengthy negotiation and is not always successful. The risk profile has been updated to include the ability to secure match funding from external partners including Historic England and the Heritage Lottery Fund. This will be monitored by the programme board.
- 16.11 Recruitment to the Parks Development Programme team needs to be successfully completed to enable the feasibility studies and options appraisals required to support future delivery to be completed.

#### *Strategic Development*

- 16.12 The risk profile for the Factory focuses on ensuring the project is delivered within the agreed budget and timescales and the delivery and installation of the steel required for the building construction.
- 16.13 It should be noted that there are a number of significant elements of the Corporate Estates programme, such as the 2019/20 Strategic Acquisitions programme, which are dependent on negotiations with third parties in order to achieve a successful outcome e.g. for land acquisitions. As a result the budget profile is a best estimate and is likely to change. There may also be pressure on the Strategic Acquisitions budget as city wide strategies evolve. The programme is currently subject to a detailed review and prioritisation exercise.

- 16.14 Delivery of the Carbon Reduction Programme is dependent on the availability of suitable resources which are unavailable in-house. Officers are exploring best practice and lessons learnt from other Local Authorities, as well as seeking an appropriate route through the various available frameworks. Each project within the programme will be tightly monitored and reported to ensure that early action can be taken to address any issues as they arise.
- 16.15 Ability to secure resources and suppliers in a buoyant market is a risk to the Estates Transformation Programme. It is being mitigated through early and ongoing planning to inform pipeline decision making about resource availability and allocation.
- 16.16 There is a carefully planned rolling programme of activity to assess and address end of life replacements and close collaboration with Capital Programmes colleagues to ensure momentum is maintained. This may lead to a change in priorities during the year.
- 16.17 The Eastern Gateway - Central Retail Park project may require re-profiling dependant on the scheme of works for the remediation of the site, which is still to be determined.

*Our Town Hall*

- 16.18 Due to the size, duration and nature of the programme, risk will be carefully managed through and across the various work packages. Site investigations and early works are vital to inform the design and cost aspects.
- 16.19 At this early stage of the project the spend profile remains uncertain. Once the project receives Notice to Proceed (NTP) a more detailed timeline of work will be agreed. Again it is likely that the budget profile will change.
- 16.20 In addition, external factors such as supply chain uncertainty and the availability or otherwise of sufficient and appropriate specialists to ensure the quality of the finished work, will require careful monitoring to ensure early action can be taken to reduce any negative impact on cost and programme.

*Housing General Fund*

- 16.21 Delays with acquisitions, refurbishment works or sales could potentially result in the Empty Homes Programme being delayed with action needed to minimise the amount of time the Council is responsible for the properties. Similarly, delays to Extra Care schemes could impact on savings projected by Adult Services and the availability of funding from third parties. Given the early stage of this project this risk is not quantifiable but will be closely monitored.

*Housing Revenue Account*

- 16.22 The Northwards programme relies on the performance of a number of contractors to deliver projects which creates a risk of delays. Ongoing

monitoring of performance and regular communication with partners are used to manage risks in these areas.

- 16.23 There are risks around obtaining listed building consent and planning approvals required for some of the projects, to be managed through timely collaboration with colleagues in Planning and design teams.

#### *Children's Services*

- 16.24 As the DfE have confirmed that Manchester will receive no Education Basic Need funding in 2020/21 due to significant investment planned in free schools, the forward plan for the Education Programme will be dependent on the decision on the next wave of free schools. The statutory duty to provide places belongs to the City Council and the relationship with the DfE is key in ensuring that the free school places are delivered on time in order that the duty can be met.
- 16.25 There is a further risk around the Council's ability to meet the continued growth of pupil numbers – particularly in-year school admissions which is more difficult to accurately project and manage. There is also a risk around the pace of residential development and the demand for school places outweighing the available supply in particular areas of the City. To offset these risks, the Director of Education is currently developing a School Places plan for 2020 to 2025 using forecasted demand to ensure that there is sufficient high quality school places available in the right areas across the City although this is dependent on identifying appropriate sites in the right areas.

#### *ICT*

- 16.26 ICT projects are often interdependent which can lead to adjustments to the schedule of activity should changes occur in a particular project. Some projects may need external support and advice to be delivered and this may create delays as such work is completed.
- 16.27 ICT projects are subject to external factors such as cyber security risks as an incident could result in data unavailability or loss, impacting the Council's critical applications and services. The Council has PSN compliant infrastructure and up to date anti-virus software to mitigate this. The use of end of life software and hardware form part of the ICT risk profile to ensure ongoing operation of systems and hardware.
- 16.28 Ongoing risks around expiration of licenses and support contracts are managed through monitoring and review at operational and strategic level, taking into account costs associated with maintaining or changing existing arrangements into future years.

#### *Corporate Programme*



16.29 The nature and scope of the schemes within the Corporate Programme mean that the Council is highly reliant on third parties in determining the likely profile of spend and there is therefore a risk of external factors causing delays.

## **17 Social Value**

17.1 All capital business cases are required to provide information on social value impact likely to be generated as part of the scheme. These include details of employment of local residents, training of local residents, improvements in key health outcomes, support of community cohesion, improvement in key education outcomes, help to other excluded groups and promoting environmental sustainability. These are considered as part of the scheme approval process via the Checkpoint system. Work is on-going as part of improving overall contract monitoring to review the monitoring of these activities.

## **18 Capital Resources**

18.1 The capital programme is reviewed on an ongoing basis to confirm the capital resources required to finance capital spend are in place and the future years programme is fully funded. Work will continue to ensure that the resources required to finance the capital programme are secured and the level of prudential borrowing remains affordable.

18.2 The Deputy Chief Executive and City Treasurer will continue to manage the financing of the programme to ensure the final capital funding arrangements secure the maximum financial benefit to the City Council.

18.3 The requirements of the capital programme over the next five years are significant and both spend and funding streams will require close monitoring, particularly with the level of uncertainty for future funding allocations.

