



Annual Statement of Accounts 2022/23

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Our 2022/23 Narrative Report

Introduction

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

Our thriving and vibrant city

The city's diverse and growing population was estimated to be 607,000 in 2023 and forecast to be home to 627,000 by 2025.¹ The 2021 census showed 43% of the residents are from Black, Asian and Ethnic Minority backgrounds compared to 33% in 2011. The city's growing economy has been crucial to its overall success and resilience. Manchester is the third most visited city in the UK and is renowned both nationally and internationally as a vibrant, inclusive and outward-looking city.

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

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

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

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

Our Council

Our commitment to good governance

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

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

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

[Our strategy and objectives](#)

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

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

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

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

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

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

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

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

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

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

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



Our Culture and Values

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

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

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

Delivering Our Corporate Plan

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

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

The Council declared a climate emergency in July 2019, which recognises the need for the Council, and the city, to do more to reduce CO₂ emissions and mitigate the negative impacts of climate change. It also demonstrates the Council's commitment to be at the forefront of the global response to climate change and to lead by example. The Council has already adopted a science-based carbon budget for Manchester of 15 million tonnes of CO₂ between 2018 and 2100 following analysis by the Tyndall Centre for Climate Change Research. This also commits the city to become zero carbon by 2038 at the latest.

The [Council's Climate Change Action Plan 2020-25](#) (CCAP) - refreshed in September 2022 - was developed to ensure that all aspects of the Climate Emergency Declaration are converted into clear actions, with tonnes of CO₂ (tCO₂) savings included where applicable. The CCAP builds on over a decade of previous activity, which has seen the Council's direct CO₂ emissions reduce by 67% between 2009/10 and 2021/22 (as reported in the latest [CCAP Annual Report](#)). The purpose of the refreshed CCAP is to show progress made in the earlier years of the CCAP, set out new milestones and include new actions, to ensure the Council is remaining on track in reducing its own carbon emissions and leading by example, giving renewed focus on the city-wide actions, the Council's leadership role, and helping others to take action. The Council's carbon budget for the CCAP's 5-year period (2020-25) is 126,336 tCO₂, and just over 50% of the budget has been used to date.

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

- To date over £30 million has been invested into the Council's Estates Carbon Reduction Programme and as a result emissions from energy use across Council buildings has reduced year on year since 2014-15. Emissions from the operational estate have reduced by 29.7% (7,161 tCO₂) since 2019-20.
- A new Manchester Housing Strategy (2022-2032) was launched in July 2022, which sets out the ambitious low carbon plans for housing retrofit and new homes across the

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

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

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

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

The [Our Manchester Industrial Strategy](#) sets out Manchester's vision and plan for creating a more inclusive economy. The Strategy recognises the need to focus on the foundational economy² and improving pay and productivity to ensure that Manchester can become a Living Wage City.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Our priorities for 2023/24 are:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Key achievements in 2022/23 include:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Our Funding and Spending 2022/23

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

Revenue funding and spending 2022/23

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

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

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

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

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

Capital funding and Spending 2022/23

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

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

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

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

Our Performance

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

1. Zero Carbon Manchester

- Total provisional estimated Council emissions² in 2022/23 (21,356 tonnes CO₂) were 14% below the annual budget for 2022/23 (24,784 tonnes CO₂). Total Council emissions in 2021/22 (23,410 tonnes CO₂) were 13% below the annual budget for 2021/22 (27,056 tonnes CO₂)³. Source: MCC

2. Growth that Benefits Everyone

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

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

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

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

3. Young People

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

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

4. Healthy, cared-for people

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

5. Housing

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

6. Neighbourhoods

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

7. Connections

- The total amount of resurfacing work delivered in 2022/23 (excluding footways) was 349,524m², which was an undesirable decrease from that of 2021/22 (565,943m²). With less traffic on the roads due to Covid in 2021, Highways' Planned Maintenance teams carried out additional work above that which was programmed before COVID-19. This therefore meant that in 2022/23 there were fewer works required to take place. Source: MCC.
- The percentage of residents with access to high-speed broadband (>30Mbits/s) in 2022 was 97.2%, which was a desirable small increase from that of 2021 (96.9%). Source: Ofcom.

8. Equality

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

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

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

9. Well-managed Council

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

Our Financial Performance 2022/23

Revenue budget 2022/23

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

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

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

| | | | | |
|------------------------------|------------|------------|------------|------------|
| | | | | |
| Shortfall / (surplus) | 0.0 | 0.0 | 0.0 | 0.0 |

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

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

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

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

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

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| | | | | |
|----------------|----------------|--------------|--------------|-------------|
| Corporate Core | 333.0 | 84.5 | 113.9 | 29.4 |
| Total | 1,359.7 | 549.9 | 597.4 | 47.4 |

Revenue position 2022/23

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

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

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

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

Housing Revenue Account (HRA) position 2022/23

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

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

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

Capital position 22/23

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

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

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

Our Risks and Outlook

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

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

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

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

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

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

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| | |
|--|--|
| | regulatory functions with reporting to Housing Board, SMT, Executive and Economy Scrutiny Committee. |
|--|--|

Medium Term Financial Strategy

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

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

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

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

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

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

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

Financial Statements

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

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

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

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

The accounts that follow have been prepared to be:

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

and where technical terms are unavoidable, they have been explained in the glossary of terms.

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

Underlying Assumptions

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

Accruals Basis

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

Going Concern

- The Council prepares its Statement of Accounts on a going concern basis, on the assumption that it will continue in existence into the foreseeable future. Further information on going concern is shown within the accounting policies.

Primacy of Legislation Requirements

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

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

The Financial Statements: Purpose and Summary

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

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

The financial statements are:

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

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

These statements are followed by three further statements:

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

These are also followed by notes explaining these statements.

Accounting Changes

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

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

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

Business Rates 100% Retention Pilot

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

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

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

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

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

The Council's Comprehensive Income and Expenditure Statement

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

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

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

The CIES is broken down into three sections:

- Net cost of services;

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

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

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

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

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Corporate Expenditure and Income includes:

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

through other comprehensive income; and

- re-measurement of the defined benefit pension scheme relating to changes in pension assumptions.

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

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

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

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

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

The Council's Movement in Reserves Statement (MIRS)

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

The reserves are distinguished between

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

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

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

Usable Reserves

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Unusable Reserves

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

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The unusable reserves are shown in the following table:

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

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

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

Overall, the net worth of the Council has increased by £1,035.2m during 2022/23, made up of an increase in unusable reserves £1.151.6m and a decrease in usable reserves £116.4m.

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

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

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

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

Other significant movements are as follows:

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

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

The Council's Cash Flow Statement

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

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

The Council's Balance Sheet

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

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

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

The Council's Group Accounts

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

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

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

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

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

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

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

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

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

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

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

Housing Revenue Account

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

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

Collection Fund

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

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

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

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

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

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

Borrowing Limit

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

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

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

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

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

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

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

Major Acquisitions and Disposals

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

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

Investment in Manchester Airport Group

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

Investment in Manchester Airport Car Park Limited

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

Private Finance Initiatives (PFI)

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

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

The schemes were funded as follows:

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

Further details on these schemes are shown in Note 11.

Private Public Partnership (PPP) Schemes

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

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

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

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

Events after the Balance Sheet Date

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

Manchester City Council Annual Statement of Accounts 2022/23

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.

Statement of Responsibilities for the Annual Statement of Accounts

The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Deputy Chief Executive and City Treasurer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the statement of accounts.

The Deputy Chief Executive and City Treasurer's Responsibilities

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

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

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

The Deputy Chief Executive and City Treasurer has also:

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

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

Carol Culley

Deputy Chief Executive and City Treasurer

31 July 2023

Manchester City Council Annual Statement of Accounts 2022/23

Comprehensive Income and Expenditure Statement

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

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

Manchester City Council Annual Statement of Accounts 2022/23

| 2021/22 Gross Expenditure £'000s | 2021/22 Gross Income £'000's | 2021/22 Net Expenditure £'000's | | Notes | 2022/23 Gross Expenditure £'000's | 2022/23 Gross Income £'000's | 2022/23 Net Expenditure £'000's |
|---|------------------------------------|---------------------------------------|--|-------|--|---------------------------------------|------------------------------------|
| 1,979,533 | (1,908,733) | 70,800 | (Surplus) or Deficit on provision of services | | 2,076,743 | (1,946,385) | 130,358 |
| | | | Items that will not be subsequently classified in the (Surplus) / Deficit on Provision of Services | | | | |
| | | (274,388) | (Surplus) / deficit on revaluation of assets | 39a | | | (145,773) |
| | | 11,826 | Impairment losses on non-current assets charged to the Revaluation Reserve | 39a | | | 20,350 |
| | | (591,288) | Re-measurements of the net defined benefit liability | 41-43 | | | (1,312,917) |
| | | 0 | Asset Credit Ceiling Adjustment arising from defined benefit | 41-43 | | | 272,947 |
| | | | Items that will be subsequently classified in (Surplus) / Deficit on Provision of Services | | | | |
| | | (3,115) | (Surplus) / deficit from investments in equity instruments designated at fair value through other comprehensive income | 39b | | | (154) |
| | | (856,964) | Total other comprehensive income and expenditure | | | | (1,165,547) |
| | | (786,163) | Total comprehensive income and expenditure | | | | (1,035,191) |

Carol Culley
Deputy Chief Executive and City Treasurer
31 July 2023

Balance Sheet

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

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

Carol Culley
Deputy Chief Executive and City Treasurer
31 July 2023

Movement in Reserves Statement

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

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

Cashflow

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

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

Notes to the Core Financial Statements

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Manchester City Council Annual Statement of Accounts 2022/23

Note 1. Expenditure and Funding Analysis

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

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

Manchester City Council Annual Statement of Accounts 2022/23

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

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

Manchester City Council Annual Statement of Accounts 2022/23

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

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

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

Manchester City Council Annual Statement of Accounts 2022/23

Note 2. Note to the Expenditure and Funding Analysis

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

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

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

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

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

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

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

(b) Adjustments between Funding and Accounting Basis

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

Manchester City Council Annual Statement of Accounts 2022/23

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

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

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

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

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

Note 3. Prior Period Reclassification

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

Consolidated Income and Expenditure Statement (CIES)

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

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

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

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

Manchester City Council Annual Statement of Accounts 2022/23

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

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

Group Accounts

These amendments have also been reflected in the Group Accounts.

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

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

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

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

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

Note 5. Accounting Concepts and Policies

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

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

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

5.1. Underlying Assumptions

5.1.1 Going Concern

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

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

5.2. Accounting Policies

5.2.1 Property, Plant and Equipment (PPE)

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

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

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

Measurement

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

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

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

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

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

Community assets are measured at depreciated historical cost.

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

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

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

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

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

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

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

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

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

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

5.2.2 Depreciation on Property, Plant and Equipment

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

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

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

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

5.2.3 Derecognition of Property, Plant and Equipment

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

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

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

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

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

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

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

5.2.4 Highways Infrastructure Assets

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

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

Recognition

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

Measurement

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

Depreciation

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

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

Disposals and derecognition

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

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

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

5.2.5 Private Finance Initiatives (PFIs) and Similar Contracts

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

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

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

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

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

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

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

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

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

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

5.2.6 Heritage Assets

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

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

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

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

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

5.2.7 Investment Properties

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

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

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

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

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

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

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

5.2.8 Schools

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

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

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

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

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

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

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

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

5.2.9 Impairment

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

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

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

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

5.2.10 Provision for Redemption of Debt

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

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

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

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

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

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

There is no MRP charge to the Housing Revenue Account.

5.2.11 Revenue Expenditure Funded from Capital under Statute

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

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

5.2.12 Non-Current Assets held for Sale

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

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

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

5.2.13 Accruals of Income and Expenditure

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

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

Supplies are recorded as expenditure when they are consumed.

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

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

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

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

5.2.14 Cash and Cash Equivalents

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

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

5.2.15. Provisions

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

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

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

5.2.16 Government Grants and Contributions

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

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

[a. Revenue Grants and Contributions](#)

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

[b. Capital Grants and Contributions](#)

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

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

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

[5.2.17 Reserves](#)

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

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

5.2.18 Revenue Recognition

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

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

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

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

5.2.19 Value Added Tax (VAT)

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

5.2.20 Leases

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

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

Finance Leases

Lessee

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

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

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

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

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

Operating Leases

Lessee

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

Lessor

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

5.2.21 Benefits Payable during Employment

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

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

5.2.21 Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary severance and are shown on an accruals basis in the Deficit / Surplus on the Provision of Services in the Comprehensive Income and Expenditure Statement at the earlier

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

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

5.2.22 Post-Employment Benefits

a. Teachers' Pension Scheme

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

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

b. National Health Service (NHS) Pension Scheme

Under the arrangements for Public Health, staff performing public health functions who were compulsorily transferred from the Primary Care Trusts to local authorities and had access to the NHS Pension Scheme on 31 March 2013 retained access to that Scheme on transfer at 1 April 2013.

The NHS pension scheme is an unfunded, defined benefit scheme that covers NHS employers and is a multi-employer defined benefit scheme. This means that liabilities for benefits cannot be identified to the Council. The scheme is therefore accounted for as a defined contribution scheme – no liability for future payments of benefits is recognised in the Balance Sheet and the Adult Social Care line within the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable in the year.

c. Local Government Pension Scheme

The Council pays an employer's contribution into the Greater Manchester Pension Fund, which is a fully funded defined benefits scheme administered by Tameside Metropolitan Borough Council from whom an Annual Report is available.

The liabilities of the Greater Manchester Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method, i.e., an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates and projections of projected earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on a basket of high-quality corporate bonds, government gilts and other factors.

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

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

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

The current service cost (the increase in the liability as a result of pension earned by Council employees in the year) is charged to the net cost of services.

Past services costs (the increase in the liability arising from current year decisions whose effect relate to years of service earned in earlier years) are shown within council wide items as they are costs that are not attributable to a particular service. An example of when past service costs would occur is where there was a change in the basis of up-rating annual pensions.

Gains and losses on settlements and curtailments (the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees) are shown as council wide items.

The effect of business combinations and disposals and liabilities following the transfer of former Northwards staff back to the Council are also shown as council wide items.

The net interest on the net defined benefit liability, i.e., net interest expenses for the period that arises from the passage of time, is shown within the Financing and Investment Income and Expenditure line.

Re-measurements comprising:

- The return on plan assets excluding amounts included in net interest on the defined benefit liability;
- change in demographic assumptions re-measurements; and
- *actuarial gains and losses on changes in financial assumptions – changes in the net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because actuaries have updated their financial assumptions (such as percentage increase in salaries)* are shown within Other Comprehensive Income and Expenditure.

In relation to retirement benefits, statutory provisions require the General Fund and HRA balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting

standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund and HRA of being required to account for retirement benefits based on the cash flows rather than as benefits are earned by employees. The balance will be presented differently as a result of the upfront payment as set out below:

Upfront pension payment

The Council is liable to make contributions towards the cost of post-employment benefits. For the three-year period 2020/21 – 2022/23. The Council previously agreed with the Greater Manchester Pension Fund (GMPF) that the employer's contribution to the Local Government Pension Scheme could be paid as a single up-front payment. The Council made this payment in order to make a budget saving. In line with the Council's accounting policies, the amounts paid each year are offset against the pension liability on the balance sheet. These amounts will then be reflected in the pensions reserve in the years to which they relate. In the final year of the triennial period all amounts will have been reflected in the pension reserve to align to the pension liability.

Financial Instruments

5.2.23 Financial Assets

Financial Assets e.g., investments and debtors are classified into three types – amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVPL).

The categorisation of financial assets into these types is dependent on the reason for holding these assets (to collect cash flows, to sell assets or achieve objectives by other means).

Financial assets are brought onto the balance sheet at fair value when the Council becomes a party to contractual provisions.

Amortised Cost

These assets relate to financial instruments where the amounts received relating to them are solely principal and interest and they are held to generate cash flows (e.g., investments of surplus cash with the government's debt management office or loans to third parties).

The interest received on these assets is spread evenly over the life of these instruments.

Any gain or loss in the value of these assets is recognised in the net surplus / deficit on the net provision of services at the point of de-recognition (disposal) or reclassification.

Fair Value through Other Comprehensive Income (FVOCI)

These assets relate to financial instruments where the amounts received relating to them are solely principal and interest, but they are held to collect cash and sell the assets (e.g., money market funds).

The interest received on these assets is spread evenly over the life of these instruments.

Changes in the fair value of these assets are charged to Other Comprehensive Income and Expenditure. Cumulative gains and losses are charged to the surplus / deficit on provision of services when they are disposed of.

Under capital accounting regulations where these assets were treated as capital expenditure the gain or loss is reversed to an unusable reserve - the Financial Instruments Revaluation Reserve.

Fair Value through Profit and Loss (FVPL)

These assets relate to financial instruments where the amounts received relating to them are not principal and interest (e.g., equity investments).

Dividends received are accounted for at the point they are declared.

Charges in fair value are charged to the surplus / deficit on the net provision of services as they occur.

Under capital accounting regulations where these assets were treated as capital expenditure the gain or loss is reversed through the Movement in Reserves Statement and charged to an unusable reserve - the Capital Adjustment Account.

An equity instrument that has been classed as FVPL can be designated as FVOCI if it is not held for trading (e.g., a strategic investment). Once this designation has been made it cannot be reversed. This designation would mean that any gains and losses would be held in the Financial Instruments Revaluation Reserve.

Credit loss

The Council will recognise a loss allowance for expected credit losses, if applicable, on assets where cash flows are solely principal and interest (i.e., financial instruments measured at amortised cost or FVOCI unless they have been designated as such). This does not apply where the counterparty is central government or another local authority.

At each year end the loss allowance for a financial instrument is calculated as equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

If at year end the credit risk has not increased significantly since initial recognition the loss allowance is measured at an amount equal to twelve month expected credit losses.

Where the financial asset was treated as capital expenditure any losses will be reversed via the Movement in Reserves Statement to the Capital Adjustment Account.

The Council has made several loans to individuals at less than market rates of interest (these are known as soft loans). When the loans are made the amount of interest foregone over the life of the loan is charged to the Comprehensive Income and Expenditure Statement (debited to the appropriate service line) and the outstanding principal is reduced on the Balance Sheet. This represents the present value of the interest that will be foregone over the life of the loan agreement. Statutory provisions require that the impact of the soft loans on the General Fund balance is the interest receivable in the year, so the amount of foregone interest charged is

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

5.2.24 Embedded Derivatives

The Council has given equity mortgages and loans to individuals to assist with the purchase and improvement of properties. The repayments of these are based on a proportion of the value of the property in a number of years. This type of loan is classed as an embedded derivative as the amount of repayment is linked to future property values. When these mortgages and loans are granted, long-term debtors and deferred capital receipts are written onto the balance sheet. At the end of each financial year the long-term debtors and deferred capital receipt are adjusted in line with the change in property values.

5.2.25 Financial Liabilities

Financial liabilities (e.g., borrowings and creditors) are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Council. For instance, when the Council takes out a loan, the advance of cash from the lender initiates the obligation to repay at some future date, and the loan would be recognised as a liability on the Balance Sheet when the advance is received.

Charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability multiplied by the effective rate of interest for the instrument. (The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised).

For many of the borrowings that the Council has, this means that the amount shown in the Balance Sheet is the outstanding principal repayable plus accrued interest, and the amount charged to the Comprehensive Income and Expenditure Statement is the amount payable per the loan agreement.

