



MANCHESTER  
CITY COUNCIL

# Annual Accounts 2020/21

Overview of the Accounts and Key Issues

# Foreword: Revised Accounts Timetable and Challenges

## Timetable

- Publication deadline of the Annual Accounts has been changed for 2020/21 due to Covid 19.
- Draft Accounts to be published by 31st July 2021
- Draft Accounts to go on deposit for public inspection from 1st August 2021
- Audited Accounts to be published by 30th September 2021
- Manchester City Council has chosen to continue with the presentation to Audit Committee as we regard this as best practice

## Challenges

- Unprecedented year seen the Council's net budget increase by £205m in year due to covid expenditure
- Administered over £480m of Covid Grants
- Provided support for the Airport
- Made savings of £40m to set a balanced budget
- Lost key personnel supporting the production of accounts

## Group Accounts

The Group accounts are being finalised, but will be completed for the publishing deadline.

Manchester Airport Group (MAG) adhere to different accounting deadlines and due to the pandemic and resource pressures we have received both the accounting information from MAG and the external valuation information very late.

# Foreword: Financial Impact of Covid-19

- As a result of the COVID-19 pandemic there has been additional demand for services and reductions to Council's income.
- The pressures in excess of the budget of the pandemic was **£56m** in 2020/21 increasing to a forecast **£144m** in 2021/22. It is anticipated the losses will continue to be felt over the five-year period.
- Meant that savings of **£40.7m** had to be found to balance the 2021/22 budget.
- In line with CIPFA guidance we have included a table detailing Covid grants, and the Councils status as principal or agent.
- The financial impact of these Covid related pressures are reflected throughout the accounts including the increase and revised reserves presentation, increased impairment of debt for council tax, business rates and the collection fund position reported.
- Resulted in added complexity to the production of the accounts
- The full narrative report provides greater detail about the effects of the Covid-19 pandemic on the city region, and our residents.

# Effects of COVID-19 on 2020/21 Accounts

The challenges associated with COVID-19 have had a significant effect on the Council's financial activities and position at the end of 2020/21 and predominantly into 2021/22.

As a result, additional disclosures have been included in the 2020/21 annual accounts, including:

- Assumptions around going concern particularly group entities
- Increased financial specific Covid reserves as disclosed
- New requirement to disclose all Covid grants and agency/principal
- Impact on the collection fund accounting position
- Additional allowance for non payment of debt particularly council tax and business rates
- Less certainty about estimates - particularly property, plant and equipment and pension liability.

# Narrative Report

**Puts the numbers into context**

**Articulates:**

**City Council's strategic objectives and achievements...**

**.....within its available resources**

**.....including how it has applied those resources**

**.....and the Governance (decision making and assurance)**

- Our Council
- Our City
- Our Strategy and objectives
- Our Funding and Spending 2020/21
- Our Performance (what is achieved through our investment in public services)
- Our Financial Performance
- Covid-19 Grants
- Our Risks and Outlook
- The Financial Statements
- The Basis of Preparation of the Annual Statement of Accounts

# Narrative Report

Summary of performance in 2020/21

## Zero Carbon Manchester

- Total provisional estimated Council emissions in 2020/21 (25,429 tonnes CO<sub>2</sub>) were **18% below** the annual budget for 2020/21 (31,080 tonnes CO<sub>2</sub>).
- Total Council emissions in 2019/20 (32,284 tonnes CO<sub>2</sub>) were **10% below** the annual budget for 2019/20 (35,724 tonnes CO<sub>2</sub>).

## Growth that Benefits Everyone

- 50-64 year olds claiming out of work benefits in November 2020 was **30.7%**, Source: DWP
- The percentage of the Council's procurement spend which was spent with local suppliers in 2019/20 was **69.2%** Source: CLES.
- The numbers of enrolments on foundation courses including Literacy/Numeracy/ESOL in the period August 2019 to July 2020 was **2,861** Source: MCC (Enrolments were notably affected by COVID-19)
- There were **15 planning applications** processed by the Council with fees of **£50,000 and above** in 2020/21 . Source: MCC

# Narrative Report

## Summary of performance in 2020/21

### Young People

- The percentage of the city's primary schools rated good or outstanding in 2020/21 was **92.5%** Source: Ofsted. (There are 135 primary schools, including academies and independents. NB: COVID-19 has impacted on inspections, staff availability and has disrupted children's learning experience.)
- The percentage of the city's secondary schools rated good or outstanding in 2020/21 was **69.2%**, Source: Ofsted. (There are 29 secondary schools, including academies and independents)
- The number of Looked After Children in Manchester in 2020/21 was **1,371 (a rate of 110.7 per 10,000 children)**, which was a desirable decrease from that of 2019/20 (1,431 Looked After Children, a rate of 117 per 10,000 children). Source: MCC.
- The provisional number of Children In Need in Manchester in 2020/21 was **5,357 (a rate of 436 per 10,000 children)**, (5,370 Children In Need, a rate of 440 per 10,000 children). Source: MCC.