## **19 Key Polices and Considerations**

### **(a) Equal Opportunities**

19.1 By investing in building adaptations, access for people with mobility difficulties is made easier.

### **(b) Risk Management**

19.2 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**

19.3 None.

Capital Programme Outturn 2018/19 – **Appendix A** – Virements Requested

| <b>Project Name</b>   | <b>2019/20<br/>Virement</b> | <b>2020/21<br/>Virement</b> | <b>2021/22<br/>Virement</b> | <b>2022/23<br/>Virement</b> |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Safe Routes to Loreto High School                                   | 58                          |                             |                             |                             |
| Safe Routes to Schools  | -58                         |                             |                             |                             |
| <b>Total Highways Programme</b>                                     | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    |
| External cyclical works ph 3a                                       |                             | -1                          |                             |                             |
| 2/4 Blocks Heating replacement with Individual Boilers              |                             | -5                          |                             |                             |
| Decent Homes mop ups ph 9 and decent homes work required to voids   |                             | 20                          |                             |                             |
| Decent Homes mop ups ph 10 and voids                                |                             | -20                         |                             |                             |
| Electricity North West distribution network ph 4 (various)          | 83                          |                             |                             |                             |
| Collyhurst - Mossbrook/Roach/Vauxhall/Humpries Court Internal Works | -100                        |                             |                             |                             |
| Northwards Housing Programme  | 17                          | 6                           |                             |                             |
| <b>Total Public Sector Housing (HRA) Programme</b>                  | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    |
| Brookside Rd Moston   |                             | 11                          |                             |                             |
| North Hulme Adv Playground  |                             | 6                           |                             |                             |
| Monsall Road (Burgess)  |                             | 7                           |                             |                             |
| Roundwood Road  |                             | 9                           |                             |                             |
| Education Basic Needs Unallocated                                   |                             | -33                         |                             |                             |
| Moston Lane Re-roof   | 19                          |                             |                             |                             |
| Abbott Primary School Fencing                                       | 10                          |                             |                             |                             |
| Broad Oak Primary School works                                      | 116                         |                             |                             |                             |
| School Capital Maintenance Unallocated                              | -145                        |                             |                             |                             |
| Paintpots Nursery   | 5                           |                             |                             |                             |
| Early Education for two year olds Unallocated                       | -5                          |                             |                             |                             |
| <b>Total Children's Services Programme</b>                          | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    |

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Capital Programme Outturn 2018/19 – **Appendix B** – Cost Variations

| <b>Project Name</b>                                | <b>2019/20 Cost Variation</b> | <b>2019/20 Cost Variation</b> | <b>2020/21 Cost Variation</b> | <b>2021/22 Cost Variation</b> | <b>2022/23 Cost Variation</b> |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Project Delivery Procurement                       | - 265                         |                               |                               |                               |                               |
| <b>Total Highways Programme</b>                    | <b>- 265</b>                  |                               |                               |                               |                               |
|  |                               |                               |                               |                               |                               |
| Parks Development Programme                        | - 97                          | - 1,926                       | - 1,080                       | - 2,734                       | - 2,231                       |
| <b>Total Parks Programme</b>                       | <b>- 97</b>                   | <b>- 1,926</b>                | <b>- 1,080</b>                | <b>- 2,734</b>                | <b>- 2,237</b>                |
|  |                               |                               |                               |                               |                               |
| The Factory (Build)                                | 811                           |                               |                               |                               |                               |
| Collyhurst Police Station Liabilities              | - 844                         |                               |                               |                               |                               |
| Airport City Power Infrastructure                  | - 25                          |                               |                               |                               |                               |
| <b>Total Strategic Development Programme</b>       | <b>- 58</b>                   |                               |                               |                               |                               |
|  |                               |                               |                               |                               |                               |
| Woodward Court Asset Management Programme Costs    | 283                           |                               |                               |                               |                               |
| <b>Total Public Sector Housing (HRA) Programme</b> | <b>283</b>                    |                               |                               |                               |                               |
|  |                               |                               |                               |                               |                               |
| Greenheys Toilets                                  | - 67                          |                               |                               |                               |                               |
|  |                               |                               |                               |                               |                               |
| <b>Total Education Programme</b>                   | <b>- 67</b>                   |                               |                               |                               |                               |
|  |                               |                               |                               |                               |                               |
| Airport Strategic Investment                       | - 750                         |                               |                               |                               |                               |
| <b>Total Corporate Capital Programme</b>           | <b>- 750</b>                  |                               |                               |                               |                               |
|  |                               |                               |                               |                               |                               |
| <b>Total Cost Variations</b>                       | <b>- 954</b>                  | <b>- 1,926</b>                | <b>- 1,080</b>                | <b>- 2,734</b>                | <b>- 2,237</b>                |

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Capital Programme Outturn 2018/19 – **Appendix C** – Revised Capital Budget 2019/20 – 2023/24

| <b>Project Name</b>                                | <b>2019/20<br/>Proposed<br/>Budget</b> | <b>2020/21<br/>Proposed<br/>Budget</b> | <b>2021/22<br/>Proposed<br/>Budget</b> | <b>2022/23<br/>Proposed<br/>Budget</b> | <b>2023/24<br/>Proposed<br/>Budget</b> | <b>Total<br/>Budget</b> |
|--|--|--|--|--|--|-------------------------|
| Planned Highways Maintenance Programme             | 435                                    | 75                                     | 0                                      | 0                                      | 0                                      | <b>510</b>              |
| Drainage   | 970                                    | 570                                    | 0                                      | 0                                      | 0                                      | <b>1,540</b>            |
| Large Patching repairs                             | 1,088                                  | 1,281                                  | 780                                    | 0                                      | 0                                      | <b>3,149</b>            |
| Carriageway Resurfacing                            | 5,287                                  | 7,190                                  | 6,284                                  | 0                                      | 0                                      | <b>18,761</b>           |
| Footway schemes                                    | 1,200                                  | 3,768                                  | 3,831                                  | 0                                      | 0                                      | <b>8,799</b>            |
| Carriageway Preventative                           | 4,139                                  | 8,282                                  | 7,395                                  | 0                                      | 0                                      | <b>19,816</b>           |
| Bridge Maintenance                                 | 400                                    | 3,782                                  | 3,018                                  | 0                                      | 0                                      | <b>7,200</b>            |
| Other Improvement works                            | 1,069                                  | 5,769                                  | 4,833                                  | 0                                      | 0                                      | <b>11,671</b>           |
| Project Delivery Procurement                       | 757                                    | 1,681                                  | 1,438                                  | 0                                      | 0                                      | <b>3,876</b>            |
| Ardwick Grove Village Parking                      | 0                                      | 20                                     | 0                                      | 0                                      | 0                                      | <b>20</b>               |
| Didsbury Village Tram Stop Traffic Mitigation      | 0                                      | 18                                     | 0                                      | 0                                      | 0                                      | <b>18</b>               |
| Section 106 Highways work around Metrolink         | 0                                      | 47                                     | 0                                      | 0                                      | 0                                      | <b>47</b>               |
| Barlow Moor Road                                   | 27                                     | 0                                      | 0                                      | 0                                      | 0                                      | <b>27</b>               |
| Etihad Expansion - Public Realm                    | 59                                     | 0                                      | 0                                      | 0                                      | 0                                      | <b>59</b>               |
| Velocity   | 572                                    | 0                                      | 0                                      | 0                                      | 0                                      | <b>572</b>              |
| Cycle City Phase 2                                 | 2,318                                  | 2,000                                  | 0                                      | 0                                      | 0                                      | <b>4,318</b>            |
| Safe Routes to Loreto High School                  | 107                                    | 0                                      | 0                                      | 0                                      | 0                                      | <b>107</b>              |
| Congestion Target Performance                      | 235                                    | 0                                      | 0                                      | 0                                      | 0                                      | <b>235</b>              |
| Piccadilly Undercroft Gating                       | 7                                      | 0                                      | 0                                      | 0                                      | 0                                      | <b>7</b>                |
| 20mph Zones (Phase 3)                              | 96                                     | 370                                    | 0                                      | 0                                      | 0                                      | <b>466</b>              |
| ITB Minor Works                                    | 91                                     | 0                                      | 0                                      | 0                                      | 0                                      | <b>91</b>               |
| Flood Risk Management - Hidden Watercourses        | 49                                     | 0                                      | 0                                      | 0                                      | 0                                      | <b>49</b>               |
| Flood Risk Management - Higher Blackley Flood Risk | 41                                     | 0                                      | 0                                      | 0                                      | 0                                      | <b>41</b>               |
| Hyde Road (A57) Pinch Point Widening               | 1,737                                  | 2,123                                  | 0                                      | 0                                      | 0                                      | <b>3,860</b>            |
| Manchester/Salford Inner Relief Road (MSIRR)       | 7,857                                  | 100                                    | 0                                      | 0                                      | 0                                      | <b>7,957</b>            |
| Great Ancoats Improvement Scheme                   | 3,615                                  | 4,454                                  | 0                                      | 0                                      | 0                                      | <b>8,069</b>            |