For Lender Option Borrower Option (LOBO) loans the effective interest rate has been calculated over the life of the loan. This is an average and differs from the amounts actually paid in the year. The difference between the calculated interest charge and interest paid has been adjusted in the carrying amount of the loan on the balance sheet. The amount charged in the Comprehensive Income and Expenditure Statement is the effective interest rate for the life of the loan rather than the amount payable per the loan agreement.

Where the Council is in receipt of loans that are interest free or at less than prevailing market interest rates if material, the effective interest rate is calculated so that the value of the financial assistance to the Council by the lender is separated from the financial cost of the transaction. This gain is calculated by working out the net present value of all future cash payments using the interest rate for a similar loan taken by the Council. This results in a lower figure for the fair value of the loan with the difference from the loan received treated as a government grant. This gain is reversed out in the Movement in Reserves Statement to the Financial Instruments Adjustment Account.

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

Where premiums and discounts (amounts paid or received on the rescheduling of a loan) have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact of premiums on the General Fund balance to be spread over the longer of the outstanding period of the replaced loan or the period of the replacement loan or any other shorter period that the Council wishes to choose. Discounts are required to be credited to revenue over a maximum period equal to the outstanding term of the replaced loan or ten years (if shorter). The difference between the amount charged to the Comprehensive Income and Expenditure Statement and the net charge against the General Fund balance is transferred to or from the Financial Instruments Adjustment Account in the Movement of Reserves Statement.

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

5.2.26 Contingent Assets and Liabilities

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts (as applicable) where it is probable that there will be an inflow of economic benefits or service potential.

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts as applicable.

5.2.27 Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in estimation techniques are accounted for prospectively (i.e., in the current and future years affected by the change) and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless otherwise stated) by adjusting opening balances and comparative amounts for the prior period.

5.2.28 Material Items of Income and Expenditure

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

5.2.29 Events after the Balance Sheet Date

Events after the balance sheet date are those events that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue.

Where these provide evidence of conditions in existence at the balance sheet date, the amounts recognised in the accounts are adjusted (e.g., settlement of a court case that confirms the amount of obligation at the balance sheet date). Where these are indicative of conditions that arose after the balance sheet date the amounts in the accounts are not adjusted (e.g., significant decline in market investments after 31 March). This is known as a non-adjusting event and is disclosed as a note to the accounts.

Events identified after the date of authorisation for issue are not reflected in the Statement of Accounts.

5.2.30 Interests in Companies and Other Entities

The Council has material interests in companies and other entities and therefore group accounts have been prepared for the Council and its material interest in subsidiaries, associates and joint ventures. Inclusion in the Council group is dependent upon the extent of the Council's interest and power to influence an entity. The determining factor for assessing the extent of interest, power or power to influence is either through ownership of an entity, a shareholding in an entity or representation on an entity's board of directors. An assessment of all the Council's interests has been carried out during the year, in accordance with the Code of Practice, to determine the relationships that exist and whether they should be included in the Council's group accounts. In the Council's single entity accounts the Council's interests in those companies included in its group accounts are recorded as long-term investments at cost.

5.2.31 Joint Operations

Joint Operations are arrangements where the parties are bound by a contractual arrangement, have joint control of the arrangement and have rights to the assets and obligations for the liabilities relating to the arrangement. The Council recognises its share of the assets, liabilities, income and expenditure of the joint operation in its single entity accounts.

5.2.32 Local Taxation

The Council, as a billing authority act as an agent, collecting Council Tax and national non-domestic rates (NNDR) on behalf of the major preceptors and, as principals, collecting Council Tax and NNDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e., the Collection Fund) for the collection and distribution of amounts due in respect of Council Tax and NNDR. Under the legislative framework for the Collection Fund, billing authorities and major preceptors share proportionately the risks and rewards that the amount of Council Tax and NNDR collected could be less or more than predicted.

The Council Tax and NNDR income included in the Comprehensive Income and Expenditure Statement is the Council's share of accrued income for the year. However, regulations determine the amount of Council Tax and NNDR that must be included in the Council's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the Council's share of the end of year balances in respect of Council Tax and NNDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

5.2.33 Fair Value Measurement

The Council measures some of its assets and liabilities at fair value at the balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The Council uses Valuers to provide a valuation of its assets and liabilities in line with the highest and best use definition within the accounting standard. The highest and best use of the asset or liability being valued is considered from the perspective of a market participant.

Inputs to the valuation techniques in respect of the Council's fair value of its assets and liabilities are categorised within the fair value hierarchy as follows:

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

Note 6. Critical Accounting Judgements

In applying the accounting policies set out in note 65 the Council has to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

6.1 Schools Non-Current Assets

The Council has assessed the legal framework underlying each type of school.

Community schools' property, plant and equipment are owned by the Council and remain on the balance sheet as future economic benefits associated with the assets will flow to the Council.

The plant, property and equipment of voluntary aided, voluntary controlled and foundation schools are owned and controlled by the religious body or the trustees of the schools and are therefore not shown on the balance sheet of the Council unless the trustees are the governing body.

The Council does not control the schools' property, plant and equipment owned by the religious bodies or the trustees, there has been no past events which have transferred the ownership or control of the property, plant and equipment to the Council and any future benefits from the property, plant and equipment would be for the benefit of the religious body or trustee and not the Council.

An asset must be controlled by the Council for that asset to be recognised in the single entity accounts. Usage of the asset does not demonstrate control in form or substance without rights that are either legal or substantive.

The religious bodies or trustees own the assets, there has not been a reassignment of those assets to the Council and the rights to the asset are still maintained by the religious body or the trust. The religious bodies or trustees have a legal right to take back these assets.

The religious bodies or trustees have provided a licence for the Council to use the asset however these licenses are not provided in a written form. These licences do not create control of the asset by the Council. The religious bodies or trustees assert their continued control over the asset by permitting the asset to be used for precisely the purpose that the school wishes by the objectives of the religious bodies or trustees being the same as the governing bodies.

The religious bodies or trustees have decided that their asset is to be used as a school and therefore continue to have the rights to the resources in the asset. The continued agreement to permit the schools to use the asset means that the religious bodies or trustees are perpetually reasserting their control, and this has not been passed to the school

The right of termination of the arrangement at any time by the religious body or trust provides evidence that the risks and rewards of ownership of the asset have not transferred to the Council.

Details of the value of schools' land and building assets are shown in the notes to the accounts.

6.2 PFI and Similar Arrangements

The Council is deemed to control the services provided via its PFI arrangements and to control the residual value of the assets at the end of the contract. The accounting policy for PFIs and similar contracts has been applied to these arrangements and the assets valued at £260.823 (£261.071m in 2021/22) are recognised as Property, Plant and Equipment in the Council's Balance Sheet.

The operators' models were examined to identify the service element of the unitary charge. Where that charge could not be clearly separated the relevant costs were obtained from the models and a margin was applied to the costs to provide an amount for the service costs. The margin used was based on advice received from expert external advisors. The service element of the unitary charge is inflated annually by an agreed indicator (e.g., RPI) as per the contract.

The implicit interest rate (IIR) was calculated by discounting the non-service element of the unitary charge at a rate that brings it back to the fair value of the asset. The fair value of the asset is taken as the construction or refurbishment costs of the scheme. The IIR calculated is compared to the closing swap rate in the financial model to check the reasonableness of the assumptions made.

6.3 Investment Properties

The Council has reviewed all assets to ensure they meet the accounting policy for investment properties (i.e., they are solely used to earn rentals and / or for capital appreciation) and as a result, assets valued on that basis totalling £537.407m (£493.722m in 2021/22) are recognised as Investment Properties in the Council's Balance Sheet.

6.4 Classification of Financial Assets

Under IFRS9 (Financial Instruments) the default valuation method of the Council's equity holdings would be Fair Value through Profit and Loss. However, it is the Council's view that the majority of its equity instruments are strategic investments (i.e., are not held for trading) and designating these at Fair Value through Other Comprehensive Income results in a reasonable and reliable accounting policy for the investment.

6.5 Pooled Budgets

The new Pooled Budget arrangements commenced on 1 April 2021. The accounting arrangements for the Pool are dependent on whether the Council, has control of the fund. The agreement with the Manchester University NHS Foundation Trust (MFT) states that relevant decisions must have unanimous agreement, all members of the fund hold providers to account for delivery of services and risks are borne in line with the agreement. The Council's view is that the Pool should be accounted for as a joint operation and as a result account for its share of the fund's assets, liabilities, expenditure and income.

6.6 Lender Option Borrower Option (LOBO) loans

The Council has £310.000m of (LOBO) loans. These loans contain options which allow, on specific dates, the lender to alter the interest rate on the loan, and the Council then has an

option to decide to either accept the new rate or repay the loan without penalty. These loans have a fixed rate of interest, but the options mean it could change over the life of the loan. This means that there cannot be any certainty as to whether the loans will be paid early, and therefore the Council has treated these loans as fixed loans which will run to their existing maturity.

6.7 Composition of the Council's Group

The Council undertakes its activities through a variety of undertakings, either under ultimate control or in partnership with other organisations. Those considered to be material are included in the group accounts. Profit and loss, net worth and value of non-current assets for each organisation are considered as a percentage of the Council's single entity accounts to determine those that are material. Turnover, assets and liabilities (including the pension liability) are assessed individually. An entity could be material but still not consolidated (if all of its business is with the Council and eliminated on consolidation) – i.e., the consolidation would mean that the group accounts are not materially different to the single entity accounts. The assessment of materiality also considers qualitative factors such as whether the Council depends significantly on these entities for the continued provision of its statutory services or where there is concern about the level to which the Council is exposed to commercial risk.

Note 7. Key Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2023 for which there is a risk of adjustment in the following financial year are:

7.1 Revaluation of Property, Plant and Equipment (PPE)

Property, plant and equipment (with the exception of infrastructure, community assets, assets under construction and small value items of vehicles, plant and equipment) are revalued on a periodic basis and tested annually for indicators of impairment. Judgements are required to make an assessment as to whether there is an indication of impairment. This includes examination of capital expenditure incurred in the financial year to ascertain whether or not it has resulted in an increase in value of an asset. Advice has been provided by valuers engaged by the Council. If the actual results differ from the assumptions the value of PPE will be over or understated. This would be adjusted when the assets were next revalued.

The total PPE carrying value of £3,350m includes the following categories of asset that are subject to revaluation; operational land and buildings, council dwellings and surplus assets. If these assets had a revaluation increase of 1% the carrying value would rise by £24.509m.

7.2 Depreciation of Property, Plant and Equipment.

Assets are depreciated based on useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to maintain the expenditure on repairs and maintenance resulting in uncertainty in the useful lives assigned to assets by the Valuers. If the useful life of assets is reduced depreciation increases and the carrying amount of assets falls.

It is estimated that the annual depreciation charge would increase by £3.947m for every year the useful lives are reduced.

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

Percentages have been provided, based on professional judgement, for various components of council houses and flats. These percentages have been applied to the valuations of houses and flats to obtain valuations of the components to which useful lives are applied to calculate the depreciation on council dwellings. If these percentages were amended, the value of the council dwellings and the related depreciation would be over or under stated.

7.3 Revaluation of Investment Property

Investment properties are initially measured at cost. After initial recognition they are measured at fair value – highest and best use. The fair value reflects market conditions at the balance sheet date.

It is estimated that the carrying value of investment property of £537.795m would increase by £5.377m for every 1% increase in valuation.

7.4 Provision for Business Rate Appeals

The Council has made an in-year provision for a reduction in business rate income of £130.1m due to appeals made against rateable values set by the Valuation Office Agency (VOA). This is based on percentage reductions in rateable values (RV) for hereditaments where there was an outstanding appeal on 31 March 2023. This provision includes the estimated impact on 2022/23 income of appeals anticipated to be lodged in future years. The percentages used for appeals against the 2010 valuation list are based on information from the VOA on the percentage reductions, per category of property and type of appeal, to the valuation list following previously settled appeals. The percentage used for the reduction in the 2017 valuation list is based on the percentage that the 2010 list has fallen by adjusted by the reduction in value that has already occurred as a result of the check, challenge, and appeal process. Appeals raised against hereditaments with larger RVs have been considered separately, along with the interest payable to ratepayers settled after 31 March 2023. This is in line with the Non-Domestic Rating (Payment of Interest) Regulations 1990, which provides that the rate of interest on refunds of overpaid rates, arising from alterations to the rating list should be set at 1% below the standard rate of interest on 15 March of the preceding year. On 15 March 2023 the standard rate was 4.0%; therefore, the rate of interest to be applied in the rating year 2023/24 is 3.0%.

An increase of 1% in the percentage reduction would have the effect of adding £3.106m to the total provision required (Council's share £3.074m at 99%).

7.5 Pensions Asset

Estimation of the net liability or asset to pay pensions depends on a number of complex judgements relating to the discount rate used, the expected rate of price inflation, the rate at which salaries and pensions are expected to increase, mortality rates and the rate of commutation of pensions. A firm of external actuaries are engaged by the Pension Fund to provide expert advice about the assumptions to be applied and has estimated the asset as £372.2m. This is after adjusting for the credit ceiling which limits the value of the asset to be reported on the balance sheet.

The effects on the net pension liability of changes in individual principal assumptions can be measured. For instance, a 0.1% decrease in the real discount rate assumption would result in an increase in the pension liability of £53.207m, a 1-year increase in member life expectancy being £127.076m, a 0.1% increase in the salary increase rate would result in a £6.191m increase in the pension liability and a 0.1% increase in the pension rate increase (CPI) would result in a £47.759m increase in the pension liability.

Note 8. Significant items warranting additional disclosure

The following items of material expenditure occurred during the year:

Impairment including downward revaluation and reversal of past impairment
 Impairment and revaluation of property plant and equipment and revaluation of investment properties of £56,953,000 (£27,878,000 in 2021/22) has been included within the surplus / deficit on provision of services:

| | 2021/22 £000s | 2022/23 £000s |
|-----------------------------|------------------|------------------|
| Adults Social Care | 62 | 173 |
| Children's Services | 606 | 4,005 |
| Corporate Core | 0 | 0 |
| Neighbourhoods and Highways | 1,415 | 7,811 |
| Growth and Development | 0 | 13,907 |
| Council Wide Costs | 5,829 | 4,083 |
| Housing Revenue Account | 1,952 | 8,511 |
| Investment properties | 18,014 | 18,463 |
| Total | 27,878 | 56,953 |

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Note 9. Expenditure and Income Analysis

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

| | 2021/22 £000 | 2022/23 £000 |
|---|--------------------|--------------------|
| Expenditure | | |
| Employee Benefit Expenses | 635,228 | 614,901 |
| Other Service Expenses | 951,980 | 994,014 |
| Business Rates Tariff | 38,334 | 35,033 |
| Capital Charges including Depreciation and impairment | 145,947 | 205,692 |
| Interest Payments | 35,544 | 39,385 |
| Pensions Interest Costs | 91,110 | 118,583 |
| Precepts and Levies | 67,210 | 67,844 |
| Payments to Housing Capital Receipts Pool | 2,554 | 0 |
| Loss on Disposal of Non-current Assets | 11,626 | 1,291 |
| Total Expenditure | 1,979,533 | 2,076,743 |
| Income | | |
| Fees, Charges and Other Service Income | (281,978) | (326,745) |
| Interest and Investment Income | (38,317) | (42,681) |
| Return on Pension Assets | (69,294) | (102,400) |
| Capital Charges related income | (47,114) | (53,407) |
| Council Tax Income | (186,646) | (198,619) |
| Business Rates Income | (267,535) | (296,936) |
| Government Grants and Contributions | (1,011,780) | (918,232) |
| Gain on Disposal of Fixed Assets | (6,069) | (7,365) |
| Total Income | (1,908,733) | (1,946,385) |
| Deficit / (Surplus) on the Provision of Services | 70,800 | 130,358 |

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Note 10. Adjustments between accounting and funding basis under regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice, to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure. It shows the technical items that are removed that do not impact on the funded position and replaces them with other items that are funded.

The table below shows the adjustments made in 2021/22

| | Usable Reserves £000s | | | | | | Unusable Reserves £000's |
|---|-----------------------------|---|--------------------------------|--------------------------------|-----------------------------|-----------------------------|-----------------------------|
| | General Fund Reserves | Housing Revenue Account Reserves | Capital Receipts Reserve | Capital Grants Unapplied | Major Repairs Reserve | Total Usable Reserves | Total Unusable Reserves |
| Reversal of items debited or credited to the comprehensive income and expenditure statement: | | | | | | | |
| Depreciation | (61,390) | 0 | 0 | 0 | (23,259) | (84,649) | 84,649 |
| Amortisation of intangible assets | (64) | 0 | 0 | 0 | 0 | (64) | 64 |
| Impairment / revaluation losses charged to the comprehensive income and expenditure statement | (7,911) | (1,952) | 0 | 0 | 0 | (9,863) | 9,863 |
| Movement in fair value of investment property | 18,842 | 0 | 0 | 0 | 0 | 18,842 | (18,842) |
| Financing of capital expenditure on council dwellings | 0 | 0 | 0 | 0 | 21,054 | 21,054 | (21,054) |
| Capital grants and contributions | 71,339 | 2,253 | 0 | 26,232 | 0 | 99,823 | (99,823) |
| Revenue expenditure funded from capital under statute | (22,716) | (40) | 0 | (10,598) | 0 | (33,355) | 33,355 |
| Gain / (loss) on disposal of non-current assets | (11,626) | 6,069 | 0 | 0 | 0 | (5,557) | 5,557 |
| Reversal of items relating to retirement benefits debited or credited to the CIES | (156,966) | (38,541) | 0 | 0 | 0 | (195,507) | 195,507 |
| Employer's pension contributions and direct payments to pensioners payable in year | 56,082 | 208 | 0 | 0 | 0 | 56,290 | (56,290) |
| Private finance initiative charges to the HRA | 0 | 3,492 | 0 | 0 | 0 | 3,492 | (3,492) |

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| | Usable Reserves £000s | | | | | | Unusable Reserves £000's |
|--|-----------------------------|---|--------------------------------|--------------------------------|-----------------------------|-----------------------------|-----------------------------|
| | General Fund Reserves | Housing Revenue Account Reserves | Capital Receipts Reserve | Capital Grants Unapplied | Major Repairs Reserve | Total Usable Reserves | Total Unusable Reserves |
| Differences between statutory accounting and amounts recognised as income and expenditure in relation to financial instruments | (658) | 0 | 0 | 0 | 0 | (658) | 658 |
| Amount by which council tax and business rates income adjustment included in the comprehensive income and expenditure statement is different from the amount taken to the general fund in accordance with regulation | 113,265 | 0 | 0 | 0 | 0 | 113,265 | (113,265) |
| Statutory provision for the repayment of debt - minimum revenue provision | 30,122 | 0 | 0 | 0 | 0 | 30,122 | (30,122) |
| Statutory provision for the repayment of debt - private finance initiatives | 4,231 | 0 | 0 | 0 | 0 | 4,231 | (4,231) |
| HRA capital receipts to housing central pool | (2,554) | 0 | 2,554 | 0 | 0 | 0 | 0 |
| Revenue contribution to finance capital | 7,231 | 17 | 0 | 0 | 0 | 7,248 | (7,248) |
| Premiums and discounts charged to revenue | 532 | 0 | 0 | 0 | 0 | 532 | (532) |
| Principal repayment of ex-GMC debt | 2,678 | 0 | 0 | 0 | 0 | 2,678 | (2,678) |
| Capital receipts received | 0 | 0 | (25,162) | 0 | 0 | (25,162) | 25,162 |
| Use of capital receipts reserve to finance capital expenditure | 0 | 0 | 12,286 | 0 | 0 | 12,286 | (12,286) |
| Write down of long-term debtor | (24) | 0 | 0 | 0 | 0 | (24) | 24 |
| Capital receipts for long-term debtors | 0 | 0 | (10,095) | 0 | 0 | (10,095) | 10,095 |
| Transfer to short term accumulated absences account | 155 | 0 | 0 | 0 | 0 | 155 | (155) |
| Reclassification of Dedicated School Grant (DSG) | (445) | 0 | 0 | 0 | 0 | (445) | 445 |
| Total adjustments | 40,123 | (28,495) | (20,418) | 15,633 | (2,205) | 4,639 | (4,639) |