# Narrative Report

## Summary of performance in 2020/21

### Healthy cared-for people

- The number of carers receiving carers specific services in 2020/21 was **41.26 per 10,000 population**, which was an increase from that of 2019/20 (29.51). Source: NHS Digital.
- The proportion of directly provided services which have been rated "Good" or "Outstanding" by CQC in 2020/21 was **92%**, which was a desirable increase from that of 2019/20 (82%). Source: CQC.
- The number of emergency hospital admissions for Manchester in 2020/21 was **81 per 1,000 population**, which was a decrease from the 136 recorded for 2019/20. Source: Healthcare Evaluation Data (HED)/NHS
- **20%** of households moved to settled accommodation provided by registered providers in 2020/21, which was a very slight decrease from 2019/20 (21%). Source: MCC.
- The number of households moved to settled accommodation in the private sector in 2020/21 was **523**, which was a desirable increase from that of 2019/20 (408). Source: MCC.
- The number of households prevented from becoming homeless via supporting them to stay in existing or alternative accommodation in 2020/21 was **789**, which was an undesirable decrease from that of 2019/20 (1,178). Source: MCC.
- The number of households presented as homeless or threatened with homelessness and were owed a duty in 2020/21 was **5,787**, which was an undesirable increase from that of 2019/20 (5,200). Source: MCC.



# Narrative Report

## Summary of performance in 2020/21

### Housing

- The number of new homes completed in Manchester in 2020/21, which were defined as affordable by the government was **461**, a desirable increase of 5.2% from that of 2019/20 (437). Source: MCC.
- The number of new builds which became available for buying or renting in Manchester in 2020/21 was **4,260**, which was a desirable small increase of 1.9% from that of 2019/20 (4,180). Source: MCC.

### Neighbourhoods

- The percentage of household waste recycled in 2020/21 was **40.4%**, which was a small desirable increase from that of 2019/20 (40.1%). Source: DEFRA.
- **13,658 tonnes** of waste from street cleansing was collected in 2020/21, which was an increase on the 13,347 tonnes collected in 2019/20. Source: Weighbridge data - Viridor/Suez and Redgate Holdings
- In 2020/21 the total number of recorded visits to Manchester's libraries, galleries and sports and leisure facilities was 725,593 in 2020/21, this is a reduction of 90.3% from 7.472m visits in 2019/20.

# Narrative Report

## Summary of performance in 2020/21

### Connections

- The total amount of resurfacing work delivered in 2020/21 in m<sup>2</sup> (excluding footways) was **773,362m<sup>2</sup>**, which was a desirable increase from that of 2019/20 (538,760m<sup>2</sup>). Source: MCC.
- The percentage of journeys into Manchester city centre by bicycle in 2020/21 was **2.2%**, which was very similar to that of 2019/20 (2.3%). Source: TfGM
- The percentage of road network (excl. footways) rated as in poor condition in 2020 was **17.7%**, which was a desirable decrease from that of 2019 (19.98%). Source: MCC via GAIST.
- The percentage of residents with access to high-speed broadband (>30Mbits/s) in 2020 was **95%**, which was a desirable small increase from that of 2019 (94.2%). Source: Ofcom.

### Equality

- We've been rated as 'excellent' under the Equality Framework for Local Government (EFLG). This accreditation, for the period June 2018 – 2021, indicates the delivery of excellence in the areas of: knowing our communities, leadership, partnership and organisational commitment, involving our communities, responsive services and customer care, and skilled and committed workforce.

### Well-managed council

- The percentage of annual due Council Tax collected in 2020/21 was **90.15%**, which was an undesirable decrease from that of 2019/20 (92.73%). Source: MCC.
- The percentage of annual due Business Rates collected in 2020/21 was **87.91%**, which was an undesirable decrease from that of 2019/20 (97.58%). Source: MCC.
- The number of Stage 1 and 2 corporate complaints responded to within 10 working days in 2020/21 was **60.5%**, which was an undesirable decrease from that of 2019/20 (75.9%).