| <b>Project Name</b>                                 | <b>2019/20<br/>Proposed<br/>Budget</b> | <b>2020/21<br/>Proposed<br/>Budget</b> | <b>2021/22<br/>Proposed<br/>Budget</b> | <b>2022/23<br/>Proposed<br/>Budget</b> | <b>2023/24<br/>Proposed<br/>Budget</b> | <b>Total<br/>Budget</b> |
|---|--|--|--|--|--|-------------------------|
| Mancunian Way and Princess Parkway NPIF             | 5,658                                  | 2,139                                  | 11                                     | 0                                      | 0                                      | <b>7,808</b>            |
| Cycle Parking                                       | 15                                     | 0                                      | 0                                      | 0                                      | 0                                      | <b>15</b>               |
| Shadowmoss Rd / Mossnook Rd                         | 12                                     | 0                                      | 0                                      | 0                                      | 0                                      | <b>12</b>               |
| Birley Fields Campus improvements                   | 0                                      | 34                                     | 0                                      | 0                                      | 0                                      | <b>34</b>               |
| Princess Rd Safety Review                           | 486                                    | 0                                      | 0                                      | 0                                      | 0                                      | <b>486</b>              |
| School Crossings                                    | 1,421                                  | 924                                    | 0                                      | 0                                      | 0                                      | <b>2,345</b>            |
| Kingsway Speed Cameras                              | 11                                     | 0                                      | 0                                      | 0                                      | 0                                      | <b>11</b>               |
| Green Bridge at Airport City                        | 449                                    | 1,216                                  | 1,300                                  | 0                                      | 0                                      | <b>2,965</b>            |
| Public Realm  | 1,962                                  | 400                                    | 400                                    | 0                                      | 0                                      | <b>2,762</b>            |
| Street Lighting PFI                                 | 10,626                                 | 2,031                                  | 0                                      | 0                                      | 0                                      | <b>12,657</b>           |
| Didsbury West S106                                  | 24                                     | 0                                      | 0                                      | 0                                      | 0                                      | <b>24</b>               |
| S106 Whalley Grove                                  | 29                                     | 0                                      | 0                                      | 0                                      | 0                                      | <b>29</b>               |
| A56 Liverpool Road                                  | 80                                     | 0                                      | 0                                      | 0                                      | 0                                      | <b>80</b>               |
| A56 Chester Road                                    | 51                                     | 0                                      | 0                                      | 0                                      | 0                                      | <b>51</b>               |
| M56   | 148                                    | 0                                      | 0                                      | 0                                      | 0                                      | <b>148</b>              |
| Pay and Display Machines                            | 924                                    | 0                                      | 0                                      | 0                                      | 0                                      | <b>924</b>              |
| North Manchester Hospital Residents Parking         | 9                                      | 0                                      | 0                                      | 0                                      | 0                                      | <b>9</b>                |
| Parking Schemes                                     | 558                                    | 120                                    | 0                                      | 0                                      | 0                                      | <b>678</b>              |
| Sunbank Lane S278                                   | 40                                     | 0                                      | 0                                      | 0                                      | 0                                      | <b>40</b>               |
| Sharston Roundabout SCOOT                           | 40                                     | 0                                      | 0                                      | 0                                      | 0                                      | <b>40</b>               |
| Derwent Avenue S106                                 | 14                                     | 0                                      | 0                                      | 0                                      | 0                                      | <b>14</b>               |
| Local Roads (temp SEMMMS A6 Stockport)              | 255                                    | 0                                      | 0                                      | 0                                      | 0                                      | <b>255</b>              |
| SEMMMs A6 to Manchester Airport                     | 50                                     | 0                                      | 0                                      | 0                                      | 0                                      | <b>50</b>               |
| Bus Priority Package - Oxford Road                  | 312                                    | 0                                      | 0                                      | 0                                      | 0                                      | <b>312</b>              |
| Bus Priority Package - Princess Street/Brook Street | 153                                    | 0                                      | 0                                      | 0                                      | 0                                      | <b>153</b>              |
|   |  |  |  |  |  |                         |
| <b>Total Highways Programme</b>                     | <b>55,483</b>                          | <b>48,394</b>                          | <b>29,290</b>                          | <b>0</b>                               | <b>0</b>                               | <b>133,167</b>          |
|   |  |  |  |  |  |                         |