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The table below shows the adjustments made in 2022/23

| | Usable Reserves £000s | | | | | Total Usable Reserves | Unusable Reserves £000's |
|--|-----------------------|----------------------------------|--------------------------|--------------------------|-----------------------|-----------------------|--------------------------|
| | General Fund Reserves | Housing Revenue Account Reserves | Capital Receipts Reserve | Capital Grants Unapplied | Major Repairs Reserve | | |
| Reversal of items debited or credited to the comprehensive income and expenditure statement: | | | | | | | |
| Depreciation | (76,320) | 0 | 0 | 0 | (23,683) | (100,003) | 100,003 |
| Amortisation of intangible assets | (61) | 0 | 0 | 0 | 0 | (61) | 61 |
| Impairment / revaluation losses charged to the comprehensive income and expenditure statement | (29,979) | (8,511) | 0 | 0 | 0 | (38,490) | 38,490 |
| Movement in fair value of investment property | 22,983 | 0 | 0 | 0 | | 22,983 | (22,983) |
| Financing of capital expenditure on council dwellings | 0 | 0 | 0 | 0 | 23,310 | 23,310 | (23,310) |
| Capital grants and contributions | 68,416 | 5,046 | 0 | 21,122 | 0 | 94,584 | (94,584) |
| Revenue expenditure funded from capital under statute | (36,059) | (72) | 0 | (12,544) | 0 | (48,675) | 48,675 |
| Gain / (loss) on disposal of non-current assets | (1,291) | 7,365 | 0 | 0 | 0 | 6,074 | (6,074) |
| Reversal of items relating to retirement benefits debited or credited to the CIES | (142,959) | (632) | 0 | 0 | 0 | (143,591) | 143,591 |
| Employer's pension contributions and direct payments to pensioners payable in year | 59,255 | 349 | 0 | 0 | 0 | 59,604 | (59,604) |
| Private finance initiative charges to the HRA | 0 | 4,784 | 0 | 0 | 0 | 4,784 | (4,784) |
| Differences between statutory accounting and amounts recognised as income and expenditure in relation to financial instruments | 2,688 | 0 | 0 | 0 | 0 | 2,688 | (2,688) |

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| | | | | | | | |
|--|---------|-------|----------|-------|-------|----------|----------|
| Amount by which council tax and business rates income adjustment included in the comprehensive income and expenditure statement is different from the amount taken to the general fund in accordance with regulation | 98,643 | 0 | 0 | 0 | 0 | 98,643 | (98,643) |
| Statutory provision for the repayment of debt - minimum revenue provision | 32,698 | 0 | 0 | 0 | 0 | 32,698 | (32,698) |
| Statutory provision for the repayment of debt - private finance initiatives | 4,758 | 0 | 0 | 0 | 0 | 4,758 | (4,758) |
| HRA capital receipts to housing central pool | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Revenue contribution to finance capital | 4,971 | 0 | 0 | 0 | 0 | 4,971 | (4,971) |
| Premiums and discounts charged to revenue | 506 | 0 | 0 | 0 | 0 | 506 | (506) |
| Principal repayment of ex-GMC debt | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital receipts received | 0 | 0 | (78,711) | 0 | 0 | (78,711) | 78,711 |
| Use of capital receipts reserve to finance capital expenditure | 0 | 0 | 56,158 | 0 | 0 | 56,158 | (56,158) |
| Write down of long-term debtor | (1,300) | 0 | 0 | 0 | 0 | (1,300) | 1,300 |
| Capital receipts for long-term debtors | 0 | 0 | (17,031) | 0 | 0 | (17,031) | 17,031 |
| Transfer to short term accumulated absences account | 893 | 0 | 0 | 0 | 0 | 893 | (893) |
| Reclassification of Dedicated School Grant (DSG) | 1,285 | 0 | 0 | 0 | 0 | 1,285 | (1,285) |
| Total adjustments | 9,127 | 8,329 | (39,584) | 8,579 | (373) | (13,923) | 13,923 |

Note 11. Private Finance Initiatives and Service Concessions

Undischarged obligations arising from PFI and service concession transactions as at 31 March 2023 were as follows:

| Payments/ Scheme | Liability Repayment £000 | Lifecycle Costs £000 | Interest Charges £000 | Service Charges £000 | Total £000 | Scheme Details |
|------------------------|-----------------------------|-------------------------|--------------------------|-------------------------|------------|---|
| Miles Platting Housing | | | | | | Miles Platting – housing refurbishment, |

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| Payments/ Scheme | Liability Repayment £000 | Lifecycle Costs £000 | Interest Charges £000 | Service Charges £000 | Total £000 | Scheme Details |
|--------------------------------|--------------------------|----------------------|-----------------------|----------------------|------------|--|
| | | | | | | maintenance and estate management - services commenced in 2006/07. Total obligation as at start of contract of £496,894,000 to be met from PFI Grant and the Housing Revenue Account. Indexation – RPI Contract expiry - 2037 |
| Payments within 1 year | 2,073 | 3,476 | 2,343 | 9,005 | 16,897 | |
| Payments within 2 to 5 years | 9,228 | 13,902 | 8,062 | 39,163 | 70,355 | |
| Payments within 6 to 10 years | 13,515 | 17,378 | 6,718 | 57,094 | 94,705 | |
| Payments within 11 to 15 years | 13,967 | 13,902 | 2,299 | 51,040 | 81,208 | |
| Sub total | 38,783 | 48,658 | 19,422 | 156,302 | 263,165 | |
| | | | | | | Plymouth Grove – housing refurbishment, maintenance and estate management - services commenced in 2003/04. Total obligation as at start of contract of £145,785,000 to be met from PFI Grant and the Housing Revenue Account. Indexation – RPI Contract expiry - 2033 |
| Plymouth Grove Housing | | | | | | |
| Payments within 1 year | 745 | 730 | 1,317 | 2,883 | 5,675 | |
| Payments within 2 to 5 years | 4,067 | 2,918 | 4,355 | 12,139 | 23,478 | |
| Payments within 6 to 10 years | 7,704 | 3,648 | 2,633 | 17,304 | 31,289 | |
| Sub total | 12,515 | 7,296 | 8,305 | 32,326 | 60,442 | |
| | | | | | | Temple School – design, build and maintenance of Temple Primary School – services commenced in 2001/02. Total obligation as at start of contract of £14,617,000 to be met from PFI Special |
| Temple School | | | | | | |
| Payments within 1 year | 361 | 0 | 120 | 316 | 797 | |
| Payments within 2 to 5 years | 861 | 0 | 130 | 656 | 1,647 | |
| Sub total | 1,222 | 0 | 250 | 973 | 2,444 | |

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| Payments/ Scheme | Liability Repayment £000 | Lifecycle Costs £000 | Interest Charges £000 | Service Charges £000 | Total £000 | Scheme Details |
|---------------------------------------|--------------------------|----------------------|-----------------------|----------------------|------------|---|
| | | | | | | Grant and Dedicated Schools Grant (DSG). Indexation – RPI Contract expiry - 2026 |
| Wright Robinson Sports College | | | | | | Wright Robinson Sports College - design, build and maintenance of sports college - services commenced in 2007/08. Total obligation as at start of contract of £116,428,000 to be met from PFI Special Grant and Dedicated Schools Grant (DSG). Indexation – RPI Contract expiry - 2032 |
| Payments within 1 year | 1,387 | 461 | 1,058 | 1,888 | 4,795 | |
| Payments within 2 to 5 years | 6,505 | 1,844 | 3,276 | 8,156 | 19,781 | |
| Payments within 6 to 10 years | 8,493 | 1,871 | 1,435 | 9,346 | 21,145 | |
| Sub total | 16,386 | 4,177 | 5,769 | 19,390 | 45,721 | |
| Public Lighting | | | | | | Public Lighting – refurbishment and maintenance of street lighting and illuminated street signage – services commenced in 2004/05. Total obligation as at start of contract of £164,300,000 to be met from PFI Special Grant and council resources. Indexation – RPI applied Contract expiry - 2030 |
| Payments within 1 year | 2,479 | 620 | 1,000 | 2,861 | 6,959 | |
| Payments within 2 to 5 years | 11,412 | 2,479 | 2,577 | 12,268 | 28,736 | |
| Payments within 6 to 10 years | 4,561 | 775 | 265 | 4,321 | 9,921 | |
| Sub total | 18,452 | 3,873 | 3,842 | 19,450 | 45,617 | |
| Brunswick Housing | | | | | | Brunswick – housing refurbishment, maintenance and estate management - |
| Payments within 1 year | 1,910 | 0 | 3,929 | 2,547 | 8,386 | |

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| Payments/ Scheme | Liability Repayment £000 | Lifecycle Costs £000 | Interest Charges £000 | Service Charges £000 | Total £000 | Scheme Details |
|---|--------------------------|----------------------|-----------------------|----------------------|----------------|--|
| Payments within 2 to 5 years | 7,391 | 0 | 14,195 | 10,886 | 32,473 | services commenced in 2013/14. Total obligation as at start of contract of £258,236,000 to be met from PFI Grant and the Housing Revenue Account. Indexation – RPIX Contract expiry - 2038 |
| Payments within 6 to 10 years | 9,892 | 0 | 14,814 | 14,957 | 39,663 | |
| Payments within 11 to 15 years | 19,787 | 0 | 8,393 | 17,317 | 45,498 | |
| Payments within 16 to 20 years | 6,431 | 0 | 322 | 2,670 | 9,424 | |
| Sub total | 45,411 | 0 | 41,654 | 48,377 | 135,443 | |
| | | | | | | Refuse vehicles utilised in the provision of refuse collection services to the Council. The service contract commenced in 2015 and the purchase of new vehicles to be utilised in the contract commenced in 2016. Indexation – Various Contract expiry – 2032 |
| Refuse Vehicles Service Concession | | | | | | |
| | | | | | | |
| Payments within 1 year | 908 | 0 | 50 | 14,670 | 15,628 | |
| Payments within 2 to 5 years | 2,517 | 0 | 80 | 59,914 | 62,511 | |
| Payments within 6 to 10 years | 374 | 0 | 6 | 66,039 | 66,419 | |
| Sub total | 3,799 | 0 | 136 | 140,623 | 144,558 | |
| | | | | | | |
| Total | 136,568 | 64,004 | 79,378 | 417,441 | 697,390 | |

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 six PFI Schemes and one Service Concession as follows:

- Miles Platting, HRA (Housing) Services PFI Scheme
- Plymouth Grove, HRA (Housing) Services PFI Scheme
- Temple Primary School, Children's Services PFI Scheme
- Wright Robinson Sports College, Children's Services PFI Scheme
- Public Lighting, Neighbourhood Services PFI Scheme
- Brunswick, HRA (Housing) Services PFI Scheme
- Refuse Vehicles Service Concession

Each PFI scheme specifies the start dates for the contractor to begin the work as well as improvement dates for cyclical planned maintenance. The contractor makes the property, plant and equipment needed to provide the services available to the Council for the length of the contract. At the end of the contract the ownership of the property, plant and equipment passes to the Council at no extra charge. The management and maintenance contract with the contractor expires at the end of the PFI Scheme, the contractor does not have an automatic right to renew the contract for a further period but is entitled to re-tender for the contract. If the Council defaults on the terms, the contractor can terminate the PFI Scheme. The Council is entitled to terminate the contract if the contractor defaults.

HRA (Housing) PFI Schemes

In each of the Housing PFI schemes (Miles Platting, Plymouth Grove, Brunswick) the contractor is contracted to improve a specified group of properties in an area to specified standards (the actual number may be affected by demolitions and tenants exercising their Right to Buy (RTB)).

Each Housing PFI scheme sets out a minimum specification for the standard of maintenance and service provision to the individual properties by the contractor. There are clauses which set out the financial deductions to be applied if these standards are not met.

Children's Services PFI Schemes

The School PFI schemes oblige the contractor to construct, fit out and equip new school buildings and facilities as defined and specified in each of the contracts. The contractor is then obliged to manage and maintain the new facilities for the duration of the life of the PFI scheme.

The School PFI schemes have minimum specifications for service provision/availability. If these are breached (e.g., unavailability of a sports pitch), then financial penalties are payable by the contractor.

Work to increase the number of pupil places at Temple Primary School has been completed. The Council funded the capital works at the school. The PFI contract has been amended to include the management and maintenance of the new facility.

Neighbourhoods PFI Scheme

The Public Lighting PFI scheme specified that 41,698 streetlights were certified to be replaced during the Initial Apparatus Replacement Programme, plus others to be replaced at others expense (e.g. housing developers). The scheme also includes an Annual Apparatus Replacement Programme where the contractor is required to replace streetlights on a cyclical basis.

Changes to the Public Lighting PFI contract were negotiated in 2017/18. These related to the procurement and installation of low energy LED street lighting technology and a management system for centralised control. The equipment is designed to deliver long term sustainable benefits and revenue savings, whilst providing high quality lighting to recognised standards.

Refuse Vehicles Service Concession

The contract to provide refuse collection service to the Council stipulates that new vehicles will be purchased by the contractor to provide these services. The nature of the contract means that it must be classified under the IFRIC12 standard as a Service Concession and the vehicles capitalised on the Council's balance sheet.

Note 12. National Health Services Act 2006 Pooled Funds

Section 75 of the National Health Services Act 2006 enables the establishment of joint working arrangements between NHS bodies and local authorities. Pooled funds enable health bodies and local authorities to work together to address specific health issues.

On 1 April 2021, new arrangements came into place between Manchester City Council (MCC) and Manchester Foundation Trust (MFT) to 'supercharge' Manchester's Local Care Organisation. This included the creation of a new Section 75 (S75) agreement between MCC and MFT which included Adult Social Care services, which were previously made part of the S75 agreement between Manchester Clinical Commissioning Group (MCCG) and MCC.

The Manchester Local Care Organisation was established in 2018 as the delivery vehicle for reducing health inequalities and improving population health of people in Manchester, underpinned by a S75 agreement to facilitate and support the strengthening of the Manchester Local Care Organisation (MLCO) ensuring delivery of integrated community health and adult social care services in Manchester. The pooling of the Better Care Fund forms part of these arrangements. The total MLCO Pooled budget for both health and social care is £301m.

Better Care Fund

The Better Care Fund has been established by the Government to provide funds to local areas to support the integration of health and social care. It was a requirement of the Better Care Fund that Greater Manchester Integrated Commissioning Board (GM ICB) and the Council establish a pooled fund from 1 April 2015 for this purpose.

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| | 2021/22 £000's | 2022/23 £000's |
|--|-------------------|-------------------|
| Funding | | |
| Manchester City Council | (39,299) | (42,454) |
| Manchester CCG/GM ICB | (81,915) | (86,269) |
| Total Funding | (121,214) | (128,723) |
| Expenditure | | |
| New Delivery Models of Integrated Care | 81,840 | 87,623 |
| Protection of Adult Social Care | 15,100 | 15,955 |
| Reablement | 13,788 | 14,583 |
| Care Act Responsibilities | 2,003 | 2,116 |
| Capital Expenditure | 8,164 | 8,483 |
| Total Expenditure | 120,895 | 128,760 |
| Overspend / (Underspend) | (319) | 37 |

The underspend of £37k is due to additional spend on community health equipment.

The Council is the local Social Services Authority for Manchester within the meaning of the Local Authority Social Services Act 1970 and a commissioner and provider of health and social care services to people of all ages in Manchester. The aims and benefits of the partners in entering into this agreement are to:

- give the Council and the GM ICB greater transparency and control over the use of funding to support local integration of health and care services
- realise benefits from integration in terms of efficiencies in how services are delivered, reducing reactive unplanned health and social care activity, and improving long term health outcomes for people.
- deliver reform of the local health and care system based on agreed strategic objectives for the Locality Plan and national conditions for use of the Better Care Fund
- protect health and / or social care as relevant to the partners in so far as this delivers the Better Care Fund national conditions.

Note 13. Financing and investment income and expenditure

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

| | Gross Expenditure 2021/22 £000's | Gross Income 2021/22 £000's | Gross Expenditure 2022/23 £000's | Gross Income 2022/23 £000's |
|---|-------------------------------------|--------------------------------|-------------------------------------|--------------------------------|
| Interest payable on debt | 24,581 | 0 | 28,968 | 0 |
| Interest payable on PFI unitary payments | 10,963 | 0 | 10,417 | 0 |
| Interest income / expense on the defined benefit pension scheme | 91,120 | (69,304) | 118,583 | (102,400) |
| Investment interest income | 0 | (37,816) | 0 | (42,233) |
| Rentals received on investment properties | 0 | (25,658) | 0 | (42,967) |
| Expenses incurred on investment properties | 3,920 | 0 | 19,126 | 0 |
| Change in fair value of investment properties | 18,014 | (36,856) | 18,463 | (41,446) |
| Dividend receivable | 0 | (501) | 0 | (448) |
| Impairment loss on debtors | 6,709 | 0 | 4,897 | 0 |
| Impairment of financial assets | 711 | 0 | (2,350) | 0 |
| (Gain)/Loss on trading accounts | 0 | 17 | 0 | 0 |
| Total | 156,018 | (170,118) | 198,104 | (229,494) |

Note 14. Taxation and non-specific grant income

The table below analyses the figure included in the taxation and non-specific grant income line of the Comprehensive Income and Expenditure Statement.

| | 2021/22 £000 | 2022/23 £000 | |
|--|------------------|------------------|-----|
| Council Tax Income | (186,646) | (198,619) | (a) |
| Business Rates Income | (267,514) | (296,936) | (b) |
| Business Rates Tariff | 38,334 | 35,033 | (c) |
| Business Rates Section 31 Grants | (128,544) | (64,003) | (d) |
| Enterprise Zone Relief Grant | (860) | (486) | |
| Tax Income Guarantee | (276) | 0 | |
| Education Services Grant | (1,200) | (1,150) | |
| New Homes Bonus Grant | (8,330) | (9,857) | (e) |
| Housing Benefit and Council Tax Support Administration Grant | (3,999) | (3,987) | |
| Local Council Tax Support Grant | (5,711) | 0 | (f) |
| Returned Business Rates Growth Levy Share | 0 | (1,499) | (g) |
| Private Finance Initiative Grant (General Fund) | (6,580) | (6,580) | |
| Improved Better Care Fund | (30,816) | (31,749) | (h) |
| Lower Tiers Services Grant | (1,237) | (1,328) | |
| Children's and Adults Social Care Grant | (23,877) | (31,924) | (i) |
| Services Grant | 0 | (12,324) | (j) |
| COVID-19 Emergency Funding | (22,229) | 0 | (k) |
| COVID-19 Sales, Fees and Charges | (3,595) | 0 | |
| COVID New Burdens Grant | (233) | (801) | |
| Other Revenue Grants | (179) | (152) | |
| Adjustment on concessionary interest loan | 400 | 329 | |
| Capital Grants and contributions | (73,592) | (73,462) | (l) |
| Total taxation and non-specific grant income | (726,684) | (699,496) | |

a. Council Tax Income has increased by £12m due to an increase in the Council Tax Base of 6.7% and Council Tax Rate increase of 3.99%.

b. Roll back of Extended Retail and Nursery Discount from an average of 75% in 2021/22 to 50% in 2022/23 with national caps to retail, hospitality, leisure and nurseries businesses. In addition, Business rates collection in 2022/23 was 97.29%, up 2.50% from 94.79% in 2021/22; and up 9.38% from 87.91% in 2020/21

c. Business Rates Tariff is the amount paid to government to adjust income from business rates and bring it into line with the government's assessment of baseline funding level required.

d. Business Rates Section 31 grants are paid by government to compensate authorities for loss of business rates income due government policy announcements. These include the extension small business rates relief, capping the increase in business rates to 2% along with other measures announced in the Government's Budget Statements. The reduction in Extended Retail and Nursery Discount in 2022/23 has been the main reason for the reduction in Section 31 grants.

e. New Homes Bonus (NHB) grant reduced from a three year to a two year legacy payment in 2021/22 and continued in 2022/23 in line with the government plan to wind down this funding incentive. The government has consulted on a replacement for New Homes Bonus, although this has been confirmed for 2023/24 also.

f. Local Tax Support Grant, was announced in the Spending Review for 2021/22, to provide additional local council tax support in 2021/22 to support households facing financial difficulties because of the pandemic. This funding was removed in 2022/23.

g. Returned Business Rates Levy Share. As part of the Final Settlement announcement in February 2023, Government announced return of the Levy account surplus to authorities. The Levy account receives levies on rates growth above a baseline set by Government from certain authorities. Under statute this funding is to be returned to local authorities and the Council's share is £1.499m.

h. The Improved Better Care Fund is allocated to local authorities to fund social care. From 2017 the Spending Review made available social care funds for local government. The Council's allocation in 2022/23 increased by £934k to £31.749m.

i. The Children's and Adults Social Care Grant was announced in the October 2018 budget with the stated aim of reducing demand on the NHS and improving the social care offer for older people, people with disabilities and children.

j. Services Grant is a new government grant from 2022/23 to provide funding to all tiers of local government in recognition of the vital services delivered at every level of local government.

k. COVID Emergency Funding and COVID Sales, Fees and Charges income loss funding ended in 2021/22, with no further un-ringfenced funding provided in 2022/23.

l. The Capital Grants and Contributions include Basic Need Grant (to fund additional school places), Schools Capital Maintenance Funding, Disabled Facilities Grant for adaptations to homes, Arts Council England grant funding for the Factory project, Public Sector Decarbonisation grant funding, Housing Infrastructure Fund grant funding and contributions from developers.