# Narrative Report

Financial Performance Section includes:

- Net Revenue Budget 2020/21 – net revenue budget compared to outturn and key reasons for variations
- Capital Outturn 2020/21 compared to budget, details of spend for key projects and summary of how capital expenditure was funded
- Detail on Covid-19 Grant funding.

# Covid-19 Grants 2020/21

During the financial year the Council has administered over **£480m** of COVID-19 grant schemes on behalf of Government to support businesses and residents during the pandemic, distributed by government in **30** different grant types.

The Council has had to determine whether it was acting as a principal or agent of government when administering the grants. Where the Council was acting as agent the following conditions applied:

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

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

The following tables below provide a full summary of all the COVID-19 grant schemes administered by the Council during 2020/21. They show how much of each grant was spent in year and how much will be spent in 2021/22, in line with government conditions

# General Grants

The Council Acting as Principal		
Expenditure as at 31 March 2020	Grant remaining as at 31 March 2020	Total Grant
£,000	£,000	£,000
<b>General Grants:</b>		
COVID - 19 Local Authority Support Grant	46.6	0.0
Taxation Income Guarantee	0.0	19.2
Sales Fees and Charges Support Grant	12.4	0.0
COVID-19 New Burdens Funding	0.4	0.0
<b>Total Credited to taxation and non-specific grant income</b>	<b>59.4</b>	<b>19.2</b>

The Council Acting as Agent
Total Grant
£,000
0.0
0.0
0.0
0.0
<b>0.0</b>

Total Grants
£,000
46.6
19.2
12.4
0.4
<b>78.6</b>

# Grants Credited to Services

	The Council Acting as Principal			The Council Acting as Agent	Total Grant	
	Expenditure as at 31 March 2020	Grant remaining as at 31 March 2020	Total Principal			Total Agency
	£,000	£,000	£,000			£,000
<b>Credited to services:</b>	0.0	0.0	0.0	0.0	0.0	
Infection Control	1.7	0.0	1.7	4.5	6.1	
Workforce Capacity Fund	1.2	0	1.2	0.0	1.2	
Rapid Testing Fund	0.8	0	0.8	0.0	0.8	
LA Framework / Practical Support for those Self-Isolating	0.0	0.2	0.2	0.0	0.2	
Community Testing	1.2	0.0	1.2	0.0	1.2	
Council Tax Hardship Grant	0.6	0.0	0.6	6.8	7.5	
Contain Outbreak Management Fund	1.8	18.3	20.1	0.0	20.1	
Cultural Recovery	0.9	0.0	0.9	0.0	0.9	
Covid 19 - Community Champions	0.1	0.5	0.6	0.0	0.6	
Local Authority Compliance and Enforcement Grant	0.5	0.0	0.5	0.0	0.5	
National Leisure Recovery Fund	0.5	0.9	1.4	0.0	1.4	
Domestic Violence	0.1	0.0	0.1	0.0	0.1	
Local Welfare Assistance Fund	1	0.0	1	0.0	1	
Clinically Extremely Vulnerable	0	1.6	1.6	0.0	1.6	
Winter Grant Scheme / Easter Hardship Fund	3.5	0	3.5	0.0	3.5	
Next Step Accommodation Grant	2	0.0	2	0.0	2	
Emergency Support for Rough Sleepers	0.1	0.0	0.1	0.0	0.1	
Test and Trace Support Payments Grant	0.2	0.8	1.1	0.8	1.8	
Reopening High Streets Safely Fund	0.2	0.0	0.2	0.0	0.2	