| <b>Project Name</b>                                 | <b>2019/20<br/>Proposed<br/>Budget</b> | <b>2020/21<br/>Proposed<br/>Budget</b> | <b>2021/22<br/>Proposed<br/>Budget</b> | <b>2022/23<br/>Proposed<br/>Budget</b> | <b>2023/24<br/>Proposed<br/>Budget</b> | <b>Total<br/>Budget</b> |
|---|--|--|--|--|--|-------------------------|
| Waste Reduction Measures                            | 1,459                                  | 0                                      | 0                                      | 0                                      | 0                                      | 1,459                   |
| Waste Contract                                      | 5,929                                  | 0                                      | 0                                      | 0                                      | 0                                      | 5,929                   |
| Smart Litter Bins                                   | 258                                    | 0                                      | 0                                      | 0                                      | 0                                      | 258                     |
| Hollyhedge Park Drainage IMPS                       | 2                                      | 0                                      | 0                                      | 0                                      | 0                                      | 2                       |
| Heaton Park Pay & Display                           | 8                                      | 0                                      | 0                                      | 0                                      | 0                                      | 8                       |
| PIP - Park Events Infrastructure                    | 289                                    | 0                                      | 0                                      | 0                                      | 0                                      | 289                     |
| Parks Development Programme                         | 640                                    | 2,965                                  | 2,965                                  | 2,965                                  | 2,965                                  | 12,500                  |
| Somme 100 Year Memorial                             | 33                                     | 0                                      | 0                                      | 0                                      | 0                                      | 33                      |
| Painswick Park Improvement                          | 30                                     | 0                                      | 0                                      | 0                                      | 0                                      | 30                      |
| Heaton Park Southern Play Area                      | 370                                    | 0                                      | 0                                      | 0                                      | 0                                      | 370                     |
| Wythenshawe Park Sport Facilities                   | 139                                    | 0                                      | 0                                      | 0                                      | 0                                      | 139                     |
| Northenden Riverside Park                           | 75                                     | 0                                      | 0                                      | 0                                      | 0                                      | 75                      |
| King George V Park                                  | 81                                     | 0                                      | 0                                      | 0                                      | 0                                      | 81                      |
| Indoor Leisure - Abraham Moss                       | 2,008                                  | 9,076                                  | 3,107                                  | 0                                      | 0                                      | 14,191                  |
| Indoor Leisure - Moss Side                          | 93                                     | 0                                      | 0                                      | 0                                      | 0                                      | 93                      |
| FA Hubs   | 0                                      | 13,000                                 | 0                                      | 0                                      | 0                                      | 13,000                  |
| Boggart Hole Clough - Visitors Centre               | 535                                    | 0                                      | 0                                      | 0                                      | 0                                      | 535                     |
| Velodrome Track                                     | 71                                     | 0                                      | 0                                      | 0                                      | 0                                      | 71                      |
| Contact Theatre loan                                | 200                                    | 0                                      | 0                                      | 0                                      | 0                                      | 200                     |
| MAC - Booth St Car Park                             | 148                                    | 0                                      | 0                                      | 0                                      | 0                                      | 148                     |
| Relocation of Manchester Visitor Info Centre (MVIC) | 59                                     | 0                                      | 0                                      | 0                                      | 0                                      | 59                      |
| GM Archives Web Portal                              | 128                                    | 0                                      | 0                                      | 0                                      | 0                                      | 128                     |
| Central Library Wolfson Award                       | 32                                     | 0                                      | 0                                      | 0                                      | 0                                      | 32                      |
| Roll Out of Central Library ICT                     | 7                                      | 0                                      | 0                                      | 0                                      | 0                                      | 7                       |
| Newton Heath Library                                | 17                                     | 0                                      | 0                                      | 0                                      | 0                                      | 17                      |
| Open Libraries                                      | 458                                    | 0                                      | 0                                      | 0                                      | 0                                      | 458                     |
|   |  |  |  |  |  |                         |
| <b>Total Neighbourhoods Programme</b>               | <b>13,069</b>                          | <b>25,041</b>                          | <b>6,072</b>                           | <b>2,965</b>                           | <b>2,965</b>                           | <b>50,112</b>           |

| <b>Project Name</b>                            | <b>2019/20<br/>Proposed<br/>Budget</b> | <b>2020/21<br/>Proposed<br/>Budget</b> | <b>2021/22<br/>Proposed<br/>Budget</b> | <b>2022/23<br/>Proposed<br/>Budget</b> | <b>2023/24<br/>Proposed<br/>Budget</b> | <b>Total<br/>Budget</b> |
|--|--|--|--|--|--|-------------------------|
| First Street Cultural Facility                 | 14                                     | 0                                      | 0                                      | 0                                      | 0                                      | 14                      |
| The Factory (Build)                            | 44,244                                 | 42,173                                 | 10,679                                 | 0                                      | 0                                      | 97,047                  |
| The Factory (Public Realm)                     | 0                                      | 2,182                                  | 0                                      | 0                                      | 0                                      | 2,182                   |
| Asset Management Programme                     | 10,945                                 | 11,650                                 | 7,915                                  | 0                                      | 0                                      | 30,510                  |
| Strategic Acquisitions Programme               | 4,331                                  | 3,000                                  | 1,323                                  | 0                                      | 0                                      | 8,654                   |
| Town Hall Complex Transformation Programme     | 67                                     | 0                                      | 0                                      | 0                                      | 0                                      | 67                      |
| Hammerstone Road Depot                         | 2,940                                  | 10,037                                 | 1,280                                  | 0                                      | 0                                      | 14,257                  |
| Heron House                                    | 3,073                                  | 0                                      | 0                                      | 0                                      | 0                                      | 3,073                   |
| Registrars                                     | 1,400                                  | 0                                      | 0                                      | 0                                      | 0                                      | 1,400                   |
| Carbon Reduction Programme                     | 6,095                                  | 3,791                                  | 191                                    | 0                                      | 0                                      | 10,077                  |
| Civic Quarter Heat Network                     | 15,064                                 | 4,000                                  | 4,000                                  | 0                                      | 0                                      | 23,064                  |
| Lincoln Square                                 | 0                                      | 1,200                                  | 0                                      | 0                                      | 0                                      | 1,200                   |
| Estates Transformation                         | 0                                      | 215                                    | 585                                    | 0                                      | 0                                      | 800                     |
| Estates Transformation - Hulme District Office | 702                                    | 0                                      | 0                                      | 0                                      | 0                                      | 702                     |
| Estates Transformation - Alexandra House       | 6,069                                  | 5,038                                  | 659                                    | 0                                      | 0                                      | 11,766                  |
| Ross Place Refurbishment                       | 854                                    | 0                                      | 0                                      | 0                                      | 0                                      | 854                     |
| The Space Project - Phase 2                    | 987                                    | 0                                      | 0                                      | 0                                      | 0                                      | 987                     |
| The Sharp Project                              | 600                                    | 0                                      | 0                                      | 0                                      | 0                                      | 600                     |
| Digital Asset Base - One Central Park          | 3,330                                  | 0                                      | 0                                      | 0                                      | 0                                      | 3,330                   |
| Sustaining Key Initiatives                     | 0                                      | 0                                      | 5,000                                  | 8,600                                  | 0                                      | 13,600                  |
| New Smithfield Market                          | 469                                    | 0                                      | 0                                      | 0                                      | 0                                      | 469                     |
| Eastern Gateway - Central Retail Park          | 150                                    | 2,829                                  | 0                                      | 0                                      | 0                                      | 2,979                   |
| Eastern Gateway - New Islington Marina         | 3,583                                  | 0                                      | 0                                      | 0                                      | 0                                      | 3,583                   |
| Proud Trust - Sidney Street                    | 250                                    | 0                                      | 0                                      | 0                                      | 0                                      | 250                     |
| Hall and Rogers                                | 57                                     | 0                                      | 0                                      | 0                                      | 0                                      | 57                      |
| Northern Gateway                               | 6,175                                  | 6,675                                  | 7,275                                  | 4,875                                  | 0                                      | 25,000                  |
| Hulme Hall Rd Lighting                         | 36                                     | 0                                      | 0                                      | 0                                      | 0                                      | 36                      |