Note 15. Revenue grants credited to the Comprehensive Income and Expenditure Statement

The table below analyses the revenue grants credited to Net Cost of Services in the Comprehensive Income and Expenditure Statement

| | 2021/22 £000s | 2022/23 £000s | |
|--|------------------|------------------|-----|
| Dedicated Schools Grant | (328,019) | (342,602) | |
| Pupil Premium | (23,783) | (24,530) | |
| Housing and Council Tax Support | (169,755) | (165,590) | (a) |
| Private Finance Initiative Grant (Housing Revenue Account) | (23,374) | (23,374) | |
| Learning and Skills Council Grants | (7,825) | (8,031) | |
| Asylum Seekers Grant | (9,827) | (11,529) | (b) |
| Universal Free School Meals Grant | (3,157) | (3,060) | |
| Sixth Form Funding Grant | (445) | (541) | |
| Troubled Families Grant | (3,090) | (3,782) | |
| Independent Living Fund | (1,984) | (1,984) | |
| Youth Justice Board Grants | (1,291) | (2,205) | |
| Department for Education - (Inherited Staff Liabilities) | (861) | (694) | |
| Homelessness, Rough Sleepers, Accommodation for Ex Offenders and Staying Put Grant | (11,666) | (5,048) | (c) |
| Homeless Prevention Grant | (1,158) | (3,905) | (d) |
| PE and Sports Grant | (2,138) | (1,874) | |
| Teachers Pay Grant | (194) | (181) | |
| Additional School Grant including Teacher Pension grant for maintained schools and COVID emergency support for schools | (7,174) | (14,571) | (e) |
| Public Health Grants | (1,383) | (2,104) | |
| COVID 19 Grants | (23,885) | 0 | (g) |
| Business Support Grant | (5,310) | 0 | (g) |
| Household Support Fund | (6,453) | (12,906) | (h) |
| Afghan Resettlement Grant | 0 | (11,095) | (i) |
| Domestic Abuse Grant | 0 | (3,628) | (j) |
| New Burdens Council Tax Energy Rebate Scheme | 0 | (317) | |

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| | 2021/22 £000s | 2022/23 £000s | |
|--|------------------|------------------|-----|
| Market Sustainability Fair Cost of Care | 0 | (1,800) | (k) |
| SAFE Taskforce (schools) | 0 | (1,589) | (l) |
| Council Tax Energy Rebate (Discretionary scheme) | 0 | (1,626) | (m) |
| Family Hub Grant | 0 | (888) | |
| Domestic Abuse Grant | 0 | (1,658) | (n) |
| Other Grants | (4,028) | (4,482) | (o) |
| Total revenue grants credited to the Comprehensive Income and Expenditure Statement | (636,801) | (655,593) | |

(a) Housing and Council Tax Support grants have reduced in line with lower expenditure as a result of fewer claimants and more residents moving to Universal Credit.

(b) Asylum Seekers Grant increase is due to an increased number of unaccompanied asylum seeking children along with those leaving care.

(c) Homelessness grants have reduced due to removal of one off ringfenced grants received in 2021/22. In 2022/23 this includes Homelessness Grant, Rough Sleepers Initiative Grant, Staying Put Grant, Accommodation for Ex Offenders and Rough Sleeping Accommodation Programme.

(d) Home Office Prevent Strategy is part of the Government's Counter Terrorism Strategy, which aims to prevent people from becoming a terrorist or supporting terrorism of any form.

(e) Additional School increase is due to Supplementary grant of £5.621m announced by the Government following the Autumn 2021 Spending Review, the additional funds are intended to reflect the additional cost of the Health and Social Care Levy and other inflationary cost increases that local authorities and schools faced in 2022/23. From 2023/24 this will be part of school's core funding; and the new £456k Alternative Provision Taskforce Grant. The 2022/23 level also includes new Ukraine and Afghan School Grant and £0.513m Teachers Pension Grant.

(g) COVID 19 grants and Business Support Grant ended in 2021/22.

(h) Household Support Fund was distributed by councils in England to directly help those who needed it most. The grant was distributed through small payments to support vulnerable households meet daily needs such as food, clothing, and utilities. This was extended to 2022/23, and then to 2023/24 in the Chancellor's Autumn Statement.

(i) Afghan Resettlement Grant to support the resettlement of Afghan nationals into the UK. The council received £11.095m in 2022/23.

(j) Homes for Ukraine Grant - The government has provided funding at a rate of £10,500 per person to councils to enable them to provide support to families to rebuild their lives and fully integrate into communities. The Council received £3.628m in 2022/23.

(k) Market Sustainability Fair Cost of Care funding of £1.800m for the Manchester Local Care Organisation to support the sustainability of the 65+ care home market and the 18+ domiciliary care market (including domiciliary care providers who operate in extra care settings).

(l) SAFE Taskforce (schools) funding of £1.589m for young people who are most at risk of serious violence or gang exploitation and provide targeted support to keep them engaged in education and attending lessons.

(m) Council Tax Energy Rebate Discretionary scheme funding of £1.626m to provide support to people on low incomes or in vulnerable groups in addition to the Council Tax Energy Rebate Core Scheme.

(n) Domestic Abuse Grant of £1.658m following introduction of the Domestic Abuse Act 2021 which places new duties on local authorities across England to ensure that victims of domestic abuse and their children can access the right support in safe accommodation when they need it.

(o) Other Grants of lower amounts including Community voices, Home Office grant for elections, Talk English Grant, DEFRA, HMP Library services and Department of Transport grant.

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Note 16. Officers' Emoluments and Senior Employees' Remuneration

Employee Remuneration

The Accounts and Audit Regulations require the disclosure of employees' remuneration in excess of £50,000 excluding the remuneration details of the Council's senior employees, which are disclosed separately. [2](#)

Non schools-based staff

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

| | 2021/22 Staff Who Have Not Received Severance or Other Related Payments | 2021/22 Staff Who Have Received Severance or Other Related Payments | 2021/22 Total | 2022/23 Staff Who Have Not Received Severance or Other Related Payments | 2022/23 Staff Who Have Received Severance or Other Related Payments | 2022/23 Total |
|---------------------|---|---|------------------|---|---|------------------|
| £50,000 - £54,999 | 140 | 0 | 140 | 194 | 0 | 194 |
| £55,000 - £59,999 | 65 | 0 | 65 | 87 | 0 | 87 |
| £60,000 - £64,999 | 19 | 0 | 19 | 29 | 0 | 29 |
| £65,000 - £69,999 | 24 | 0 | 24 | 20 | 0 | 20 |
| £70,000 - £74,999 | 14 | 0 | 14 | 24 | 0 | 24 |
| £75,000 - £79,999 | 18 | 0 | 18 | 18 | 0 | 18 |
| £80,000 - £84,999 | 10 | 0 | 10 | 13 | 0 | 13 |
| £85,000 - £89,999 | 11 | 0 | 11 | 5 | 0 | 5 |
| £90,000 - £94,999 | 10 | 0 | 10 | 20 | 0 | 20 |
| £95,000 - £99,999 | 2 | 0 | 2 | 2 | 0 | 2 |
| £100,000 - £104,999 | 5 | 0 | 5 | 2 | 0 | 2 |
| £105,000 - £109,999 | 4 | 0 | 4 | 4 | 0 | 4 |
| £110,000 - £114,999 | 2 | 0 | 2 | 4 | 0 | 4 |
| £120,000 - £124,999 | 2 | 0 | 2 | 1 | 0 | 1 |
| £125,000 - £129,999 | 0 | 0 | 0 | 2 | 0 | 2 |
| £135,000 - £139,999 | 1 | 0 | 1 | 1 | 0 | 1 |

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| | 2021/22 Staff Who Have Not Received Severance or Other Related Payments | 2021/22 Staff Who Have Received Severance or Other Related Payments | 2021/22 Total | 2022/23 Staff Who Have Not Received Severance or Other Related Payments | 2022/23 Staff Who Have Received Severance or Other Related Payments | 2022/23 Total |
|---------------------|---|---|------------------|---|---|------------------|
| £145,000 - £149,999 | 1 | 0 | 1 | 0 | 0 | 0 |
| Total | 328 | 0 | 328 | 426 | 0 | 426 |

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Schools based staff

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

| | 2021/22 Staff Who Have Not Received Severance or Other Related Payments | 2021/22 Staff Who Have Received Severance or Other Related Payments | 2021/22 Total | 2022/23 Staff Who Have Not Received Severance or Other Related Payments | 2022/23 Staff Who Have Received Severance or Other Related Payments | 2022/23 Total |
|---------------------|--|--|----------------------|--|--|----------------------|
| £50,000 - £54,999 | 87 | 0 | 87 | 85 | 0 | 85 |
| £55,000 - £59,999 | 51 | 0 | 51 | 60 | 0 | 60 |
| £60,000 - £64,999 | 31 | 0 | 31 | 22 | 0 | 22 |
| £65,000 - £69,999 | 16 | 0 | 16 | 24 | 0 | 24 |
| £70,000 - £74,999 | 15 | 0 | 15 | 17 | 0 | 17 |
| £75,000 - £79,999 | 16 | 0 | 16 | 15 | 0 | 15 |
| £80,000 - £84,999 | 4 | 0 | 4 | 10 | 0 | 10 |
| £85,000 - £89,999 | 7 | 0 | 7 | 6 | 0 | 6 |
| £90,000 - £94,999 | 9 | 0 | 9 | 7 | 0 | 7 |
| £95,000 - £99,999 | 1 | 0 | 1 | 2 | 0 | 2 |
| £100,000 - £104,999 | 1 | 0 | 1 | 2 | 0 | 2 |
| £105,000 - £109,999 | 2 | 0 | 2 | 0 | 0 | 0 |
| £110,000 - £114,999 | 0 | 0 | 0 | 1 | 1 | 2 |
| £115,000 - £119,999 | 2 | 0 | 2 | 1 | 0 | 1 |
| £120,000 – £124,999 | 0 | 0 | 0 | 2 | 0 | 2 |
| £130,000 - £134,999 | 1 | 0 | 1 | 0 | 0 | 0 |
| Total | 243 | 0 | 243 | 254 | 1 | 255 |

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Senior Employees' Remuneration

The following Council employees are classed as senior employees as they received a salary in excess of £150,000 (disclosed by name) or received a salary in excess of £50,000 and are part of the Council's Strategic Management Team or are in a designated post that is required to be disclosed (disclosed by job title)

| Senior Employees' Remuneration | Salary, Fees or Allowances | | Employer's Contribution to Pension | | Total including Pension Contributions | |
|---|----------------------------|------------------|------------------------------------|----------------|---------------------------------------|------------------|
| | 2021/22 £ | 2022/23 £ | 2021/22 £ | 2022/23 £ | 2021/22 £ | 2022/23 £ |
| Chief Executive (Head of Paid Service), Joanne Roney | 211,584 | 213,509 | 39,143 | 39,499 | 250,727 | 253,008 |
| Deputy Chief Executive and City Treasurer (Section 151 Officer), Carol Culley | 159,566 | 161,491 | 29,520 | 29,876 | 189,086 | 191,367 |
| City Solicitor (Monitoring Officer), Fiona Ledden | 148,701 | 150,626 | 27,510 | 27,866 | 176,211 | 178,492 |
| Strategic Director (Neighbourhoods) (a) | 138,357 | 68,851 | 25,596 | 0 | 163,953 | 68,851 |
| Strategic Director (Neighbourhoods) (b) | 0 | 109,481 | 0 | 20,033 | 0 | 129,514 |
| Strategic Director of Children and Education Services, Paul Marshall | 148,701 | 150,626 | 27,510 | 27,866 | 176,211 | 178,492 |
| Executive Director of Adult Social Services, Bernadette Enright | 138,357 | 150,626 | 25,596 | 27,866 | 163,953 | 178,492 |
| Director of Education | 120,486 | 122,411 | 22,290 | 22,646 | 142,776 | 145,057 |
| Strategic Director (Development) (c) | 41,572 | 0 | 7,691 | 0 | 49,263 | 0 |
| Strategic Director (Development) (d) | 58,810 | 131,377 | 10,880 | 24,305 | 69,690 | 155,682 |
| Director of Population, Health and Wellbeing (Director of Public Health) | 110,486 | 116,458 | 15,888 | 16,747 | 126,374 | 133,205 |
| Assistant Chief Executive (e) | 0 | 108,121 | 0 | 18,978 | 0 | 127,099 |
| Project Director (Our Town Hall), Paul Candelent (f) | 0 | 150,626 | 0 | 27,866 | 0 | 178,492 |
| Total | 1,276,620 | 1,634,203 | 231,624 | 283,548 | 1,508,244 | 1,917,751 |

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There were no expenses allowances, severance payments or employer contributions to early retirement costs in relation to any of the officers disclosed above in 2021/22 and 2022/23

- (a) The post-holder was on phased retirement during 2022/23 and left the Council on 31 March 2023
- (b) The current post-holder commenced on 1 June 2022
- (c) The post-holder commenced on 22 June 2020 and left the Council on 11 July 2021
- (d) The current post-holder commenced on 18 October 2021
- (e) The Assistant Chief Executive is a redesignated post effective from 1 April 2022 and reports directly to the Chief Executive (Head of Paid Service) from that date
- (f) The Project Director for the Our Town Hall project qualified for inclusion in this year's note as the salary for the post satisfied the definition of a senior employee. ☐

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Note 17. Exit Packages

The number of agreed exit packages and the total cost of these within each band is shown below. The total cost figures shown include severance, early retirement and any compensation for loss of office payments that have been agreed at the year end.

Non schools-based staff

| | 2021/22 Number of Staff Departures Agreed | 2021/22 Total Cost of Exit Packages £000s | 2022/23 Number of Staff Departures Agreed | 2022/23 Total Cost of Exit Packages £000s |
|-------------------|--|--|--|--|
| £0 - £20,000 | 42 | 378 | 10 | 47 |
| £20,001 - £40,000 | 16 | 392 | 2 | 53 |
| £40,001 - £60,000 | 1 | 51 | 1 | 55 |
| Total | 59 | 821 | 13 | 155 |

There were no compulsory redundancies in relation to non schools-based staff during 2021/22 and 2022/23

Schools-based staff

| | 2021/22 Number of Compulsory Redundancies | 2021/22 Number of Other Staff Departures Agreed | 2021/22 Total Number of Exit Packages | 2021/22 Total Cost of Exit Packages | 2022/23 Number of Compulsory Redundancies | 2022/23 Number of Other Staff Departures Agreed | 2022/23 Total Number of Exit Packages | 2022/23 Total Cost of Exit Packages |
|-------------------|--|---|--|---|--|---|--|---|
| £0 - £20,000 | 0 | 66 | 66 | 473 | 2 | 54 | 56 | 468 |
| £20,001 - £40,000 | 0 | 6 | 6 | 180 | 0 | 6 | 6 | 141 |
| £40,001 - £60,000 | 0 | 1 | 1 | 51 | 0 | 3 | 3 | 141 |
| Total | 0 | 73 | 73 | 704 | 2 | 63 | 65 | 750 |

The table above accounts for 2 compulsory redundancies within schools at a cost of £33,767

Note 18. Audit Fees

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

| | 2021/22 £000 | 2022/23 £000 |
|--|-----------------|-----------------|
| Fees payable to Mazars with regard to external audit services carried out by the appointed auditor | 159 | 189 |

Note 19a. Property, Plant and Equipment

Movements on property, plant and equipment during 2022/23 were as follows:

| | Property, Plant and Equipment | | | | | | |
|--|-------------------------------|-----------------------------------|---|---------------------------|------------------------------------|-------------------------|----------------|
| | Council Dwellings £000s | Other Land and Buildings £000s | Vehicles, Plant, and Equipment £000s | Community Assets £000s | Assets Under Construction £000s | Surplus Assets £000s | Total £000s |
| Movement in 2022/23 | | | | | | | |
| Gross book value brought forward | 744,818 | 1,308,532 | 141,109 | 41,033 | 329,963 | 156,858 | 2,722,313 |
| Accumulated depreciation and impairment brought forward | (341) | (66,795) | (73,277) | (853) | 0 | (2,977) | (144,243) |
| Net book value carried forward as at 1 April 2022 | 744,477 | 1,241,737 | 67,832 | 40,180 | 329,963 | 153,881 | 2,578,070 |
| Additions | 21,130 | 48,755 | 5,686 | 1,614 | 192,269 | 993 | 270,447 |
| Revaluations recognised in revaluation reserve | 25,884 | 97,603 | 0 | 0 | 0 | 20,378 | 143,865 |
| Downward Revaluations recognised in deficit / surplus on the provision of services | (7,576) | (20,918) | 0 | 0 | 0 | (3,598) | (32,092) |
| Derecognition – disposals | 0 | (5,563) | 0 | 0 | 0 | (945) | (6,508) |