# Grants Supporting Businesses

	The Council Acting as Principal			The Council Acting as Agent	Total Grant
	Expenditure as at 31 March 2020	Grant remaining as at 31 March 2020	Total Principal	Total Agency	
	£,000	£,000	£,000	£,000	
<b>Support to business:</b>	0.0	0.0	0.0	0.0	0.0
Expanded Retail Discount	0.0	148.5	148.5	0.0	148.5
Local Authority Discretionary Grant Fund	5.4	0.0	5.4	0.0	5.4
Additional Restrictions Grant	8.9	7.7	16.6	0.0	16.6
Business Support Grant (Small Business Grant Fund and Retail Hospitality and Leisure Grant Fund)	0.0	0.0	0.0	105.9	105.9
Local Restrictions Support Grant (various)	0.0	0.0	0.0	53.9	53.9
Closed Business Lockdown Payments	0.0	0.0	0.0	21.1	21.1
Christmas Support Payments	0.0	0.0	0.0	0.2	0.2
<b>Total service specific</b>	<b>30.6</b>	<b>178.5</b>	<b>209.1</b>	<b>193.2</b>	<b>402.3</b>
<b>Total all grants</b>	<b>90</b>	<b>197.7</b>	<b>287.7</b>	<b>193.2</b>	<b>480.9</b>

The accounting treatment of these grants is varied. The principal elements of £287.7m are included within note 16 (£78.6m) and note 17 (£209.1m). The amounts carried forward £197.7m are included in the Balance Sheet usable reserves Note 40.

The Agency elements of £193.2m are fully spent in 2020/21 except for the Local Restriction Support grants (£14.049m unspent) and Closed Business Lockdown Payments (£1.229m unspent). The funds remaining at 31 March are included in the Councils Balance Sheet (Short Term Creditors).

# General Fund Revenue Outturn 2020/21

- Underspend of £3.9m against latest budget.
- General Fund Reserve as at 31 March 2021 = £26.8m.
- The table below shows our year-end position compared to budget. The variance is broken down over COVID-19 related pressures and other variances
- Further details in Accounts Narrative Report and Revenue Outturn Report to 2 June Executive

	Revised Budget	Outturn
	£m	£m
<b>Total Available Resources</b>	(871.1)	(859.5)
<b>Total Corporate Budgets</b>	257.4	253.6
Children's Services	135.7	133.9
Adult Social Care	235.2	239.3
Homelessness	17.8	25.2
Corporate Core	97.5	101.8
Neighbourhoods	114.7	127.9
Growth and Development	12.8	16.0
<b>Total Directorate Budgets</b>	<b>614</b>	<b>644</b>
<b>Total Use of Resources</b>	<b>871</b>	<b>898</b>
<b>Total over / (under) spend</b>	<b>0.0</b>	<b>38.1</b>
COVID 19 Government grant income (tranche 1 to 4) - Confirmed		
COVID-19 Sales Fees and Charges grant Income - Forecast		
Reprofile the use of reserves		
<b>Net over / (under) spend</b>		

Memo: Breakdown of Variance		
COVID	Other over / underspends	Total Variance
£m	£m	£m
14.9	(3.3)	<b>11.6</b>
0.0	(3.8)	<b>(3.8)</b>
1.0	(2.8)	<b>(1.8)</b>
8.3	(4.2)	<b>4.1</b>
5.2	2.3	<b>7.4</b>
5.6	(1.4)	<b>4.2</b>
16.2	(3.0)	<b>13.2</b>
4.8	(1.7)	<b>3.1</b>
<b>41.0</b>	<b>(10.7)</b>	<b>30.3</b>
<b>41.0</b>	<b>(14.6)</b>	<b>26.5</b>
<b>55.9</b>	<b>(17.8)</b>	<b>38.1</b>
(64.8)		<b>(64.8)</b>
(12.4)		<b>(12.4)</b>
35.2		<b>35.2</b>
<b>(13.9)</b>	<b>(17.8)</b>	<b>(3.9)</b>



# 2020/21 - Key Variations from budget

**Available Resources £11.648m shortfall (overspend)** – mainly due to a £14.910m loss in dividend income from the Manchester Airport Group due to the impact of COVID restrictions. The dividend loss is partly offset by an increase on the retained business rates budget due to the late announcement of notional Public Health allocations for 2020/21, increase on other specific grants and New Burdens funding and investment estate income from Arndale Centre and Manchester Central events income.

**Corporate Budgets £3.815m underspend-** underspend on budgets to be allocated including the pension contribution reduction, utility savings and delay to investments, contingency budget released as not required and underspend on historical pension costs.