| <b>Project Name</b>  | <b>2019/20<br/>Proposed<br/>Budget</b> | <b>2020/21<br/>Proposed<br/>Budget</b> | <b>2021/22<br/>Proposed<br/>Budget</b> | <b>2022/23<br/>Proposed<br/>Budget</b> | <b>2023/24<br/>Proposed<br/>Budget</b> | <b>Total<br/>Budget</b> |
|--|--|--|--|--|--|-------------------------|
| ST Peters Square   | 799                                    | 0                                      | 0                                      | 0                                      | 0                                      | <b>799</b>              |
| Medieval Quarter Public Realm                                    | 1,663                                  | 0                                      | 0                                      | 0                                      | 0                                      | <b>1,663</b>            |
| City Labs 2  | 2,023                                  | 0                                      | 0                                      | 0                                      | 0                                      | <b>2,023</b>            |
| Manchester College   | 10,000                                 | 0                                      | 0                                      | 0                                      | 0                                      | <b>10,000</b>           |
| Digital Business Incubators                                      | 2,000                                  | 0                                      | 0                                      | 0                                      | 0                                      | <b>2,000</b>            |
|  |  |  |  |  |  |                         |
| <b>Total Strategic Development Programme</b>                     | <b>127,920</b>                         | <b>92,790</b>                          | <b>38,907</b>                          | <b>13,475</b>                          | <b>-</b>                               | <b>293,092</b>          |
|  |  |  |  |  |  |                         |
| Our Town Hall refurbishment                                      | 26,875                                 | 67,457                                 | 103,153                                | 65,836                                 | 29,554                                 | <b>292,875</b>          |
|  |  |  |  |  |  |                         |
| <b>Total Town Hall Refurbishment Programme</b>                   | <b>26,875</b>                          | <b>67,457</b>                          | <b>103,153</b>                         | <b>65,836</b>                          | <b>29,554</b>                          | <b>292,875</b>          |
|  |  |  |  |  |  |                         |
| Brunswick PFI Land Assembly                                      | 1,547                                  | 737                                    | 0                                      | 0                                      | 0                                      | <b>2,284</b>            |
| Collyhurst Regeneration  | 178                                    | 3,700                                  | 0                                      | 0                                      | 0                                      | <b>3,878</b>            |
| Collyhurst Environmentals  | 55                                     | 0                                      | 0                                      | 0                                      | 0                                      | <b>55</b>               |
| Collyhurst Acquisition & Demolition (Overbrook & Needwood Close) | 0                                      | 505                                    | 565                                    | 0                                      | 0                                      | <b>1,070</b>            |
| Collyhurst Land Assembly Ph1                                     | 33                                     | 0                                      | 0                                      | 0                                      | 0                                      | <b>33</b>               |
| Collyhurst Land Acquisitions Ph2                                 | 210                                    | 799                                    | 0                                      | 0                                      | 0                                      | <b>1,009</b>            |
| Eccleshall Street - 3 Sites                                      | 500                                    |  | 0                                      | 0                                      | 0                                      | <b>500</b>              |
| Site Investigation and Early Works HIF Pilot Sites               | 95                                     | 155                                    | 0                                      | 0                                      | 0                                      | <b>250</b>              |
| Miles Platting PFI Land Assembly                                 | 632                                    | 0                                      | 0                                      | 0                                      | 0                                      | <b>632</b>              |
| Disabled Facilities Grant  | 7,801                                  | 6,200                                  | 6,200                                  | 0                                      | 0                                      | <b>20,201</b>           |
| Toxteth St CPO & environmental works                             | 156                                    | 0                                      | 0                                      | 0                                      | 0                                      | <b>156</b>              |
| Bell Crescent CPO  | 0                                      | 0                                      | 0                                      | 0                                      | 482                                    | <b>482</b>              |
| HCA Empty Homes Cluster Phase 2                                  | 801                                    | 891                                    | 0                                      | 0                                      | 0                                      | <b>1,692</b>            |
| Empty Homes Scheme   | 2,000                                  | 0                                      | 0                                      | 0                                      | 0                                      | <b>2,000</b>            |

| <b>Project Name</b>   | <b>2019/20<br/>Proposed<br/>Budget</b> | <b>2020/21<br/>Proposed<br/>Budget</b> | <b>2021/22<br/>Proposed<br/>Budget</b> | <b>2022/23<br/>Proposed<br/>Budget</b> | <b>2023/24<br/>Proposed<br/>Budget</b> | <b>Total<br/>Budget</b> |
|---|--|--|--|--|--|-------------------------|
| Redrow Development Phase 2 onward   | 23                                     | 0                                      | 0                                      | 0                                      | 0                                      | 23                      |
| West Gorton Compensation  | 4                                      | 0                                      | 0                                      | 0                                      | 0                                      | 4                       |
| West Gorton Ph 2A Demolition & Commercial Acquisitions                      | 448                                    | 904                                    | 0                                      | 0                                      | 0                                      | 1,352                   |
| Armitage Nursery & Community Facility                                       | 2,190                                  | 0                                      | 0                                      | 0                                      | 0                                      | 2,190                   |
| HMRF  | 50                                     | 40                                     | 104                                    | 0                                      | 0                                      | 194                     |
| Collyhurst Acquisition & Demolition (Overbrook & Needwood Close)            | 0                                      | 661                                    | 0                                      | 0                                      | 0                                      | 661                     |
| Extra Care  | 2,445                                  | 0                                      | 0                                      | 0                                      | 0                                      | 2,445                   |
| Moston Lane Acquisitions  | 0                                      | 0                                      | 0                                      | 0                                      | 7,500                                  | 7,500                   |
| Equity Loans  | 0                                      | 397                                    | 0                                      | 0                                      | 0                                      | 397                     |
| West Gorton Community Park  | 1,831                                  | 0                                      | 0                                      | 0                                      | 0                                      | 1,831                   |
| Ben St. Regeneration  | 1,256                                  | 6,877                                  | 0                                      | 0                                      | 0                                      | 8,133                   |
| Marginal Viability Fund - New Victoria                                      | 6,457                                  | 3,617                                  | 0                                      | 0                                      | 0                                      | 10,074                  |
| Marginal Viability Fund - Bowes Street                                      | 929                                    | 2,385                                  | 0                                      | 0                                      | 0                                      | 3,314                   |
|   |  |  |  |  |  |                         |
| <b>Total Private Sector Housing Programme</b>                               | <b>29,641</b>                          | <b>27,868</b>                          | <b>6,869</b>                           | <b>0</b>                               | <b>7,982</b>                           | <b>72,360</b>           |
|   |  |  |  |  |  |                         |
| Charlestown - Victoria Ave multistorey window replacement and ECW - Phase 1 | 8,000                                  | 7,190                                  | 0                                      | 0                                      | 0                                      | 15,190                  |
| External cyclical works phase 3a  | 9                                      | 23                                     | 0                                      | 0                                      | 0                                      | 32                      |
| Harpurhey Lathbury & 200 Estates external cyclical works ph 3b              | -18                                    | 31                                     | 0                                      | 0                                      | 0                                      | 13                      |
| Environmental works   | 19                                     | 0                                      | 0                                      | 0                                      | 0                                      | 19                      |
| Harpurhey Shiredale Estate externals  | 0                                      | 15                                     | 0                                      | 0                                      | 0                                      | 15                      |
| Moston Miners Low Rise externals  | 14                                     | 4                                      | 0                                      | 0                                      | 0                                      | 18                      |
| Newton Heath Limestone Drive externals                                      | 0                                      | 6                                      | 0                                      | 0                                      | 0                                      | 6                       |
| Renewal of 4 automatic pedestrian gates at Victoria Square                  | 45                                     | 0                                      | 0                                      | 0                                      | 0                                      | 45                      |