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| | Property, Plant and Equipment | | | | | | |
|---|-------------------------------|-----------------------------------|---|---------------------------|------------------------------------|-------------------------|------------------|
| | Council Dwellings £000s | Other Land and Buildings £000s | Vehicles, Plant, and Equipment £000s | Community Assets £000s | Assets Under Construction £000s | Surplus Assets £000s | Total £000s |
| Transferred (to) held for sale assets | (12,565) | (31,404) | 0 | 0 | 0 | (19,267) | (63,236) |
| Other transfers | 3,815 | (12,281) | (213) | 686 | 4,082 | 151 | (3,760) |
| Other movements in cost or valuation - newly recognised PFI assets | 935 | 0 | 614 | 0 | 0 | 0 | 1549 |
| Depreciation | (23,332) | (31,055) | (11,137) | 0 | 0 | (92) | (65,616) |
| Impairments charged to the deficit / surplus on the provision of services | (935) | (4,925) | (53) | 0 | 0 | 0 | (5,913) |
| Impairments covered by the revaluation reserve | (13,481) | (6,869) | 0 | 0 | 0 | 0 | (20,350) |
| Net book value carried forward as at 31 March 2023 | 738,352 | 1,275,080 | 62,729 | 42,480 | 526,314 | 151,501 | 2,796,456 |
| Gross book value carried forward | 739,065 | 1,351,624 | 146,645 | 43,333 | 526,314 | 153,259 | 2,960,240 |
| Accumulated depreciation and Impairment carried forward as at 31 March 2023 | (713) | (76,544) | (83,916) | (853) | 0 | (1,758) | (163,784) |
| Net book value carried forward as at 31 March 2023 | 738,352 | 1,275,080 | 62,729 | 42,480 | 526,314 | 151,501 | 2,796,456 |

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Movements on property, plant and equipment during 2021/22 were as follows:

| | Property, Plant and Equipment | | | | | | |
|--|-------------------------------|-----------------------------------|---|---------------------------|------------------------------------|-------------------------|------------------|
| | Council Dwellings £000s | Other Land and Buildings £000s | Vehicles, Plant, and Equipment £000s | Community Assets £000s | Assets Under Construction £000s | Surplus Assets £000s | Total £000s |
| Movement in 2021/22 | | | | | | | |
| Gross book value brought forward | 623,171 | 1,157,178 | 119,666 | 34,077 | 229,320 | 163,044 | 2,326,456 |
| Accumulated depreciation and impairment brought forward | 24 | (58,776) | (63,389) | (853) | 0 | (2,860) | (125,854) |
| Net book value carried forward as at 1 April 2021 | 623,195 | 1,098,402 | 56,277 | 33,224 | 229,320 | 160,184 | 2,200,602 |
| Additions | 19,822 | 27,649 | 20,290 | 4,458 | 139,356 | 1,557 | 213,132 |
| Revaluations recognised in revaluation reserve | 133,072 | 133,105 | 0 | 0 | 0 | 7,370 | 273,547 |
| Downward Revaluations recognised in deficit / surplus on the provision of services | 0 | (1,872) | 0 | 0 | 0 | (5,700) | (7,572) |
| Derecognition – disposals | 0 | (5,750) | 0 | 0 | 0 | (7,671) | (13,421) |
| Transferred (to) held for sale assets | (8,167) | (4,524) | 0 | 0 | 0 | (4,097) | (16,788) |
| Other transfers | 12,437 | 23,839 | 1,174 | 2,498 | (38,713) | 2,634 | 3,869 |
| Other movements in cost or valuation - newly recognised leased / PFI assets | 811 | 0 | (21) | 0 | 0 | 0 | 790 |
| Depreciation | (22,958) | (28,920) | (9,826) | 0 | 0 | (396) | (62,100) |
| Impairments charged to the deficit / surplus on the provision of services | (1,952) | (148) | (62) | 0 | 0 | 0 | (2,162) |
| Impairments covered by the revaluation reserve | (11,783) | (44) | 0 | 0 | 0 | 0 | (11,827) |
| Net book value carried forward as at 31 March 2022 | 744,477 | 1,241,737 | 67,832 | 40,180 | 329,963 | 153,881 | 2,578,070 |

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| | Property, Plant and Equipment | | | | | | |
|---|-------------------------------|-----------------------------------|---|---------------------------|------------------------------------|-------------------------|----------------|
| | Council Dwellings £000s | Other Land and Buildings £000s | Vehicles, Plant, and Equipment £000s | Community Assets £000s | Assets Under Construction £000s | Surplus Assets £000s | Total £000s |
| Gross book value carried forward | 744,818 | 1,308,532 | 141,109 | 41,033 | 329,963 | 156,858 | 2,722,313 |
| Accumulated depreciation and Impairment carried forward as at 31 March 2022 | (341) | (66,795) | (73,277) | (853) | 0 | (2,977) | (144,243) |
| Net book value carried forward as at 31 March 2022 | 744,477 | 1,241,737 | 67,832 | 40,180 | 329,963 | 153,881 | 2,578,070 |

Note 19b. Infrastructure assets

In accordance with the temporary relief offered by the Update to the Code on Infrastructure Assets this note does not disclose gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resulting information deficits mean that this would not faithfully represent the asset position to the users of the financial statements

The Council has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

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

| | £000s |
|---|----------|
| Net book value as at 1 April 2022 | 552,732 |
| Movement in 2022/23 | |
| Additions | 35,194 |
| Other transfers | (302) |
| Depreciation | (34,387) |
| Net book value carried forward at 31 March 2023 | 553,237 |

| | £000s |
|---|----------|
| Net book value as at 1 April 2021 | 538,992 |
| Movement in 2021/22 | |
| Additions | 38,224 |
| Transfer (to) held for sale assets | 0 |
| Other transfers | (1,935) |
| Depreciation | (22,549) |
| Net book value carried forward at 31 March 2022 | 552,732 |

Note 20. Disposal of Assets

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

| | 2021/22 £000 | 2022/23 £000 |
|--|-----------------|-----------------|
| Disposals of Assets | | |
| Held for Sale - Council dwellings (right to buy) | 8,302 | 12,565 |
| Other HRA disposals | | 86 |
| Held for Sale - General Fund | 9,132 | 54,895 |
| Academy Disposals | 0 | 5,563 |
| Other General Fund Disposals | 13,285 | 859 |
| Total | 30,719 | 73,968 |

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

| | 2021/22 £000 | 2022/23 £000 |
|---|-----------------|-----------------|
| Held for Sale - Council dwellings (right to buy) | (4,725) | (4,846) |
| HRA Other | (1,344) | (2,519) |
| Held for Sale General Fund | 1,611 | 9,443 |
| Academy Disposals | 0 | 5,563 |
| Other General Fund Disposals and other Capital Receipts | 10,015 | (13,715) |
| Total | 5,557 | (6,074) |

Note 21. Accounting for Local Government Schools

The Council has the following maintained schools:

| | Community | Voluntary Controlled | Voluntary Aided | Foundation |
|---|--------------|-------------------------|--------------------|-------------|
| Number of schools at 31 March 2023 | 53 | 13 | 40 | 2 |
| Value of land and buildings at 31 March 2023 | £411,849,000 | N/A | N/A | £18,471,000 |
| Value of land and buildings at 31 March 2022 | £384,121,000 | N/A | N/A | £18,883,000 |

Non-Current assets

The treatment of land and buildings for each type of school is based on the legal framework underlying each type of school. The Council controls the non-current assets of community schools and foundation schools that are vested with the governing body and therefore the land and buildings of those schools are shown on the Council's balance sheet. The land and buildings of voluntary aided, voluntary controlled and foundation schools that are vested with an external trust are owned and controlled by the trustees of the schools or the foundation body and are therefore not shown on the balance sheet of the Council.

Capital expenditure on community and foundation schools vested with the governing body schools is added to the balances for those schools as reported in property, plant and equipment (note 19a). Capital expenditure on voluntary aided, voluntary controlled and foundation schools vested with an external trust is treated as REFCUS (Revenue Expenditure Funded from Capital under Statute) expenditure and written off each year to the Comprehensive Income and Expenditure Statement within the Children's Services line.

Revenue Funding

Dedicated Schools Grant (DSG) is a ring-fenced government grant used to fund the running costs of schools and is credited to the Comprehensive Income and Expenditure Statement within gross income on the Children's Services line based on amounts due from the Department for Education. The running costs of all categories of schools, apart from academies, are shown within the Comprehensive Income and Expenditure Statement.

The DSG is allocated between central council budget and budgets allocated to individual schools (delegated school budgets). Expenditure from central council budgets and delegated schools' budgets is charged to the Comprehensive Income and Expenditure Statement under the Children's Services line.

Individual schools' balances, for all categories of schools apart from academies, are included in the balance sheet of the Council within usable reserves (note 38).

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

| | Community £000s | Voluntary Controlled £000s | Voluntary Aided £000s | Foundation £000s | Total £000s |
|--|--------------------|----------------------------------|-----------------------------|---------------------|----------------|
| Opening schools' reserves | 12,167 | 2,082 | 5,061 | 776 | 20,086 |
| Funding, including DSG | 177,795 | 33,746 | 98,896 | 7,213 | 317,650 |
| Net expenditure incurred by schools | (179,468) | (33,776) | (100,464) | (7,513) | (321,221) |
| Closing schools' reserves | 10,494 | 2,052 | 3,493 | 476 | 16,515 |

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Note 22. Heritage Assets

Movements on heritage assets during 2022/23 were as follows:

| | Fine Art Works £000's | Civic Plate £000's | Town Hall Sculptures £000's | Monuments, Statues, Fountains, Buildings and other Civic Regalia £000's | Total £000's |
|-----------------------------|--------------------------|-----------------------|-----------------------------------|---|-----------------|
| Cost or valuation | | | | | |
| Balance at 1 April 2022 | 613,434 | 2,959 | 2,962 | 17,957 | 637,312 |
| Additions/ Donations | | | | 72 | 72 |
| Revaluations | 1,909 | | | | 1,909 |
| Transfers | (19) | | | | (19) |
| Balance at 31 March 2023 | 615,343 | 2,959 | 2,962 | 18,010 | 639,274 |

Movements on heritage assets during 2021/22 were as follows:

| | Fine Art Works £000's | Civic Plate £000's | Town Hall Sculptures £000's | Monuments, Statues, Fountains, Buildings and Civic Regalia £000's | Total £000's |
|-----------------------------|--------------------------|-----------------------|-----------------------------------|--|-----------------|
| Cost or valuation | | | | | |
| Balance at 1 April 2021 | 611,958 | 2,959 | 2,962 | 17,923 | 635,802 |
| Additions/ Donations | 0 | 0 | 0 | 34 | 34 |
| Revaluations | 1,476 | 0 | 0 | 0 | 1,476 |
| Balance at 31 March 2022 | 613,434 | 2,959 | 2,962 | 17,957 | 637,312 |

a) [Heritage Assets Nature and Scale of Assets Held](#)

Manchester City Galleries (Manchester Art Gallery, Platt Hall and Queens Park Conservation Studios) currently holds around 46,900 objects in trust on behalf of the People of Manchester. The collection comprises of approximately 14,400 items of fine art, 10,400 items of decorative art, and 22,000 items of costume.

In addition to the MCG collections, the Libraries, Information and Archives Service holds a collection of rare books, records and archives that have heritage significance relating to Manchester but are also of national significance.

Heritage furniture, civic plate and Lord Mayor's regalia, sculpture, paintings from the Town Hall collection (and also some paintings from the MCG collection) are displayed in appropriate public spaces, selected offices and meeting rooms.

Manchester City Galleries' (MCG) collections are covered by the Greater Manchester Act 1981 whereby financially motivated disposal is prohibited by the Act. Further details can be found in the following documents:

- Manchester Art Gallery Collection Development Policy 2021
- Resource and Governance Overview and Scrutiny Committee 17 November 2011 – Heritage Assets Report

b) [Heritage Asset Management and Preservation](#)

[Manchester City Galleries Collection](#)

The management and care of the collection is overseen by the Senior Operational Lead, in partnership with the Senior Curator, Collection Manager and Conservation Manager.

Public access to the collections and collection information is delivered in a variety of ways:

- Gallery displays and temporary exhibitions at Manchester Art Gallery.
- Education and learning activities.
- Web-based information, including the galleries website with searchable database, social networking sites, and the Art UK website.
- Access in store to researchers and interested individuals/groups by arrangement.
- Loans out to UK and international museums and galleries, or other venues.

The collections are assessed and conserved in the conservation studios at Queens Park by highly specialised, fully trained conservators.

The condition of the art works is maintained through a programme of effective collection care to reduce damage and deterioration by reducing risk from physical damage (including handling), theft and vandalism, fire and water/flood, inappropriate relative humidity, light and pollutants.

Further details can be found in the following documents:

- Manchester City Galleries Constitution
- Manchester Art Gallery Business Plan 2023-2026
- Manchester City Galleries Procedures Manual 2016

- Manchester City Galleries Collections Development Policy 2021-2024
- Manchester City Galleries Loans Policy 2019-2021
- Manchester City Galleries Conservation and Collection Care Policy 2016 -2019
- Manchester City Galleries Handling Guidelines 2016
- Manchester City Galleries Collection Information Policy 2020-2023

The Town Hall Collection

The Town Hall Collection includes sculpture, fine art, silver, textiles, photographs and social history material. The collection is currently the responsibility of the Our Town Hall Curatorial Manager who manages a Collections Officer and a Paintings Conservator. Details of the collections are held on the EMu collections management database.

As part of the Our Town Hall project, considerable conservation work is being undertaken on the collection. This focuses primarily on the collection that will be returned to public display or for use in public rooms. The paintings, furniture and sculpture collection will all be assessed and conserved accordingly.

The Collection is managed according to the Town Hall Collections Development Policy which was approved by the Our Town Hall Strategic Board in 2022.

The Lord Mayor's Regalia

The Lord Mayors regalia is frequently used and is therefore cared for and managed by the Civic and Ceremonial team. The material is kept in two safes in the Town Hall Extension.

c) Heritage Assets Accounting Policies

Manchester City Galleries Collections

Specified items (those valued over £100,000) are included in the balance sheet at market valuation.

In the case of loss or damage the recoverable amount may be less than the full market valuation as works over £200,000 are insured at 75% of market value up to a threshold cap of £7,000,000.

Non-specified works are grouped. Where they have a market valuation, they are included in the balance sheet at that value, otherwise the insurance valuation has been used.

Over the course of the year the valuations of works which are due to go out on loan are checked and amended if necessary. Valuations are also updated on an incidental basis if a curator becomes aware that a particular work may have increased or decreased in value based on comparative works sold at auction. Changes in value during 2022/23 resulted in an increase in value of £1,909,000 (2021/22 £1,476,000 increase).

Civic Plate / Lord Mayors Regalia / Model of HMS Manchester

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

Sculptures

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

Furniture

These items are included in the balance sheet at a nominal value until a more detailed and appropriate valuation can be obtained. The assets within this category are deemed to have indeterminate lives; hence the Council does not consider it appropriate to charge depreciation

The majority of the heritage furniture, paintings and social history material (including civic gifts) from the Town Hall have been moved to an offsite storage location during the Town Hall restoration project. A selection of furniture and the Lord Mayor's regalia has been retained for use in the Lord Mayor's rooms in Central Library. The Town Hall sculpture collection has been relocated to various venues within the Council's Estate, or on loan to other venues in the city.

Statues and Monuments in the Public Realm

These items are included in the balance sheet at a nominal value plus some relocation and enhancement costs.

The assets will be included at this value until a more detailed and appropriate valuation can be obtained.

The assets within this category are deemed to have indefinite lives; hence the Council does not consider it appropriate to charge depreciation.

d) Heritage Assets carried as other asset types

Listed Buildings

Manchester has 84 listed buildings and related assets such as the Town Hall, Central Library, Heaton Hall, bridges and areas of parks. The Council also has custody of scheduled ancient monuments including the City Centre Hanging Bridge and the moated sites to Clayton Hall and Peel Hall in addition to a number of other monuments, statues and fountains.

Listed buildings, such as the Town Hall complex, are actively used in the delivery of Council services. In accounting terms, they have been classified as operational assets and reported and valued as Property, Plant and Equipment in the same way as other assets of this type

Statues / Fountains

Statues and Fountains situated in open spaces are classified as street furniture. As no insurance valuation is available and cannot be obtained at a cost which is commensurate with the benefits to users of the financial statements these assets have not been recognised in the balance sheet.

Rare Books, Records and Archives

Rare books, records and archives that have heritage significance relating to Manchester. As no insurance or market valuation is available and cannot be obtained at a cost which is commensurate with the benefits to users of the financial statements these assets have not been recognised in the balance sheet.

Note 23. Valuation of Property, Plant and Equipment

The Council's non-current assets are valued on the balance sheet in accordance with the statement of asset valuation principles and guidance notes issued by the Royal Institution of Chartered Surveyors (RICS):

- plant and machinery are included in the valuations of buildings when it is an integral part of the building
- properties classified as operational, excluding council dwellings, were valued on the basis of net realisable value in existing use or, where a market did not exist, on the basis of depreciated replacement cost
- council dwellings were valued at existing use value - social housing
- community assets and infrastructure have been valued at historic cost net of depreciation
- assets under construction are held at historic cost until brought into use.
- surplus assets have been valued on the basis of market value for the highest or best use

Depreciation has been calculated using a straight-line method (i.e., apportioned equally over each year of the life of the asset) for all assets. The estimated useful life of each property is determined by a qualified valuer and updated at each valuation. Land and assets not yet available for use (assets under construction) are not depreciated.

Council dwellings are valued annually. All other assets, with the exception of those valued at historic cost net of depreciation, are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their value at year end, but as a minimum every five years. Valuations have been undertaken during the year by internal Council valuers, Jacobs, Avison Young and Capita; external valuers commissioned by the Council. Avison Young have provided indexation factors for the percentage increase in value from the date of the last valuation to 31 March 2023 for various categories of asset. These have been applied to the asset values.

The Valuers have determined the appropriate method of valuation having regard to the assets' physical and economic characteristics. Assets are valued using the depreciated replacement cost approach where there is no active market for the asset being valued, that is, where there is no relevant evidence of recent sales transactions due to specialist nature of the asset. Where recent transactions can be identified, the Valuer has adopted the existing use value method, where rental value is capitalised at a rate determined by the type, quality and location of the asset. The assumptions made by the valuer include the application of an appropriate rental value and capitalisation rate. This is based on comparable evidence of market transactions of similar assets nearby.

A large proportion of the Council's property, plant and equipment (PPE) asset value is comprised of properties valued using the Depreciated Replacement Cost (DRC) method of valuation.

Inspections of PPE were carried out in 2022/23 as part of the Council's revaluation process. As a result of these inspections the Council recognised revaluations of PPE in the revaluation reserve of £108,134,000 reflecting the revaluation movement since the last revaluation of these assets.

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The Council also performed impairment reviews where there were impairment indicators, such as a change in use or capital expenditure in excess of £500,000 during the year. Downward valuations were charged against the revaluation reserve to the extent there was a credit balance in the reserve for the individual asset. Amounts in excess of the credit balance in the reserve were charged to the Comprehensive Income and Expenditure Statement. This has resulted in £ 32,092,000 in relation to PPE being charged to the Comprehensive Income and Expenditure Statement. In keeping with the presentation of Note 19a, infrastructure assets are omitted from this table. Infrastructure assets are carried at historical cost.