**Children's Services £1.755m underspend** - The £1.755m underspend for Children's Services is 1.3% of the £135.666m budget and indicates early achievement of some of the 2021/22 savings. Our Children placements (budget £47.8m, underspend £0.473m) , Children's Safeguarding Service Areas (budget £43.805m, underspend £0.768m) , Permanence and Leaving Care placements (budget £18.345m, underspend £2.427m), Children's Strategic Management and Business Support (budget £4.785m, overspend £31k). Education Services (budget £20.931m, overspend £1.882m)

**Adults Social Care £4.064m overspend** - In-house Learning Disability Supported Accommodation overspend of £2.422m from ongoing and rising needs for care and support, residential and nursing overspend £5.994m, mental health services of £277k offset in part by other underspends in Reablement service of £1.531m and Homecare £477k, and by £71k underspend on services outside the MHCC pool.

# 2020/21 - Key Variations from budget

**Homelessness £7.423m overspend** - Overspend consists of £5.153m on Covid-19 response, Disbursed accommodation and Bed and Breakfast Accommodation £1.772m, bad debt provision increase £1m to capture the impact of the Universal Credit roll out which resulted in a shortfall in housing costs met by benefits, which is partly offset by an underspend on support serviced of £502k.

**Corporate Core £4.220m overspend** – Overspends on ICT of £3.740m project funded revenue and additional equipment to support flexible working due to Covid-19, Revenue and Benefits overspend of £1.513m due to reduced court fee income because of Covid –19 closures, offset in part by employee budget savings due to vacancies.

**Neighbourhoods and Highways £13.205m overspend** – Neighbourhoods Services £10.312m overspend mainly due to Manchester Markets underachievement £5.138m due to Covid-19 closures, £3.465m Parks, Leisure Youth and Events overspend due to support provided to Greenwich Leisure Limited (GLL) to cover the fixed cost of the Council's leisure and sports facilities and income loss, £1.873m Advertising income loss. Highways overspend of £2.893m made up reduced off street carparking income, increased bad debt provision and additional CCTV costs. Offset in part by underspends on Accident and Trips due to reduced numbers of claims and employee savings in Manchester Contracts through vacant posts.

**Growth and Development £3.133m overspend**- Overspend due to shortfall from reduced investment estate income £1.652m, £0.576m overspend in facilities management, £0.588m Income shortfalls in Taxi Licensing, Premises Licensing and Building Control being partly offset by additional Planning income.

# Housing Revenue Account (HRA)

## Outturn 2020/21

- Includes:
  - Costs of owning and maintaining properties which are let to tenants (15,655 dwellings).
  - Rental income from Council owned houses including those managed under a Private Finance Initiative (PFI) contract.
- Outturn position is an **underspend of £8.576m**. Transfer of £1.724m to reserves against a budgeted call on reserves of £9.593m

- Main variations:

Significant slippage in the capital programme, largely due to Covid

Reduced PFI costs due to delays in anticipated capital works

Increased rental income as a result of a reduced number of Right to Buy sales due to Covid

- Funding set aside for fire safety measures through the installation of sprinkler system within council tower blocks in 2020/21 - £13.161m
- Reduced PFI costs - £1.518m
- Higher depreciation - £0.828m
- Reduced bad debt provision - £0.438m
- Reduced insurance contribution - £0.3m

# Capital Outturn 2020/21

- 2020/21 capital expenditure included in the accounts is £335.7m

Manchester City Council programme	Capital Budget for 2020/21 £m	Capital expenditure in 2020/21 £m	Overspend or (underspend) for 2020/21 £m
Highways	53.8	46.2	(7.6)
Neighbourhoods	10.8	4.9	(5.9)
Growth and Development	87.6	72.0	(15.6)
Town Hall refurbishment	34.6	30.0	(4.6)
Housing – private sector	13.9	14.6	0.7
Housing – HRA	16.1	17.6	1.5
Children’s Services	37.2	32.1	(5.1)
ICT	3.8	3.5	(0.3)
Corporate Services	115.4	114.8	(0.8)
<b>Total</b>	<b>373.3</b>	<b>335.7</b>	<b>(37.6)</b>

- Details can be found in:
  - Accounts Narrative Report
  - Capital outturn report – 30 June Executive
  - Note 31 to the accounts on capital expenditure and financing

# Capital spend and financing 2020/21

The following table shows how we funded our **capital spending of £335.7m** in 2020/21 from the different types of income received.

	2020/21 £m
Borrowing	180.8
Government Grants such as Basic Need funding from the Department for Education to fund additional school places	63.3
External Contributions such as contributions from Transport for Greater Manchester to support transport initiatives	35.5
Capital Receipts from the sale of Council properties and loan repayments	21.4
HRA Major Repairs Reserve	15.9
Revenue Contributions by the Council	18.8
<b>Total</b>	<b>335.7</b>

# Comprehensive Income and Expenditure Statement (CIES)

Table below shows General Fund overspend and HRA underspend as reported in the Outturn report and how this links to the notional surplus in the CIES.