| <b>Project Name</b>  | <b>2019/20<br/>Proposed<br/>Budget</b> | <b>2020/21<br/>Proposed<br/>Budget</b> | <b>2021/22<br/>Proposed<br/>Budget</b> | <b>2022/23<br/>Proposed<br/>Budget</b> | <b>2023/24<br/>Proposed<br/>Budget</b> | <b>Total<br/>Budget</b> |
|--|--|--|--|--|--|-------------------------|
| External cyclical works ph 3b Harpurhey - Jolly Miller Estate ph 3b                    | 0                                      | 82                                     | 0                                      | 0                                      | 0                                      | <b>82</b>               |
| External cyclical works ph 3b Moston Estates (Chauncy/Edith Cliff/Kenyon/Thorveton Sq) | 0                                      | 2                                      | 0                                      | 0                                      | 0                                      | <b>2</b>                |
| External cyclical works ph 3b Ancoats Smithfields estate                               | 102                                    | 0                                      | 0                                      | 0                                      | 0                                      | <b>102</b>              |
| External cyclical works ph 4b Charlestown Chain Bar low rise                           | 0                                      | 45                                     | 0                                      | 0                                      | 0                                      | <b>45</b>               |
| External cyclical works ph 4b Charlestown Chain Bar Hillingdon Drive maisonettes       | 0                                      | 15                                     | 0                                      | 0                                      | 0                                      | <b>15</b>               |
| External cyclical works ph 4b Crumpsall Blackley Village                               | 34                                     | 0                                      | 0                                      | 0                                      | 0                                      | <b>34</b>               |
| External cyclical works ph 4b Higher Blackley South                                    | 32                                     | 26                                     | 0                                      | 0                                      | 0                                      | <b>58</b>               |
| External cyclical works ph 4b Newton Heath Assheton estate                             | 0                                      | 27                                     | 0                                      | 0                                      | 0                                      | <b>27</b>               |
| External cyclical works Ph 4b Newton Heath Troydale Estate                             | 0                                      | 89                                     | 0                                      | 0                                      | 0                                      | <b>89</b>               |
| External cyclical works Ph 5 New Moston (excl corrolites)                              | 0                                      | 38                                     | 0                                      | 0                                      | 0                                      | <b>38</b>               |
| Environmental improvements Moston corrolites   | 67                                     | 0                                      | 0                                      | 0                                      | 0                                      | <b>67</b>               |
| Charlestown - Victoria Ave multistorey replacement door entry systems                  | 0                                      | 18                                     | 0                                      | 0                                      | 0                                      | <b>18</b>               |
| ENW distribution network phase 4 (various)   | 302                                    | 0                                      | 0                                      | 0                                      | 0                                      | <b>302</b>              |
| Dam Head - Walk up flats communal door renewal   | 127                                    | 0                                      | 0                                      | 0                                      | 0                                      | <b>127</b>              |
| Delivery Costs   | 909                                    | 827                                    | 0                                      | 0                                      | 0                                      | <b>1,736</b>            |
| 2/4 Blocks Heating replacement with Individual Boilers                                 | 0                                      | 115                                    | 0                                      | 0                                      | 0                                      | <b>115</b>              |
| Lift replacement / refurbishment programme   | 2                                      | 0                                      | 0                                      | 0                                      | 0                                      | <b>2</b>                |
| Decent Homes mop ups ph 9 and decent homes work required to voids                      | 60                                     | 0                                      | 0                                      | 0                                      | 0                                      | <b>60</b>               |
| One offs such as rewires, boilers, doors, insulation                                   | 0                                      | 33                                     | 0                                      | 0                                      | 0                                      | <b>33</b>               |
| Whitemoss Road and Cheetham Hill Road Local Offices - Improvements                     | 0                                      | 3                                      | 0                                      | 0                                      | 0                                      | <b>3</b>                |

| <b>Project Name</b>   | <b>2019/20<br/>Proposed<br/>Budget</b> | <b>2020/21<br/>Proposed<br/>Budget</b> | <b>2021/22<br/>Proposed<br/>Budget</b> | <b>2022/23<br/>Proposed<br/>Budget</b> | <b>2023/24<br/>Proposed<br/>Budget</b> | <b>Total<br/>Budget</b> |
|---|--|--|--|--|--|-------------------------|
| Ancoats - Victoria Square lift replacement                                  | 265                                    | 0                                      | 0                                      | 0                                      | 0                                      | <b>265</b>              |
| Job 40502 Aldbourne Court/George Halstead Court/Duncan Edwards Court works  | 15                                     | 0                                      | 0                                      | 0                                      | 0                                      | <b>15</b>               |
| Boiler replacement programme - Job 40491                                    | 25                                     | 341                                    | 0                                      | 0                                      | 0                                      | <b>366</b>              |
| Kitchen and Bathrooms programme   | 1,788                                  | 94                                     | 0                                      | 0                                      | 0                                      | <b>1,882</b>            |
| Harpurhey - Monsall Multis Internal Works                                   | 2,385                                  | 85                                     | 0                                      | 0                                      | 0                                      | <b>2,470</b>            |
| Various - Bradford/Clifford Lamb/Kingsbridge/Sandyhill Court Internal Works | 2,471                                  | 108                                    | 0                                      | 0                                      | 0                                      | <b>2,579</b>            |
| Collyhurst - Mossbrook/Roach/Vauxhall/Humphries Court Internal Works        | 2,691                                  | 106                                    | 0                                      | 0                                      | 0                                      | <b>2,797</b>            |
| Decent Homes mop ups phase 10 and voids                                     | 633                                    | 129                                    | 0                                      | 0                                      | 0                                      | <b>762</b>              |
| One off work - rewires, boilers, doors                                      | 158                                    | 0                                      | 0                                      | 0                                      | 0                                      | <b>158</b>              |
| Fire precautions multi storey blocks  | 1,078                                  | 1,000                                  | 0                                      | 0                                      | 0                                      | <b>2,078</b>            |
| Installations of sprinkler systems - multi storey blocks                    | 2,380                                  | 221                                    | 0                                      | 0                                      | 0                                      | <b>2,601</b>            |
| Replacement of Prepayment Meters in High Rise Blocks                        | 0                                      | 20                                     | 0                                      | 0                                      | 0                                      | <b>20</b>               |
| ERDF Heat Pumps   | 555                                    | 2,982                                  | 167                                    | 0                                      | 0                                      | <b>3,704</b>            |
| Delivery Costs  | 1,502                                  | 246                                    | 0                                      | 0                                      | 0                                      | <b>1,748</b>            |
| Bringing Studio Apartments back in use                                      | 25                                     | 0                                      | 0                                      | 0                                      | 0                                      | <b>25</b>               |
| Improvements to Homeless accommodation city wide                            | 0                                      | 201                                    | 0                                      | 0                                      | 0                                      | <b>201</b>              |
| Plymouth Grove Women's Direct Access Centre                                 | 0                                      | 28                                     | 0                                      | 0                                      | 0                                      | <b>28</b>               |
| Improvements to Homeless Accommodation Phase 2                              | 723                                    | 267                                    | 0                                      | 0                                      | 0                                      | <b>990</b>              |
| Delivery Costs  | 78                                     | 45                                     | 0                                      | 0                                      | 0                                      | <b>123</b>              |
| Northwards Acquisitions   | 3                                      | 0                                      | 0                                      | 0                                      | 0                                      | <b>3</b>                |
| Stock Acquisitions  | 0                                      | 28                                     | 0                                      | 0                                      | 0                                      | <b>28</b>               |
| Adaptations   | 720                                    | 0                                      | 0                                      | 0                                      | 0                                      | <b>720</b>              |
| Northwards Housing Programme  | 696                                    | 15,889                                 | 22,176                                 | 0                                      | 0                                      | <b>38,761</b>           |
| Collyhurst Maisonette Compensation & Dem                                    | 89                                     | 0                                      | 0                                      | 935                                    | 0                                      | <b>1,024</b>            |
| West Gorton PH2A Low & High Rise Demolition                                 | 26                                     | 0                                      | 0                                      | 0                                      | 0                                      | <b>26</b>               |