The following table lists the value of each type of property, plant and equipment with the year of their last valuation. (Note infrastructure assets are carried at historical cost and are omitted from this table.):

| | Council Dwellings £000s | Other Land and Buildings £000s | Vehicles, Plant and Equipment £000s | Community Assets £000s | Assets Under Construction £000s | Surplus Assets £000s | Total £000s |
|-------------------|----------------------------|-----------------------------------|--|---------------------------|------------------------------------|-------------------------|----------------|
| Historical Cost | 0 | 0 | 62,457 | 42,480 | 526,314 | 0 | 631,251 |
| Valuation in Year | | | | | | | |
| 2017/18 | 0 | 1,533 | 0 | 0 | 0 | 0 | 1,533 |
| 2018/19 | 0 | 58,713 | 97 | 0 | 0 | 9,961 | 68,771 |
| 2019/20 | 0 | 430,194 | 175 | 0 | 0 | 7,761 | 438,130 |
| 2020/21 | 0 | 120,561 | 0 | 0 | 0 | 30,294 | 150,855 |
| 2021/22 | 0 | 39,146 | 0 | 0 | 0 | 48,174 | 87,320 |
| 2022/23 | 738,352 | 624,933 | 0 | 0 | 0 | 55,311 | 1,418,596 |
| Total | 738,352 | 1,275,080 | 62,729 | 42,480 | 526,314 | 151,501 | 2,796,456 |

Surplus Assets

Fair Value Hierarchy

Details of the Council's surplus properties and information about the fair value hierarchy as at 31 March is as follows:

| | | 31 March 2022 £000s | 31 March 2023 £000s |
|----------------------------------|---------|------------------------|------------------------|
| Other significant inputs* | Level 2 | 5,891 | 2,588 |
| Significant unobservable inputs* | Level 3 | 147,990 | 148,913 |
| Total | | 153,881 | 151,501 |

*The fair value hierarchy categorisation at the end of note provides additional information.

All surplus property has been valued in accordance with IFRS13 under the fair value hierarchy. The fair value measurement requires the valuer to determine:

- the highest and best use of the asset and whether it is used in combination with other assets or on a stand-alone basis
- what is legally, physically and financially feasible
- the market in which an orderly transaction would take place for the asset
- the appropriate valuation technique to use maximising the use of relevant observable inputs (market data such as market rents and yields or actual information about transactions such as lease details or covenant strength) and minimising unobservable inputs (these are inputs where market data is not available and are developed using the best information available about the assumptions market participants would use when pricing the asset such as comparable land or property values. Where such evidence is not available the use of sales values and cost of development to produce a residual value has been used).

The fair value of surplus assets has been measured using the market valuation technique and has taken account of the following factors - market evidence of capital values, location, size, layout, knowledge of planning requirements and potential development costs. As the future use of these assets is yet to be determined, the current use cannot be assumed to be highest and best, however in estimating the fair value of surplus properties, the highest and best use of the properties has been adopted in accordance with the Code.

There have been £3.1m transfers between levels of fair value hierarchy during 2022/23.

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

| | 2021/22 £000 | 2022/23 £000 |
|--|-----------------|-----------------|
| Balance at 1 April | 146,935 | 147,990 |
| Transfers to surplus assets | 2,164 | (11,587) |
| Transfers between levels | 0 | 3,176 |
| Total (losses) included in deficit / surplus on provision of services resulting from changes in the fair value | (3,585) | (3,598) |
| Total gains / (losses) included in other comprehensive income and expenditure | 4,370 | 12,856 |
| | 149,884 | 148,837 |
| Additions | 258 | 254 |
| Disposals | (1,756) | (86) |
| Depreciation | (396) | (92) |
| Balance at 31 March | 147,990 | 148,913 |

Total losses included in surplus / deficit on provision of services resulting from changes in the fair value are shown within council wide costs in the Comprehensive Income and Expenditure Statement.

Fair Value Hierarchy

Level 1

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the balance sheet date. A quoted market price in an active market provides the most reliable evidence of fair value.

Level 2

Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset, either directly or indirectly.

Level 2 inputs include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in markets that are not active

Inputs other than quoted prices that are observable for the asset or liability, for example:

- Interest rates and yield curves

Level 3 Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available

Note 24. Assets Held for Sale

Assets are categorised as held for sale when an asset is available for immediate sale in its present condition, the sale is highly probable, it is being actively marketed (if applicable) and the sale is expected to be within one year of classification as held for sale. ☐

Movements on assets held for sale during the year were as follows: ☐

| | Assets Held For Sale £000s |
|---|----------------------------------|
| Net book value at 31 March 2021 | 6,339 |
| Movement in 2021/22 | |
| Reclassifications | 17,292 |
| Disposals | (17,299) |
| Revaluations | (763) |
| Net book value carried forward at 31 March 2022 | 5,569 |
| Movement in 2022/23 | |
| Additions | 6,667 |
| Reclassifications | 63,235 |
| Disposals | (67,460) |
| Revaluations | (485) |
| Net book value carried forward at 31 March 2023 | 7,526 |

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Note 25. Assets Recognised Under PFI and Similar Arrangements

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

| | Energy Services £000s | Plymouth Grove Housing £000s | Miles Platting Housing £000s | Brunswick Housing £000s | Public Lighting £000s | Refuse Vehicles Service Concession £000s | Total £000s |
|--|--------------------------|------------------------------------|------------------------------------|-------------------------------|--------------------------|---|----------------|
| Net book value at 31 March 2021 | 63 | 29,419 | 72,470 | 56,516 | 64,557 | 4,824 | 227,849 |
| Movement in 2021/22 | | | | | | | |
| Expenditure | 0 | 216 | 2 | 103 | 139 | 0 | 460 |
| Newly recognised assets | 0 | 0 | 0 | 0 | 0 | 198 | 198 |
| Reclassifications | 0 | (570) | (625) | (174) | 0 | 0 | (1,369) |
| Depreciation | (8) | (1,103) | (2,704) | (1,890) | (2,588) | (755) | (9,048) |
| Revaluations | 0 | 6,698 | 30,392 | 8,063 | 0 | (220) | 44,933 |
| Impairments | 0 | 0 | 0 | (1,952) | 0 | 0 | (1,952) |
| Net book value carried forward at 31 March 2022 | 55 | 34,660 | 99,535 | 60,666 | 62,108 | 4,047 | 261,071 |
| Movement in 2022/23 | | | | | | | |
| Expenditure | 0 | 973 | 0 | 0 | 27 | 0 | 1000 |
| Newly recognised assets | 0 | 0 | 0 | 935 | 0 | 614 | 1,549 |
| Reclassifications | 0 | (560) | (1,929) | (846) | 0 | 0 | (3,335) |
| Depreciation | (8) | (1,005) | (3,144) | (1,844) | (3,293) | (862) | (10,156) |
| Revaluations | 0 | 2,014 | 5,170 | (5,944) | 0 | 0 | 1,240 |
| Impairments | 0 | (584) | 0 | (1,643) | 0 | 0 | (2,227) |
| Net book value carried forward as at 31 March 2023 | 47 | 35,498 | 99,632 | 51,324 | 58,842 | 3,799 | 249,142 |

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| | Temple Primary School £000s | Plymouth Grove Housing £000s | Miles Platting Housing £000s | Brunswick Housing £000s | Public Lighting £000s | Wright Robinson Sports College £000s | Refuse Vehicles Service Concession £000s | Total £000s |
|---|--------------------------------------|---------------------------------------|---------------------------------------|-------------------------------|-----------------------------|--|--|----------------|
| Deferred liability brought forward as at 1 April 2021 | 1,824 | 13,971 | 42,669 | 48,561 | 22,995 | 18,914 | 4,824 | 153,758 |
| Movement in 2021/22 | | | | | | | | |
| Additional liability | 0 | 0 | 0 | 811 | 0 | 0 | 198 | 1,009 |
| Disposals and derecognitions | 0 | 0 | 0 | 0 | 0 | 0 | (220) | (220) |
| Write down of liability | (283) | (747) | (1,891) | (2,366) | (2,212) | (1,224) | (755) | (9,478) |
| Deferred liability carried forward as at March 2022 | 1,541 | 13,224 | 40,778 | 47,006 | 20,783 | 17,690 | 4,047 | 145,069 |
| Movement in 2022/23 | | | | | | | | |
| Additional liability | 0 | 0 | 0 | 935 | 0 | 0 | 615 | 1,550 |
| Disposals and derecognitions | 0 | 0 | 0 | 0 | 0 | 0 | (1) | (1) |
| Write down of liability | (320) | (709) | (1,996) | (2,529) | (2,331) | (1,303) | (862) | (10,051) |
| Deferred liability carried forward as at March 2023 | 1,221 | 12,515 | 38,782 | 45,412 | 18,452 | 16,387 | 3,799 | 136,567 |

Note 26. Assets Held as Lessee

Operating Leases

The Council has obtained the right to use printers and multi-functional devices by entering into operating leases.

The Council has entered into a number of leases relating to offices and land. The leases vary in length from short-term leases to those with terms over 600 years.

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

| | 31 March 2022 £000s | 31 March 2023 £000s |
|---|------------------------|---------------------------|
| Not later than one year | 4,650 | 4,650 |
| Later than one year and not later than five years | 16,127 | 15,710 |
| Later than five years | 65,182 | 55,081 |
| Total | 85,959 | 75,441 |

Lease payments made:

| | 2021/22 £000s | 2022/23 £000s |
|------------------------|------------------|------------------|
| Minimum lease payments | 4,729 | 4,797 |
| Total | 4,729 | 4,797 |

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

| | 2021/22 £000s | 2022/23 £000s |
|-------------------------------------|------------------|------------------|
| Corporate Core | 361 | 307 |
| Growth and Development | 4,368 | 4,490 |
| Total minimum lease payments | 4,729 | 4,797 |

Note 27. Assets Held as Lessor

Operating Leases

The Council has leased out a number of offices, industrial premises and land to various organisations for both community use and economic development purposes. The leases vary in length and are all classed as operating leases.

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

| | 31 March 2022 £000s | 31 March 2023 £000s |
|---|------------------------|------------------------|
| Not later than one year | 16,057 | 15,328 |
| Later than one year and not later than five years | 61,919 | 59,288 |
| Later than five years | 930,920 | 942,956 |
| Total minimum lease payments | 1,008,896 | 1,017,572 |

The minimum lease payments do not include rents that are contingent on events taking place after the lease has been entered into, such as adjustments following rent reviews.

Note 28. Investment Properties

The value of income generating investment properties classed as operating leases is £537,407,000 (£493,722,000 at 31 March 2021).

These assets are classed as investment properties because they are held to solely earn rentals during the year and are not used by the Council in delivering its services. As these assets are classed as investment properties no depreciation charge has been made in 2021/22 or 2022/23.

| | 2021/22 £000s | 2022/23 £000s |
|--|------------------|------------------|
| Rental income from investment property | (25,658) | (42,967) |
| Direct operating expenses arising from investment property | 3,920 | 19,126 |
| Net (gain) | (21,738) | (23,841) |

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

| | Investment Properties £000s |
|--|--------------------------------|
| Net book value carried forward as at 1 April 2021 | 476,130 |
| Movement in 2021/22 | |
| Expenditure | 1,188 |
| Reclassifications | (2,437) |
| Movement in fair value of investment property | 18,841 |
| Net book value carried forward as at 31 March 2022 | 493,722 |
| Movement in 2022/23 | |
| Expenditure | 16,621 |
| Reclassifications | 4,081 |
| Movement in fair value of investment property | 22,983 |
| Net book value carried forward as at 31 March 2023 | 537,407 |

Fair Value Hierarchy

All properties within the Council's investment portfolio have been value assessed as Level 2 on the fair value hierarchy for valuation purposes (accounting policy 5.2.33 provides an explanation of the fair value levels).

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

The fair value of investment property has been measured using a market approach, which takes into account quoted market prices for similar assets in active markets, existing lease terms and rentals, research into market evidence including market rentals and yields, covenant strength for existing tenants and data and market knowledge gained in managing the Council's investment asset portfolio. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised as level 2 on the fair value hierarchy.

There has been no change in the valuation techniques used during the year for investment properties.

Highest and Best Use

In estimating the fair value of the Council's investment properties, the highest and best use is their current use.

Valuers

The investment properties were valued in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS) by Colliers, external valuers engaged by the Council.

Note 29. Capital Expenditure and Capital Financing

| | 2021/22 £000s | 2022/23 £000s |
|--|------------------|------------------|
| Opening Capital Financing Requirement | 1,648,796 | 1,768,251 |
| Expenditure | | |
| Property, plant and equipment | 213,132 | 270,447 |
| Infrastructure | 38,224 | 35,194 |
| Investment properties | 1,188 | 16,621 |
| Held for sale | 0 | 6,667 |
| Heritage assets | 34 | 72 |
| Revenue expenditure funded from capital under statute* | 33,355 | 48,675 |
| Long term debtors | 7,114 | 19,308 |
| Investment in share capital | 164 | 6,630 |
| | 293,211 | 403,614 |
| Assets acquired under finance lease / PFI arrangements | 1,009 | 1,550 |
| Funding Resources | | |
| Revenue contributions | (7,248) | (4,971) |
| Capital Receipts | (12,286) | (56,158) |
| Major Repairs Reserve | (21,054) | (23,310) |
| Government grants | (82,124) | (79,100) |
| External contributions | (17,699) | (15,484) |
| Minimum Revenue Provision | (34,353) | (37,457) |
| Closing Capital Financing Requirement | 1,768,251 | 1,956,935 |
| HRA | 300,048 | 300,983 |
| Non HRA | 1,468,203 | 1,655,952 |
| Closing Capital Financing Requirement | 1,768,251 | 1,956,935 |
| Explanation of Movement in Year | | |
| Minimum Revenue Provision | (34,353) | (37,457) |
| Increase in underlying need to borrow | 152,800 | 224,591 |
| Assets acquired under finance lease / PFI arrangements | 1,009 | 1,550 |
| | 119,456 | 188,684 |

* 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 30. Contracted Capital Commitments

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

| | 31 March 2022 £000s | 31 March 2023 £000s |
|---------------------------------|------------------------|---------------------------|
| Housing | 308 | 0 |
| Education | 13,362 | 0 |
| Indoor Leisure | 28,691 | 8,314 |
| The Factory | 36,684 | 0 |
| Our Town Hall | 156,470 | 100,946 |
| Culture | 0 | 7,761 |
| Gorton Health Hub | 8,919 | 0 |
| Northern Quarter Cycling Scheme | 0 | 5,057 |
| Public Sector Decarbonisation | 6,586 | 6,909 |
| Housing Investment Fund | 969 | 31,461 |
| This City | 0 | 1,787 |
| Hammerstone Road Depot | 3,234 | 13,335 |
| Total | 255,223 | 175,570 |

Note 31. Investments

The Council has the following long-term investments:

| | 31 March 2022 £000s | 31 March 2023 £000s |
|--|------------------------|------------------------|
| Investments in organisations included in the group statements | | |
| Manchester Airports Holdings Ltd Share Capital | 112,354 | 112,354 |
| Destination Manchester Ltd Share Capital | 10,200 | 10,200 |
| Other long-term investments | | |
| Investments in subsidiaries not included in the group statements | | |
| Manchester Mortgage Corporation Plc Share Capital | 136 | 131 |
| Investments in associates and joint ventures not included in the group statements | | |
| Manchester Airports Holdings Ltd (C Shares) | 4,800 | 4,300 |
| Eastlands Development Company Limited | 1,279 | 1,276 |
| Matrix Homes Ltd | 5,655 | 5,888 |
| Mayfield Developments | 7,087 | 7,198 |
| | 141,512 | 141,347 |
| Total other long-term investments | 13,269 | 20,089 |
| Total Long-Term Investments | 154,780 | 161,435 |

The investments in Manchester Airports Holdings Ltd (apart from the C shares, which relate to a car park investment) and Destination Manchester Ltd are shown at cost.

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All other investments are held at fair value, either at quoted price or based on the Council's share of reserves of the company.

The table below shows summarised financial information for the Council's joint venture for 2021/22 and 2022/23. These figures show the Council's share of the joint venture's results:

The table below shows summarised financial information for the Council's joint venture for 2021/22 and 2022/23. These figures show the Council's share of the joint venture's results:

| Council's share of Manchester Airports Holdings Ltd | 2021/22 £000s | 2022/23 £000s |
|---|------------------|------------------|
| Total current assets as at 31 March | 206,610 | 109,447 |
| Total long-term assets as at 31 March | 1,508,040 | 1,457,062 |
| Total current liabilities as at 31 March | 99,507 | 156,520 |
| Total long-term liabilities at 31 March | 1,357,804 | 1,185,913 |
| Total income | 164,046 | 365,295 |
| Total expenditure | 278,107 | 273,031 |

Note 32. Debtors and Payments in Advance

As the balance sheet date represents the position at the end of the financial year, there are monies owed to the Council at that date which are yet to be received in cash. The following analysis shows the amounts owed to the Council which had not been received at 31 March

The Council also makes an impairment loss allowance for outstanding monies which it is anticipated will not be recovered. These amounts are then deducted from the total value of debtors shown in the accounts. An analysis of this impairment of debt is shown below:

| | 31 March 2022 £000s | 31 March 2023 £000s |
|---|------------------------|------------------------|
| Short term debtors and payments in advance | | |
| Debtors included in the Financial Instruments note | | |
| Government departments | 25,128 | 31,283 |
| Other local authorities | 28,351 | 14,603 |
| NHS bodies | 10,324 | 21,072 |
| Housing rents | 8,444 | 9,378 |
| Destination Manchester Ltd / Manchester Central Ltd | 750 | 750 |
| All other bodies (external to government) - trade organisations and individuals | 127,019 | 168,155 |
| | 200,016 | 245,241 |
| Impairment of Debt | | |
| Housing rents | (6,970) | (7,315) |
| Other | (75,031) | (76,892) |
| | 118,015 | 161,035 |
| Debtors not included in the Financial Instruments note | | |
| HM Revenue and Customs | 20,685 | 17,963 |
| Other Local Authorities payments in advance | 94 | 0 |
| Council tax | 77,526 | 1 |
| Business rates | 51,002 | 91,506 |
| All other bodies (external to government) payments in advance | 7,748 | 44,627 |
| | | 6,871 |
| Impairment of Debt | | |
| Council tax | (60,574) | (69,242) |
| Business rates | (45,497) | (37,348) |
| Total | 168,999 | 215,412 |

Long Term Debtors

These are amounts which are owed to the Council which are being repaid over various periods longer than one year. Long-term debt which has become due in less than twelve months has been classified as short-term debt.

| | 31 March 2022 £000s | 31 March 2023 £000s | |
|---|---------------------------|---------------------------|-----|
| Amounts falling due after one year | | | |
| Debtors included in the Financial Instruments note | | | |
| Private Sector Housing Loans | 11,698 | 12,542 | (a) |
| Equity Mortgages | 1,611 | 1,063 | (b) |
| Matrix Homes | 10,145 | 11,135 | (c) |
| Biffa Municipal | 3,247 | 2,862 | (d) |
| Manchester Quays Riverside | 4,288 | 0 | (e) |
| Manchester College | 18,987 | 8,212 | (f) |
| | | | |
| Manchester Airport Holdings Ltd | 390,706 | 409,954 | (g) |
| Destination Manchester Ltd / Manchester Central Ltd | 14,157 | 13,407 | (h) |
| Northern Gateway (Far East Consortium) | 6,670 | 7,931 | (i) |
| Advertising Debtors | 1,183 | 307 | (j) |
| Manchester Heat Network Tradeco | 0 | 14,500 | (k) |
| Other | 2,649 | 3,550 | (l) |
| | 465,342 | 485,463 | |
| Debtors not included in the Financial Instruments note | | | |
| PFI prepayments | 20,892 | 20,074 | (m) |
| Total | 486,233 | 505,537 | |

a - These debtors relate to loans to individuals given to carry out works to their properties or to provide relocation assistance following compulsory purchase orders. These loans are accounted for as embedded derivatives or soft loans. The amount relating to embedded derivatives is an estimate of the amount to be repaid based on the amount of loans outstanding adjusted by the Land Registry House Pricing Index. The amount relating to soft loans is based on the amount to be repaid reduced by the amount of foregone interest as these loans are offered at below market rates of interest.

b - These debtors relate to the balance due to the council from the mortgagee 10 years after the granting of equity mortgages.