	General Fund	HRA	Total
	£m	£m	£m
Over / (Under)spend	(5.5)	(20.4)	(25.8)
Budgeted transfer (to) / from general reserves	1.6	18.6	9.8
Net transfer (to) / from general reserves	(3.9)	(1.7)	(5.6)
Transfers (to) / from earmarked reserves	(220.6)	0.0	(220.6)
Other income and expenditure classification	36.8	(36.8)	0.0
Notional accounting adjustments	149.9	22.5	172.5
<b>Deficit / (Surplus) per CIES</b>	<b>(37.7)</b>	<b>(16.0)</b>	<b>(53.7)</b>

# Movement in Reserves Statement

- Explains the movement in the Council's usable and unusable reserves during the year.
- Useable reserves are cash backed and are available to spend
- MCC use them to manage risk across the financial years and they are an important tool in ensuring sound financial management
- They are categorised as:
  - earmarked – for a specific purpose - includes unspent grants, risk reserves, unapplied capital receipts, PFI reserves, schools balances
  - Unearmarked – general reserves, held as contingency
- Unusable reserves – reflect accounting entries and typically are not financed and therefore not available for spending.

# Usable Reserves

The reserves should be viewed in the context of the future budget position, which is extremely challenging. The reserves appear **artificially high** due to the accounting treatment of business rates reliefs and losses, and the government funding provided to reimburse such losses. Reserves for this purpose total £167.7m

## In general:

- Usable reserves – Can be used to fund capital/revenue expenditure.
- The majority of the Council's reserves are earmarked for specific purposes.
- The General Fund (GF) balance is the only non earmarked reserve (c£26.8m). Fully depleting the GF reserve would leave the council in an extremely vulnerable position and unable to manage in-year risks. This was increased from £21.4m to £26.8m recognising the scale of the budget cuts being delivered and uncertainty facing the Council in the future.
- The reserves enable the Council to smooth investment, including facilitating the spread of one-off government funding to support expenditure over 2 to 3 years
- The reserves provide some resilience for future risks and budget pressures
- Overall the position on reserves over the next 5 years is forecast to reduce significantly by 1 April 2025, including £53m of reserves already committed for COVID-19 impact. The remaining useable reserves by the end 2024/25 (including Insurance and Statutory Reserves) is estimated to reduce to £98m.
- The HRA is a ring-fenced reserve with a significant commitment to future capital expenditure and cannot be used to support the Council's General Fund budget.
- School reserves are not available to the Council

The movement in reserves since last year is mainly due to increases in the reserves set aside to fund capital expenditure in future years as part of the planned capital programme which includes capital receipts, capital grants unapplied and other capital reserves to fund capital schemes for both the general fund and HRA.



# Usable Reserves

Type of Reserve	Re-stated 1 April 2020	31 March 2021
	£m	£m
<b>Capital</b> (can not be applied to revenue spend):		
Reserves held for capital purposes including capital receipts and capital grants unapplied	203.3	194.0
<b>Sub Total</b>	<b>203.3</b>	<b>194.0</b>
<b>Revenue:</b>		
Statutory reserves that have to be set aside e.g. On street parking reserve, bus lane enforcement	25.0	20.3
Reserves held for PFIs to meet contracted future costs	2.1	2.2
Reserves held to smooth risk or for assurance including the insurance reserve of £18.6m and airport dividend reserve of £50m	117.8	128.1
Business Rates Reserve	25.5	23.4
Revenue reserves held to support capital including the Capital Fund	116.8	135.2
Reserves held to encourage economic growth or for public sector reform e.g. Our Manchester reserve, Town Hall reserve	30.8	25.8
Small specific reserves	4.3	4.3
Grants and contributions held to meet expenditure commitments over more than one year	8.2	21.0
COVID-19 related Grants and contributions held to meet expenditure commitments over more than one year	18.2	197.7
<b>Sub Total Earmarked Revenue Reserves</b>	<b>348.7</b>	<b>557.9</b>
Housing Revenue Account reserve	109.4	111.2
General Fund reserve	21.4	26.8
Schools reserves (these belong to schools and are for their use only)	11.7	21.5
<b>Total usable reserves</b>	<b>694.6</b>	<b>911.4</b>
Amounts relating to the carry forward of COVID-19 related Funding	(18.2)	(197.7)
<b>Total excluding COVID-19 carry forwards</b>	<b>676.4</b>	<b>713.7</b>