| <b>Project Name</b>   | <b>2019/20<br/>Proposed<br/>Budget</b> | <b>2020/21<br/>Proposed<br/>Budget</b> | <b>2021/22<br/>Proposed<br/>Budget</b> | <b>2022/23<br/>Proposed<br/>Budget</b> | <b>2023/24<br/>Proposed<br/>Budget</b> | <b>Total<br/>Budget</b> |
|---|--|--|--|--|--|-------------------------|
| Collyhurst Estate Regeneration                                      | 700                                    | 8,695                                  | 10,235                                 | 1,841                                  | 0                                      | <b>21,471</b>           |
| Buy Back Properties - Right to Buy                                  | 155                                    | 0                                      | 0                                      | 0                                      | 0                                      | <b>155</b>              |
| Collyhurst Regen - Highways Phase 1                                 | 0                                      | 190                                    | 97                                     | 1,394                                  | 0                                      | <b>1,681</b>            |
| Collyhurst Regen - Churnett Street                                  | 0                                      | 0                                      | 0                                      | 790                                    | 0                                      | <b>790</b>              |
| Collyhurst Regen - Needwood & Overbrook acquisition /<br>demolition | 0                                      | 125                                    | 0                                      | 0                                      | 0                                      | <b>125</b>              |
| Willert Street Park Improvements                                    | 10                                     | 0                                      | 0                                      | 0                                      | 0                                      | <b>10</b>               |
| North Manchester New Builds   | 546                                    | 0                                      | 0                                      | 0                                      | 0                                      | <b>546</b>              |
| North Manchester New Builds 2                                       | 442                                    | 10,700                                 | 0                                      | 0                                      | 0                                      | <b>11,142</b>           |
| North Manchester New Builds 3                                       | 645                                    | 0                                      | 0                                      | 0                                      | 0                                      | <b>645</b>              |
| Parkhill Land Assembly  | 0                                      | 0                                      | 4,270                                  | 0                                      | 0                                      | <b>4,270</b>            |
| Fire precautions multi storey blocks                                | 1,200                                  | 0                                      | 0                                      | 0                                      | 0                                      | <b>1,200</b>            |
|   |  |  |  |  |  |                         |
| <b>Total Public Sector Housing (HRA) Programme</b>                  | <b>31,708</b>                          | <b>50,089</b>                          | <b>36,945</b>                          | <b>4,960</b>                           | <b>0</b>                               | <b>123,702</b>          |
|   |  |  |  |  |  |                         |
| Lytham Rd   | 200                                    | 0                                      | 0                                      | 0                                      | 0                                      | <b>200</b>              |
| Co-op Academy expansion   | 443                                    | 0                                      | 0                                      | 0                                      | 0                                      | <b>443</b>              |
| Plymouth Grove Refurbishment  | 397                                    | 0                                      | 0                                      | 0                                      | 0                                      | <b>397</b>              |
| Beaver Rd Primary Expansion   | 197                                    | 0                                      | 0                                      | 0                                      | 0                                      | <b>197</b>              |
| Lily Lane Primary   | 164                                    | 0                                      | 0                                      | 0                                      | 0                                      | <b>164</b>              |
| St. James Primary Academy   | 99                                     | 0                                      | 0                                      | 0                                      | 0                                      | <b>99</b>               |
| Crossacres Primary School   | 210                                    | 0                                      | 0                                      | 0                                      | 0                                      | <b>210</b>              |
| Ringway Primary School  | 82                                     | 0                                      | 0                                      | 0                                      | 0                                      | <b>82</b>               |
| Webster Primary Schools   | 117                                    | 0                                      | 0                                      | 0                                      | 0                                      | <b>117</b>              |
| Brookside Rd Moston   | 2,159                                  | 3,675                                  | 1,221                                  | 0                                      | 0                                      | <b>7,055</b>            |
| North Hulme Adv Playground  | 1,934                                  | 2,438                                  | 0                                      | 0                                      | 0                                      | <b>4,372</b>            |
| Monsall Road (Burgess)  | 2,029                                  | 2,977                                  | 0                                      | 0                                      | 0                                      | <b>5,006</b>            |
| Roundwood Road  | 2,144                                  | 3,656                                  | 1,216                                  | 0                                      | 0                                      | <b>7,016</b>            |