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

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

e - This debtor relates to a loan made to Manchester Quays Riverside Ltd in connection with the St John's development.

f - This debtor relates to a loan made to Manchester College

g - These debtors relate to long-term loan advances made to Manchester Airports Holdings Ltd to assist in the financing of approved capital works. A loan of £83.168m was renegotiated during 2009/10 and includes debt that was previously the responsibility of the Greater Manchester Debt Administration Fund. Advances totalling £124.25m have been made during 2018/19 and £106.452m in 2020/21. These loans are to contribute towards capital works at Manchester and Stansted Airports. This long-term debtor also includes accrued interest of £96.084m.

h – This debtor relates to loans made to the company.

i - This debtor relates to loans made to the Far East Consortium in connection with the Northern Gateway development.

j - This debtor relates to advertising income, the settlement of which has been deferred.

k – This debtor relates to a technical loan for equipment provided to the company.

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

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

Note 33. Creditors and Receipts in Advance

As the Council's Balance Sheet represents the financial position at the end of the financial year, these are monies owed by the Council at that date which have yet to be paid. There are also amounts which the Council has received before the end of the financial year which relates to services which have not yet been provided. This analysis shows the amounts owed which had not yet been paid and the amounts received in advance as at 31 March.

| | 31 March 2022 £000s | 31 March 2023 £000s |
|---|---------------------------|---------------------------|
| Short Term Creditors and Receipts in Advance | | |
| Creditors classed as Financial Instruments | | |
| Government departments | 60,709 | 25,919 |
| Other local authorities | 14,356 | 17,301 |
| NHS bodies | 3,591 | 853 |
| Public corporations | 47 | 0 |
| Financial institutions | 911 | 615 |
| Housing rents | 2,922 | 2,818 |
| Other bodies (external to government) - trade organisations and individuals | 121,810 | 126,392 |
| | 204,345 | 173,899 |
| Creditors not classed as Financial Instruments | | |
| Government departments receipts in advance (a) | 36,263 | 6,012 |
| Other local authorities' receipts in advance | 972 | 5,349 |
| NHS bodies receipts in advance | 1,261 | 505 |
| Other public bodies receipts in advance | 30 | 0 |
| Other bodies (external to Government) receipts in advance | 7,592 | 3,697 |
| HM Revenue and Customs | 12,016 | 12,940 |
| Council tax | 10,896 | 8,979 |
| Business rates | 27,861 | 37,857 |
| Total | 301,236 | 249,238 |

Long Term Creditors

These are amounts which are owed by the Council which are being repaid over various periods longer than one year. Long-term creditors which have become due in less than twelve months have been reclassified as short-term creditors.

| | 31 March 2022 £000s | 31 March 2023 £000s |
|--|---------------------------|---------------------------|
| Amounts falling due after one year | | |
| Creditors classed as Financial Instruments | | |
| Equity mortgages - share of proceeds | 548 | 361 |
| Homes and Communities Agency re Matrix Homes | 345 | 404 |
| Total | 893 | 765 |

Capital Grants Receipts in Advance

| | 31 March 2022 £000s | 31 March 2023 £000s |
|---------------------------------------|---------------------------|---------------------------|
| Carrington Reinstatement Deposit | 801 | 801 |
| Contributions from Private Developers | 8,704 | 12,142 |
| Total | 9,505 | 12,943 |

Note 34. Analysis of Long-term Borrowing

a. To Balance Sheet Date

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

| | 31 March 2022 £000s | Range of Interest Rates Payable | | Average Interest % | 31 March 2023 £000s |
|--------------------------------------|---------------------------|---------------------------------|---------|--------------------------|---------------------------|
| | | From % | To % | | |
| Analysis of loans by type | | | | | |
| Public Works Loans Board | 400,000 | 0.10 | 4.50 | 4.36 | 500,000 |
| Market Loans | 403,874 | 0.00 | 4.10 | 2.33 | 400,753 |
| Government Debt | 14,940 | 1.34 | 3.66 | 2.33 | 31,490 |
| Stocks | 858 | 4.00 | 4.00 | 4.00 | 858 |
| Total Outstanding | 819,672 | | | | 933,101 |
| Analysis of loans by maturity | | | | | |
| 1-2 years | 6,571 | | | | 30,904 |
| 2-5 years | 11,886 | | | | 31,125 |
| 5-10 years | 782 | | | | 70,815 |
| after 10 years | 800,433 | | | | 800,256 |
| Total by maturity | 819,672 | | | | 933,101 |

b. To Maturity

The table below includes the outstanding long-term borrowing at the balance sheet date (as per the table above) plus interest due to the date of maturity of the outstanding loans. This provides details of future commitments if the loans are held to the date of maturity.

| | 31 March 2022 £000s | Range of Interest Rates Payable | | Average Interest % | 31 March 2023 £000s |
|--------------------------------------|---------------------------|---------------------------------|---------|--------------------------|---------------------------|
| | | From % | To % | | |
| Analysis of loans by type | | | | | |
| Public Works Loans Board | 720,261 | 0.1000 | 4.5000 | 4.3569 | 712,251 |
| Market Loans | 1,075,806 | 0.0000 | 4.1000 | 2.3251 | 1,055,302 |
| Government Debt | 14,940 | 1.3400 | 3.6600 | 2.3275 | 32,160 |
| Stocks | 1,821 | 4.0000 | 4.0000 | 4.0000 | 1,787 |
| Total Outstanding | 1,812,828 | | | | 1,801,500 |
| Analysis of loans by maturity | | | | | |
| 1-2 years | 31,964 | | | | 56,898 |
| 2-5 years | 87,857 | | | | 77,166 |
| 5-10 years | 127,539 | | | | 127,503 |
| after 10 years | 1,565,468 | | | | 1,539,933 |
| Total by maturity | 1,812,828 | | | | 1,801,500 |

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Note 35. Deferred Liabilities

The note below shows the amounts owed by the Council, split between short-term (amounts owed in less than 12 months) and long-term (amounts owed in more than 12 months) on the balance sheet.

| | 31 March 2022 £000s | Short Term 31 March 2022 £000s | Long Term 31 March 2022 £000s | Repaid in year £000s | Disposals and Derecognitions in year £000s | Additions in year £000s | 31 March 2023 £000s | Short Term 31 March 2023 £000s | Long Term 31 March 2023 £000s |
|--------------------------------|------------------------------|---|-------------------------------------|----------------------------|---|-------------------------------|------------------------------|---|-------------------------------------|
| Private Finance Initiatives | 141,022 | 9,189 | 131,834 | (9,189) | 0 | 935 | 132,768 | 9,763 | 123,005 |
| Service Concession | 4,047 | 766 | 3,282 | (862) | (1) | 615 | 3,799 | 908 | 2,891 |
| Total | 145,069 | 9,954 | 135,115 | (10,051) | (1) | 1,550 | 136,567 | 10,671 | 125,897 |

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Note 36. Provisions

Provisions are established to meet liabilities or losses which are likely or certain to be incurred, but the amounts or timings are uncertain.

These have been split between short-term (amounts owed in less than 12 months) and long-term (amounts owed in more than 12 months) on the balance sheet.

The Council has established the following provisions:

| | 31 March 2022 £000s | Short Term 31 March 2022 £000s | Long Term 31 March 2022 £000s | Contributions in year £000s | Amounts released/used in year £000s | 31 March 2023 £000s | Short Term 31 March 2023 £000s | Long Term 31 March 2023 £000s | |
|-------------------------------------|---------------------------|--|---|-----------------------------------|--|---------------------------|---|--|---|
| Compensation provisions | 7,020 | 5,145 | 1,875 | 576 | (3,170) | 4,426 | 2,530 | 1,898 | a |
| Insurance provision (including HRA) | 2,400 | 1,768 | 632 | 1,090 | (771) | 2,719 | 1,048 | 1,671 | b |
| Provision for business rate appeals | 112,970 | 15,671 | 97,299 | 24,652 | (8,779) | 128,845 | 7,138 | 121,705 | c |
| Various other provisions | 799 | 666 | 133 | 155 | (445) | 509 | 428 | 81 | |
| Total | 123,189 | 23,250 | 99,939 | 26,473 | (13,165) | 136,499 | 11,144 | 125,355 | |

a - The compensation provisions have been set up to compensate claimants for claims received by the Council as at 31 March 2023. These claims will be paid as the amount of compensation is agreed for each case. The amounts of the provisions have been calculated based on an estimate of the likely settlement of the claims. There is no expected reimbursement to fund these claims.

b - The insurance provision includes amounts in relation to Municipal Mutual Insurance. In January 1994, the Council's then insurer, Municipal Mutual insurance (MMI) made a Scheme of Arrangement with its creditors. Under this scheme, claims are initially paid out in full, but if the eventual winding up of the company results in insufficient assets to meet all liabilities, a clawback clause will be triggered, which could affect claims already paid.

c - Following the partial localisation of business rates from 1 April 2013 the Council is required to make a provision for its share of the estimated settlement value of appeals against business rates. For the 2010 list this provision has been estimated using information received from the Valuation Office Agency (VOA) on appeals settled and outstanding. For the 2017 rating list the assumption has been made that the reduction in income due to appeals will be a similar percentage to the prior lists, based on experience and local knowledge. The Council cannot be certain as to when these appeals will be settled as it is dependent on the timing of their settlement by the VOA. The Council's share of the provision is 99% as a result of the Council participating in the 100% rates retention pilot (the remaining 1% is attributable to the GMCA fire and rescue element). Settled appeals will be charged to the provision once determined by the VOA.

Note 37. Financial Instruments

The Council's treasury management policy complies with the CIPFA Code of Practice on Treasury Management (Revised December 2021). In accordance with best practice, the Deputy Chief Executive and City Treasurer has undertaken a review of the policy and is satisfied that the policy is relevant and complete.

The Council's treasury management activities are managed through a Central Loans and Investment Account. Operating a Central Loans and Investment Account enables the Council to borrow on advantageous terms, minimise administration costs and dampen the effects of large interest rate changes. In 2022/23 the average net rate of interest paid and received was 3.16% (3.23% in 2021/22).

A financial instrument is any contract that results in a financial asset in one entity and a financial liability or equity shareholder in another,

Financial Instruments Balances

| | Long-Term | | Current | | Total | |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | 31 March 2022 £000s | 31 March 2023 £000s | 31 March 2022 £000s | 31 March 2023 £000s | 31 March 2022 £000s | 31 March 2023 £000s |
| Financial Liabilities at Amortised Cost: | | | | | | |
| Borrowings | 819,672 | 933,101 | 20,610 | 119,148 | 840,282 | 1,052,250 |
| Deferred Liabilities | 135,115 | 125,897 | 9,954 | 10,671 | 145,069 | 136,568 |
| Creditors | 893 | 765 | 204,345 | 173,899 | 205,238 | 174,664 |
| Total Financial Liabilities | 955,680 | 1,059,763 | 234,909 | 303,718 | 1,190,589 | 1,363,482 |
| Financial Assets | | | | | | |
| Amortised cost | 462,816 | 483,998 | 261,365 | 256,056 | 724,181 | 740,054 |
| Designated Fair value through other comprehensive income | 31,480 | 38,078 | 0 | 0 | 31,480 | 38,078 |
| Fair value through profit and loss | 3,272 | 2,267 | 0 | 0 | 3,272 | 2,267 |
| Total Financial Assets | 497,568 | 524,344 | 261,365 | 256,056 | 758,933 | 780,400 |

The Council's treasury management strategy during the year was to seek long-term borrowing whilst rates were low, and therefore, in the table above, long-term borrowings have increased.

Assets that are classed as fair value are valued at a quoted market value where this is available (level 1 of the fair value hierarchy). Where investments are not quoted the value of

that investment has been taken as the Council's share of the reserves of the company invested in (level 2 of the fair value hierarchy).

Fair Value of Assets and liabilities

| | Carrying Amount | | Fair Value | |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
| | 31 March 2022 £000s | 31 March 2023 £000s | 31 March 2022 £000s | 31 March 2023 £000s |
| Liabilities | | | | |
| Public Work Loans Board | 401,878 | 502,108 | 352,040 | 311,094 |
| Market debt | 418,829 | 413,118 | 607,397 | 398,780 |
| Government debt | 18,707 | 136,154 | 17,885 | 131,291 |
| Stocks | 867 | 868 | 1,104 | 778 |
| Total Borrowings | 840,281 | 1,052,249 | 978,426 | 841,943 |
| Ex GMC debt | 0 | 0 | 0 | 0 |
| PFI and service concessions liabilities | 145,069 | 136,568 | 145,069 | 136,568 |
| Trade creditors | 205,238 | 174,664 | 205,238 | 174,664 |
| Total Financial Liabilities | 1,190,588 | 1,363,481 | 1,328,733 | 1,153,175 |
| | Carrying Amount | | Fair Value | |
| | 31 March 2022 £000s | 31 March 2023 £000s | 31 March 2022 £000s | 31 March 2023 £000s |
| Assets | | | | |
| Cash and cash equivalents | 143,350 | 95,021 | 143,350 | 95,022 |
| Long term investments | 34,752 | 40,346 | 34,752 | 40,346 |
| Trade debtors | 580,831 | 645,033 | 614,171 | 678,638 |
| Total Financial Assets | 758,933 | 780,400 | 792,273 | 814,005 |

Assets and liabilities are carried at amortised cost where part of their carrying amount (as per the balance sheet) will either be written down or written up via the Comprehensive Income and Expenditure Statement over the term of the financial instrument.

For the purposes of the notes to the accounts, all assets and liabilities are given a fair value, although this is only shown in the balance sheet for fair value through profit and loss and fair value through other comprehensive income assets. For many financial instruments the fair value will be the same as the outstanding principal amount, but for others there could be a significant difference.

Fair value is the price that would be received to sell an asset or paid to transfer a liability at the measurement date in the principal market for the asset or liability or in the absence of a principal market, the most advantageous market.

The fair values for PWLB, market and Government debt were determined by reference to new loan rates on the Gilt market as at the balance sheet date as there is no active market for similar assets at this time and include accrued interest as this provides a sound approximation for the fair value for these instruments (level 2). By way of comparison, if the fair values were calculated with reference to PWLB redemption rules and prevailing PWLB

redemption rates, they would be £366.1m for PWLB debt, £131.6m for Government debt and £475.6m for market debt.

Fair value for PFI and service concessions cannot be obtained as there is no comparable information available and has therefore been shown at the carrying amount.

Income, expense, gains and losses

| | 2021/22 | | 2022/23 | |
|--|--|---|--|--|
| | Surplus / Deficit on the provision of services £000s | Other comprehensiv e income and expenditure £000s | Surplus / Deficit on the provision of services £000s | Other comprehensi ve income and expenditure £000s |
| Net (gains)/losses on: | | | | |
| Financial assets measured at fair value through profit or loss | 3,272 | 0 | 2,267 | 0 |
| Financial assets measured at amortised cost | 711 | 0 | (2,350) | 0 |
| Investments in equity instruments designated at fair value through other comprehensive income | 0 | (3,115) | 0 | (154) |
| Total net (gains)/losses | 3,983 | (3,115) | (83) | (154) |
| | | | | |
| Interest income | (37,816) | 0 | (42,233) | 0 |
| Interest expense | 35,544 | 0 | 39,385 | 0 |

Nature and extent of risk arising from Financial Instruments and the management of those risks

Key Risks

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

Credit Risk - the possibility that other parties might fail to pay amounts due to the Council.

Liquidity Risk - the possibility that the Council might not have funds available to meet its commitments to make payments.

Refinancing Risk - the possibility that the Council might be required to renew financial instruments on maturity at a disadvantageous interest rate or terms.

Market Risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements.

Overall Procedures for Risk

The Council's overall risk management procedures focus on the unpredictability of financial markets and implementing restrictions to minimise these risks.

The procedures for risk management are set out through a legal framework in the Local Government Act 2003 and the associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act. Overall, these procedures require the Council to manage risk in the following ways:

- By formally adopting the requirements of the code of practice.
- By the adoption of a Treasury Policy statement and Treasury Management clauses within its constitution.
- By approving annually in advance prudential indicators for the following three years limiting:
 - The Council's overall borrowing.
 - Its maximum and minimum exposures in the maturity structure of its debts.
 - Its maximum and minimum exposures to investments maturing beyond a year.
 - By approving an investment strategy for the forthcoming year, setting out its criteria for both investing and selecting investment counter parties with Government Guidance.

These are required to be reported and approved annually before the start of the year to which they relate. These items are reported with the annual Treasury Management Strategy and actual performance is also reported semi-annually to Members.

The annual Treasury Management Strategy was approved by full Council on 4 March 2022. The strategy is available on the Council's website.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. This risk is managed through the Annual Investment Strategy which was approved by full Council on 4 March 2022. This strategy is available on the Council's website. Some of the key areas of the strategy are as follows:

Specified Investments are investments in sterling denomination, with maturities up to a maximum of one year. All specified investments meet the minimum "high" ratings criteria where applicable. Examples of the investments used are:

- Term deposits – Other Local Authorities
- Term deposits – Banks and building societies
- Money Market Funds

Non-specified investments are any other type of investment than specified. The Council does not make use of this type of investment.

Investment Limits

The financial investment limits of banks and building societies are linked to their Fitch (or equivalent) long-term ratings, as follows:

Banks and Building Societies

| | |
|-----------------------------------|-------------|
| Fitch or Equivalent AA+ and above | £20 million |
| Fitch or Equivalent AA/AA- | £15 million |
| Fitch or Equivalent A+/A | £15 million |
| Fitch or Equivalent A- | £10 million |
| Fitch or Equivalent BBB+ | £10 million |

Other

| | |
|---------------------------------------|--------------|
| Debt Management Office | £200 million |
| Greater Manchester Combined Authority | £200 million |
| Other local authorities | £20 million |

Credit quality of counter parties (issuers and issues) and investment schemes will be determined by reference to credit ratings published by Fitch, Moodys and Standard and Poor's rating agencies. The Council's minimum long-term, short-term, and other credit rating criteria, which are considered sufficient for each category of investment, will be adhered to at all times. Since the 2009/10 financial year, in response to the continuing economic uncertainty and financial difficulties faced by some banks the Council has restricted fixed deposits to UK banks and building societies and has limited fixed deposits to a time period of 3 months. The Council continued to rely on market intelligence as well as credit ratings, credit outlooks and additional information to alert it to institutions possibly facing financial difficulties.

As at the balance sheet date, the amounts included within the cash and cash equivalents figure above held with banks and financial institutions (excluding other local authorities) can be analysed by potential credit loss:

| Deposit | Fitch Short Term rating | Moody's Short-Term rating | S&P short term rating | Amount at 31 March 2022 £000's | Assessed Risk of Default | Estimated value at risk £000's |
|------------------|-------------------------|---------------------------|-----------------------|--------------------------------|--------------------------|--------------------------------|
| Bank of Scotland | F1 | P-1 | A-1 | 12 | 0.02% | 0 |
| NatWest Bank | F1 | P-1 | A-1 | 1 | 0.05% | 0 |
| Barclays Bank | F1 | P-1 | A-1 | 18,256 | 0.02% | 4 |

The Council does not expect any losses from these investments.