# Unusable Reserves

Unusable Reserve	Re-stated 1 April 2020 £m	31 March 2021 £m
Revaluation Reserve	1,273.1	1,367.9
Financial Instruments Revaluation Reserve	13.0	10.3
Pensions Reserve	(689.6)	(1,060.0)
Capital Adjustment Account	1 296.4	1,397.1
Deferred Capital Receipts Reserve	3.6	3.9
Financial Instruments Adjustment Account	(4.3)	(4.9)
Collection Fund Adjustment Account	15.8	(177.0)
Short-term Accumulated Absences Account	(5.8)	(6.7)
Dedicated Schools Grant Reserve	(4.3)	(2.3)
	<b>1,898.0</b>	<b>1,528.2</b>

# Balance Sheet

- Shows the total assets, liabilities and reserves (net worth) of the Council
- Overall, the net worth of the Council has decreased by £153m during 2020/21, made up of a decrease in unusable reserves (£369.8m) and an increase in usable reserves (£216.8m).

Assets	£000	Liabilities	£000
Council Dwellings	623,195	Borrowing	763,230
Other Property and Equipment	2,103,128	Provisions for Future Liabilities	286,711
Heritage Assets	635,802	Liability for Pension Scheme	973,598
Investment Properties	474,953	Capital Grants Received in Advance	9,420
Other Assets	54,404	Money owed by the Council	261,911
Investments	151,367		
Money owed to the Council	691,674		
<b>Total</b>	<b>4,734,524</b>	<b>Total</b>	<b>2,294,870</b>
	<b>Net Worth of the Council</b>		<b>2,439,653</b>

Financed By	
Reserves position	£000
Usable Reserves	911,408
Unusable Reserves	1,528,245
<b>Total</b>	<b>2,439,653</b>

# Group Financial Statements

The Group Accounts are being finalised and incorporate the accounts of Manchester Airport Group (MAG) and Destination Manchester Ltd (Manchester Central).

The accounts for each entity are complete, however, the local authority accounts require different valuation information from our own valuers.

Loss of capacity at MAG due to furlough and the need for them to finalised their accounts with a different valuation basis, in part to satisfy bondholders has been their priority.

It is always tight to receive this and with the restrictions in place this year it has been really difficult.

Both organisations have gone through their external audit process and accounts agreed on a going concern basis.

In 19/20 this consolidation presented an audited group balance sheet of £3,360.4m. moving from the Councils Balance sheet of £2,596.8m on consolidation.

# Group Financial Statements

## Headline Figures:

- Manchester Holdings Limited (MAHL) had a turnover for the year of **£179m** in year 2020/21. This represents an unfavourable movement of **£714.8m** in comparison to the **£893.4m** that was recorded at the end of 2019/20
- MAHL made a loss of **£404m** for year 2020/21. This represents an unfavourable movement of **£458.8m** in comparison to the **£54.8m** profit that was recorded at the end of 2019/20.
- Destination Manchester's turnover for the year 2020/21 is **£12.78m** compared to a turnover of **£19.49m** representing an unfavourable movement of **£6.71m**
- DML made a loss of **£0.185m** for the year 2020/21 compared to a loss of **£0.334m** in 2019/20 representing a favourable movement of **£0.149m**.

# Group Financial Statements

## Headline Figures:

- Net assets/ Total Equity of MAG £998m (2020/21) £1.346bn (2019/20).
- Net assets/ Total Equity of DML £10.186m (2020/21) £19.619m (2019/20)

- **MAG - Performance**

Passenger numbers for the year were almost 90% down on the previous year. Across the Group, airports served 6.3m passengers in FY21, compared to 59.6m in FY20. This severe reduction in passenger numbers due to public health restrictions is reflected in MAG's financial performance, with revenue down by £714.8m (80.0)% at £178.6m compared to prior year (2020: £893.4m). This impact has been felt across all areas of the business. Aeronautical revenues were 79.4% lower this year compared to FY20. The majority of airport car parks have remained closed over the last year, and parking bookings have been running at only 9% of usual levels. Similarly, many retail partners have either remained closed or had extremely limited operations, resulting in revenue reductions of 80%