| <b>Project Name</b>                                      | <b>2019/20<br/>Proposed<br/>Budget</b> | <b>2020/21<br/>Proposed<br/>Budget</b> | <b>2021/22<br/>Proposed<br/>Budget</b> | <b>2022/23<br/>Proposed<br/>Budget</b> | <b>2023/24<br/>Proposed<br/>Budget</b> | <b>Total<br/>Budget</b> |
|--|--|--|--|--|--|-------------------------|
| Basic need - unallocated funds                           | 20,173                                 | 44,015                                 | 1,138                                  | 0                                      | 0                                      | 65,326                  |
| Universal Infant Free School Meals (UIFSM) - Unallocated | 335                                    | 0                                      | 0                                      | 0                                      | 0                                      | 335                     |
| Moston Lane - re-roof                                    | 19                                     | 0                                      | 0                                      | 0                                      | 0                                      | 19                      |
| Abbott Primary School Fencing                            | 11                                     | 0                                      | 0                                      | 0                                      | 0                                      | 11                      |
| Broad Oak  | 116                                    | 0                                      | 0                                      | 0                                      | 0                                      | 116                     |
| Schools Capital Maintenance -unallocated                 | 5,354                                  | 3,000                                  | 3,000                                  | 0                                      | 0                                      | 11,354                  |
| Paintpots  | 9                                      | 0                                      | 0                                      | 0                                      | 0                                      | 9                       |
| Early Education for Two Year Olds - Unallocated          | 52                                     | 0                                      | 0                                      | 0                                      | 0                                      | 52                      |
| Gorton Youth Zone  | 1,275                                  | 0                                      | 0                                      | 0                                      | 0                                      | 1,275                   |
| Healthy Pupil Capital Funding                            | 263                                    | 0                                      | 0                                      | 0                                      | 0                                      | 263                     |
| North Ridge SEN  | 2,875                                  | 164                                    | 0                                      | 0                                      | 0                                      | 3,039                   |
| Special Educational Needs grant                          | 1,160                                  | 0                                      | 0                                      | 0                                      | 0                                      | 1,160                   |
| Seymour Road   | 1,200                                  | 0                                      | 0                                      | 0                                      | 0                                      | 1,200                   |
|  |  |  |  |  |  |                         |
| <b>Total Children's Services Programme</b>               | <b>43,017</b>                          | <b>59,925</b>                          | <b>6,575</b>                           | <b>0</b>                               | <b>0</b>                               | <b>109,517</b>          |
|  |  |  |  |  |  |                         |
| PSN Windows 2003   | 42                                     | 0                                      | 0                                      | 0                                      | 0                                      | 42                      |
| Data Centre UPS Installation                             | 10                                     | 0                                      | 0                                      | 0                                      | 0                                      | 10                      |
| New Social Care System                                   | 1,207                                  | 0                                      | 0                                      | 0                                      | 0                                      | 1,207                   |
| End User Computing                                       | 2,364                                  | 1,877                                  | 0                                      | 0                                      | 0                                      | 4,241                   |
| Core Infrastructure Refresh                              | 109                                    | 0                                      | 0                                      | 0                                      | 0                                      | 109                     |
| Internet Resilience                                      | 50                                     | 0                                      | 0                                      | 0                                      | 0                                      | 50                      |
| New Rent Collection System                               | 33                                     | 0                                      | 0                                      | 0                                      | 0                                      | 33                      |
| Communications Room Replacement Phase 2                  | 557                                    | 3,929                                  | 500                                    | 0                                      | 0                                      | 4,986                   |
| Care Leavers Service                                     | 14                                     | 0                                      | 0                                      | 0                                      | 0                                      | 14                      |
| Data Centre Network Design and Implementation            | 2,667                                  | 0                                      | 0                                      | 0                                      | 0                                      | 2,667                   |
| Corporate Wifi   | 50                                     | 750                                    | 668                                    | 0                                      | 0                                      | 1,468                   |
| ICT Investment Plan                                      | 0                                      | 4,235                                  | 7,715                                  | 8,900                                  | 7,690                                  | 28,540                  |



| <b>Project Name</b>                                     | <b>2019/20<br/>Proposed<br/>Budget</b> | <b>2020/21<br/>Proposed<br/>Budget</b> | <b>2021/22<br/>Proposed<br/>Budget</b> | <b>2022/23<br/>Proposed<br/>Budget</b> | <b>2023/24<br/>Proposed<br/>Budget</b> | <b>Total<br/>Budget</b> |
|---|--|--|--|--|--|-------------------------|
| Compliance Bus case                                     | 278                                    | 0                                      | 0                                      | 0                                      | 0                                      | <b>278</b>              |
| Wider Area Network Redesign                             | 22                                     | 0                                      | 0                                      | 0                                      | 0                                      | <b>22</b>               |
|   |  |  |  |  |  |                         |
| <b>Total ICT Programme</b>                              | <b>7,403</b>                           | <b>10,791</b>                          | <b>8,883</b>                           | <b>8,900</b>                           | <b>7,690</b>                           | <b>43,667</b>           |
|   |  |  |  |  |  |                         |
| ONE System Developments                                 | 11                                     | 0                                      | 0                                      | 0                                      | 0                                      | <b>11</b>               |
| Phase 1 Implementation - Locality Plan Programme Office | 585                                    | 0                                      | 0                                      | 0                                      | 0                                      | <b>585</b>              |
| Integrated Working - Gorton Health Hub                  | 10,648                                 | 8,627                                  | 2,619                                  | 0                                      | 0                                      | <b>21,894</b>           |
| BioMedical Investment                                   | 7,958                                  | 6,100                                  | 2,700                                  | 0                                      | 0                                      | <b>16,758</b>           |
| Band on the Wall  | 200                                    | 0                                      | 0                                      | 0                                      | 0                                      | <b>200</b>              |
| Manchester Jewish Museum Loan                           | 290                                    | 0                                      | 0                                      | 0                                      | 0                                      | <b>290</b>              |
| Manchester Airport Car Park Investment                  | 3,700                                  | 1,900                                  | 0                                      | 0                                      | 0                                      | <b>5,600</b>            |
|   |  |  |  |  |  |                         |
| <b>Total Corporate Capital Programme</b>                | <b>23,392</b>                          | <b>16,627</b>                          | <b>5,319</b>                           | <b>0</b>                               | <b>0</b>                               | <b>45,338</b>           |
|   |  |  |  |  |  |                         |
| <b>Total Manchester City Council Capital Programme</b>  | <b>358,508</b>                         | <b>398,982</b>                         | <b>242,013</b>                         | <b>96,136</b>                          | <b>48,191</b>                          | <b>1,143,830</b>        |
|   |  |  |  |  |  |                         |
| Housing Investment Fund                                 | 151,166                                | 37,951                                 | 0                                      | 0                                      | 0                                      | <b>189,117</b>          |
|   |  |  |  |  |  |                         |
| <b>Total GM projects</b>                                | <b>151,166</b>                         | <b>37,951</b>                          | <b>0</b>                               | <b>0</b>                               | <b>0</b>                               | <b>189,117</b>          |
|   |  |  |  |  |  |                         |
| <b>Total CAPITAL PROGRAMME</b>                          | <b>509,674</b>                         | <b>436,933</b>                         | <b>242,013</b>                         | <b>96,136</b>                          | <b>48,191</b>                          | <b>1,332,947</b>        |

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