Monitoring of credit ratings

A - All credit ratings will be monitored on a continual basis and reviewed weekly. The Council is alerted by Link Asset Services, its external Treasury Management advisors, to changes in the Fitch, Moody's and Standard and Poor's rating agencies ratings daily.

B - If a downgrade results in the counter party/investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.

C - If a counter party/investment scheme is upgraded so that it fulfils the Council's criteria, the Deputy Chief Executive and City Treasurer will have the discretion to include it on the lending list.

For all financial assets held at amortised cost the Council has reviewed the creditworthiness of each relevant organisation to ascertain the likely 12-month impairment. For those with indications of financial distress the Council has provided for lifetime impairment losses.

The trade debtor amount is £730,703,000 and the estimated exposure to default is £84,206,000.

Liquidity Risk

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

The Council manages its liquidity risk position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system as required by the CIPFA Code of Practice, this seeks to ensure that cash is available when it is needed.

The maturity analysis of financial assets, net of any impairment, is as follows:

| | 31 March 2022 £000 | 31 March 2023 £000 |
|----------------------------|-----------------------|-----------------------|
| Less than 1 year | 266,941 | 263,976 |
| Between 1 year and 2 years | 22,424 | 3,440 |
| Between 2 and 3 years | 2,810 | 2,436 |
| More than 3 years | 466,758 | 510,549 |
| Total | 758,933 | 780,400 |

Refinancing and Maturity Risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures listed above are considered against the refinancing risk procedures, longer-term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer-term financial liabilities and longer-term financial assets.

The approved prudential indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the central treasury management team address the operational risks within the approved parameters. This includes monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer-term investments provide stability of maturities and returns in relation to the longer-term cash flow needs.

The Council has £310,000,000 lender option borrower option (LOBO) loans. These have fixed rates of interest, but the lender may seek to increase interest rates at which point the Council has the option to repay the loan. As there is no certainty as to whether these loans will be repaid early, the Council has treated these loans as fixed loans which will run to maturity.

The maturity profile of financial liabilities is as follows:

| | 31 March 2022 £000 | 31 March 2023 £000 |
|----------------------------|-----------------------|-----------------------|
| Less than 1 year | 233,975 | 302,910 |
| Between 1 year and 2 years | 16,302 | 41,604 |
| Between 2 and 5 years | 43,066 | 62,407 |
| Between 5 and 10 years | 47,806 | 115,354 |
| More than 10 years | 849,439 | 841,206 |
| Total | 1,190,588 | 1,363,481 |

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 affect the General Fund Balance.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy, a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure. The central treasury management team will monitor market and forecast interest rates within the year, to adjust exposures appropriately. For instance, during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long-term returns. Similarly, the drawing of longer-term fixed rate borrowing would be postponed.

The Council tries to maximise its income on temporary investment and minimise its interest costs on temporary and long-term borrowing.

The maximum interest rate increase that could be expected in the current climate is assessed at 1%. This would only apply to the net short-term investments. The Council also has a number of LOBO loans that can be called at periods. There is the risk that these may have to be refinanced at a higher rate.

- LOBO risk (loans potentially subject to call £90,000,000 @ 1%) = £900,000.

Price Risk

The Council, excluding the pension fund, does not generally invest in equity shares but does have shareholdings at a value of £161,435,000 in a number of organisations including those within its group. Whilst these holdings are generally illiquid, the Council is exposed to losses arising from movements in the prices of the shares or impairment of the assets held. As the shareholdings have arisen in the acquisition of specific interests, the Council is not in a position to limit its exposure to price movements by diversifying its portfolio. Instead, it only acquires shareholdings in return for "open book" arrangements with the company concerned so that the Council can monitor factors that might cause a fall in the value of specific shareholdings.

Foreign Exchange risk

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

Note 38. Usable Reserves

The Council maintains a number of reserves on the Balance Sheet. Some are held for statutory reasons, some are needed to comply with proper accounting practice, and others have been set up voluntarily to earmark resources for future spending plans.

Movements on the Council's usable reserves in 2021/22 were as follows:

| | Balance 31 March 2021 £000s | Transfers between reserves £000s | Transfers to reserves £000s | Transfers from reserves £000s | 31 March 2022 £000s |
|---|--------------------------------------|---|-----------------------------------|--|---------------------------|
| a) Reserves Held for Capital Purposes | | | | | |
| Capital Receipts Reserve | (93,956) | 0 | (35,257) | 14,839 | (114,374) |
| Major Repairs Reserve | (6,069) | 0 | (23,259) | 21,054 | (8,274) |
| Capital Grants Unapplied Reserve | (94,005) | 0 | (84,189) | 99,824 | (78,370) |
| Total Reserves Held for Capital Purposes | (194,030) | 0 | (142,705) | 135,717 | (201,018) |
| Reserves Held for Revenue Purposes | | | | | |
| b) Schools Reserves | | | | | |
| Local Management of Schools | (21,479) | 0 | 0 | 1,393 | (20,086) |
| Total reserves held for schools | (21,479) | 0 | 0 | 1,393 | (20,086) |
| c) Statutory Reserves | | | | | |
| Bus Lane Enforcement Reserve | (10,461) | 0 | (3,733) | 5,944 | (8,249) |
| On-street Parking Reserve | (1,533) | 0 | (6,405) | 3,745 | (4,194) |
| Ancoats Square Reserve | (2,767) | 0 | 0 | 69 | (2,698) |
| Highways Commuted Sums Reserve | (3,043) | 0 | (1,439) | 89 | (4,393) |
| Other smaller reserves under £1.0m | (2,449) | 0 | (607) | 0 | (3,055) |
| Total Statutory Reserves | (20,253) | 0 | (12,185) | 9,847 | (22,589) |
| d) Reserves held for PFIs | | | | | |
| Public Lighting PFI Reserve | (210) | 0 | (45) | 0 | (255) |
| Temple School PFI Reserve | (558) | 0 | (9) | 84 | (483) |
| Wright Robinson Sports College PFI Reserve | (1,436) | 0 | (40) | 0 | (1,476) |
| Total Reserves held for PFIs | (2,204) | 0 | (94) | 84 | (2,214) |
| e) Small specific reserves | | | | | |
| Other smaller reserves under £1.0m | (4,265) | 0 | (751) | 917 | (4,099) |
| Total small specific reserves | (4,265) | 0 | (751) | 917 | (4,099) |

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| | | | | | |
|--|------------------|----------|-----------------|---------------|------------------|
| f) Reserves held to smooth risk / assurance | | | | | |
| Insurance Fund Reserve | (18,064) | 0 | (2,770) | 0 | (20,834) |
| Crime and Disorder Reserve | (833) | 0 | 0 | 412 | (421) |
| Investment Estate Reserve | (1,233) | 0 | (466) | 700 | (999) |
| Collections Initiative Reserve | (2,986) | 0 | (1,261) | 234 | (4,013) |
| Manchester International Festival Reserve | (12,160) | 0 | 0 | 1,060 | (11,100) |
| Adult Social Care Reserve | (16,499) | 0 | (9,065) | 4,082 | (21,482) |
| Transformation Reserve | (9,213) | 0 | 0 | 271 | (8,942) |
| Airport Dividend Reserve | (43,953) | 0 | 0 | 4,913 | (39,040) |
| Planning Income Reserve | (3,579) | 0 | (129) | 206 | (3,502) |
| Budget Smoothing Reserve | (14,721) | 0 | (20,477) | 13,234 | (21,965) |
| Children's Services Reserve | (2,277) | 0 | (854) | 300 | (2,831) |
| Other smaller reserves under £1.0m | (2,688) | 0 | (435) | 216 | (2,907) |
| Total reserves held to smooth risk / assurance | (128,206) | 0 | (35,457) | 25,628 | (138,036) |
| g) Business Rates Reserve | | | | | |
| Business Rates Reserve | (29,175) | 0 | (2,135) | 15,643 | (15,667) |
| Total Business Rates Reserve | (29,175) | 0 | (2,135) | 15,643 | (15,667) |
| h) Revenue reserves held to support capital schemes | | | | | |
| Capital Fund Reserve | (87,664) | 0 | (14,558) | 12,029 | (90,193) |
| Capital Financing Reserve | (34,730) | 0 | 0 | 0 | (34,730) |
| English Institute of Sport Reserve | (1,009) | 0 | (5,613) | 6,615 | (7) |
| Investment Reserve | (11,782) | 0 | 0 | 1,066 | (10,716) |
| Total revenue reserves held to support capital schemes | (135,185) | 0 | (20,171) | 19,710 | (135,646) |
| i) Reserves held for economic growth and public sector reform | | | | | |
| Clean and Green Places Reserve | (390) | 0 | 0 | 63 | (327) |
| Social Care Reserve | (7,984) | 0 | (1,557) | 7,476 | (2,065) |
| Our Manchester Reserve | (3,057) | 0 | (240) | 1,488 | (1,808) |
| Town Hall Reserve | (12,396) | 0 | 0 | 2,023 | (10,374) |
| Supporting Families Reserve | (1,927) | 0 | 0 | 237 | (1,690) |
| Other smaller reserves under £1.0m | 0 | 0 | (326) | 0 | (326) |
| Total reserves held for economic growth and public sector reform | (25,754) | 0 | (2,123) | 11,287 | (16,590) |
| j) Grants and contributions used to meet commitments over more than one year (shown as reserves due to the required accountancy treatment) | | | | | |

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| | | | | | |
|---|-----------|---|-----------|---------|-----------|
| English Partnership Reserve | (789) | 0 | 0 | 0 | (789) |
| Other Grants and Contributions Reserve | (1,100) | 0 | (260) | 536 | (824) |
| Integration Reserve | (14,977) | 0 | (6,359) | 5,945 | (15,392) |
| Manchester Adult Education Service Reserve | (1,449) | 0 | 0 | 0 | (1,449) |
| Supporting People Reserve | (1,925) | 0 | (1,934) | 0 | (3,859) |
| Other smaller reserves under £1.0m | (770) | 0 | (117) | 74 | (814) |
| Total grants and contributions used to meet commitments over more than one year | (21,010) | 0 | (8,670) | 6,555 | (23,127) |
| k) COVID-19 Grants and contributions used to meet commitments over more than one year (shown as reserves due to the required accountancy treatment) | | | | | |
| COVID 19- Contain Outbreak Management Fund | (18,302) | 0 | (5,333) | 18,302 | (5,333) |
| COVID 19- Additional Restriction Grant | (7,680) | 0 | 0 | 7,680 | 0 |
| COVID 19- Clinically Extremely Vulnerable | (1,599) | 0 | 0 | 1,599 | 0 |
| COVID 19- other under £1.0m | (2,467) | 0 | (436) | 1,087 | (1,816) |
| Business Rates S31 Grant - Taxation Income Guarantee Scheme | (19,219) | 0 | (276) | 10,288 | (9,207) |
| Business Rates S31 Grant - Extended Retail Relief | (142,740) | 0 | (80,426) | 139,075 | (84,091) |
| Business Rates S31 Grant – Covid Additional Relief Fund (CARF) | 0 | 0 | (23,993) | 0 | (23,993) |
| Total COVID-19 grants and contributions used to meet commitments over more than one year | (192,007) | 0 | (110,464) | 178,031 | (124,440) |
| Total reserves held for revenue purposes | (579,538) | 0 | (192,050) | 269,095 | (502,494) |
| l) General Fund Reserve | | | | | |
| General Fund Reserve | (26,803) | 0 | 0 | 306 | (26,497) |
| Total all general fund reserves | (606,341) | 0 | (192,050) | 269,401 | (528,991) |

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m) Housing Revenue Account Reserve

| | | | | | |
|---------------------------------|-----------|---|-----------|---------|-----------|
| Housing Revenue Account Reserve | (111,167) | 0 | 0 | 5,078 | (106,088) |
| Total All Usable Reserves | (911,537) | 0 | (334,755) | 410,196 | (836,098) |

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Movements on the Council's usable reserves in 2022/23 were as follows:

| | Balance 31 March 2022 £000s | Transfers between reserves £000s | Transfers to reserves £000s | Transfers from reserves £000s | 31 March 2023 £000s | |
|--|--------------------------------------|---|-----------------------------------|--|---------------------------|------|
| a) Reserves Held for Capital Purposes | | | | | | |
| Capital Receipts Reserve | (114,374) | 0 | (95,742) | 56,158 | (153,958) | a(1) |
| Major Repairs Reserve | (8,274) | 0 | (23,683) | 23,310 | (8,647) | a(2) |
| Capital Grants Unapplied Reserve | (78,370) | 0 | (86,006) | 94,584 | (69,792) | a(3) |
| Total Reserves Held for Capital Purposes | (201,018) | 0 | (205,431) | 174,052 | (232,397) | |
| Reserves Held for Revenue Purposes | | | | | | |
| b) Schools Reserves | | | | | | |
| Local Management of Schools | (20,086) | 0 | 0 | 3,570 | (16,516) | b(1) |
| Total reserves held for schools | (20,086) | 0 | 0 | 3,570 | (16,516) | |
| c) Statutory Reserves | | | | | | |
| Bus Lane Enforcement Reserve | (8,249) | 0 | (3,344) | 5,014 | (6,579) | c(1) |
| On-street Parking Reserve | (4,194) | 0 | (6,680) | 3,696 | (7,178) | c(2) |
| Ancoats Square Reserve | (2,698) | 0 | 0 | 94 | (2,604) | |
| Highways Commuted Sums Reserve | (4,393) | 0 | (408) | 95 | (4,706) | |
| Other smaller reserves under £1.0m | (3,055) | 17 | (281) | 259 | (3,060) | |
| Total Statutory Reserves | (22,589) | 17 | (10,713) | 9,158 | (24,127) | |
| d) Reserves held for PFIs | | | | | | |
| Public Lighting PFI Reserve | (255) | 0 | (4) | 259 | (0) | |
| Temple School PFI Reserve | (483) | 0 | (8) | 100 | (391) | |
| Wright Robinson Sports College PFI Reserve | (1,476) | 0 | (147) | 78 | (1,545) | |
| Total Reserves held for PFIs | (2,214) | 0 | (159) | 437 | (1,936) | d(1) |
| e) Small specific reserves | | | | | | |
| Other smaller reserves under £1.0m | (4,099) | 1,058 | (791) | 711 | (3,121) | e(1) |
| Total small specific reserves | (4,099) | 1,058 | (791) | 711 | (3,121) | |
| f) Reserves held to smooth risk / assurance | | | | | | |
| Insurance Fund Reserve | (20,834) | 3,000 | (1,269) | 125 | (18,978) | f(1) |
| Collections Initiative Reserve | (4,013) | 1,071 | (2,070) | 207 | (4,805) | f(2) |
| Manchester International Festival Reserve | (11,100) | 0 | 0 | 2,098 | (9,002) | f(3) |
| Adult Social Care Reserve | (21,482) | 11,042 | 0 | 2,519 | (7,921) | f(4) |

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| | | | | | | |
|--|-----------|----------|----------|--------|-----------|-------|
| Transformation Reserve | (8,942) | 0 | (24) | 1,064 | (7,902) | f(5) |
| Airport Dividend Reserve | (39,040) | 0 | 0 | 24,851 | (14,189) | f(6) |
| Planning Income Reserve | (3,502) | 0 | (341) | 203 | (3,640) | f(7) |
| Budget Smoothing Reserve | (21,965) | (13,981) | (14,003) | 1,215 | (48,734) | f(8) |
| Children's Services Reserve | (2,831) | 0 | (2,313) | 725 | (4,419) | f(9) |
| Other smaller reserves under £1.0m | (4,327) | 1,554 | (578) | 97 | (3,254) | f(10) |
| Total reserves held to smooth risk / assurance | (138,036) | 2,686 | (20,598) | 33,104 | (122,844) | |
| g) Business Rates Reserve | | | | | | |
| Business Rates Reserve | (15,667) | 3,607 | (22,314) | 24,465 | (9,909) | g(1) |
| Total Business Rates Reserve | (15,667) | 3,607 | (22,314) | 24,465 | (9,909) | |
| h) Revenue reserves held to support capital schemes | | | | | | |
| Capital Fund Reserve | (90,193) | (2,722) | (27,757) | 15,193 | (105,479) | h(1) |
| Capital Financing Reserve | (34,730) | 0 | 0 | 0 | (34,730) | h(2) |
| English Institute of Sport Reserve | (7) | 0 | (5,625) | 5,632 | 0 | h(3) |
| Investment Reserve | (10,716) | 0 | 0 | 1,823 | (8,893) | h(4) |
| Total revenue reserves held to support capital schemes | (135,646) | (2,722) | (33,382) | 22,648 | (149,102) | |
| i) Reserves held for economic growth and public sector reform | | | | | | |
| Social Care Reserve | (2,065) | 656 | 0 | 1,409 | 0 | |
| Our Manchester Reserve | (1,808) | 703 | 0 | 728 | (377) | i(1) |
| Town Hall Reserve | (10,374) | 0 | (14) | 2,489 | (7,899) | i(2) |
| Supporting Families Reserve | (1,690) | 0 | (750) | 100 | (2,340) | i(3) |
| Other smaller reserves under £1.0m | (653) | 0 | (10) | 153 | (510) | |
| Total reserves held for economic growth and public sector reform | (16,590) | 1,359 | (774) | 4,879 | (11,126) | |
| j) Grants and contributions used to meet commitments over more than one year (shown as reserves due to the required accountancy treatment) | | | | | | |
| English Partnership Reserve | (789) | 0 | 0 | 220 | (569) | |
| Other Grants and Contributions Reserve | (824) | 0 | (323) | 110 | (1,037) | |
| Integration Reserve | (15,392) | 2,809 | (1,136) | 8,577 | (5,143) | |
| Manchester Adult Education Service Reserve | (1,449) | 0 | 0 | 27 | (1,422) | |
| Supporting People Reserve | (3,859) | 0 | (87) | 1,309 | (2,637) | |
| Public Health Reserve | 0 | (1,547) | (4,155) | 11 | (5,691) | |
| Other smaller reserves under £1.0m | (814) | 0 | (2,348) | 33 | (3,129) | |
| Total grants and contributions used to meet | (23,127) | 1,261 | (8,049) | 10,287 | (19,628) | j(1) |

Manchester City Council Annual Statement of Accounts 2022/23

| | | | | | | |
|---|-----------|---------|-----------|---------|-----------|------|
| commitments over more than one year | | | | | | |
| k) COVID-19 Grants and contributions used to meet commitments over more than one year (shown as reserves due to the required accountancy treatment) | | | | | | |
| COVID 19- Contain Outbreak Management Fund | (5,333) | 0 | 0 | 5,333 | 0 | |
| COVID 19- other under £1.0m | (1,816) | 0 | 0 | 1,816 | 0 | |
| Business Rates S31 Grant - Taxation Income Guarantee Scheme | (9,207) | 0 | 0 | 1,895 | (7,312) | k(1) |
| Business Rates S31 Grant - Extended Retail Relief | (84,091) | 0 | 0 | 84,091 | 0 | k(2) |
| Business Rates S31 Grant – Covid Additional Relief Fund (CARF) | (23,993) | 0 | 0 | 23,993 | 0 | k(3) |
| Total COVID-19 grants and contributions used to meet commitments over more than one year | (124,440) | 0 | 0 | 117,128 | (7,312) | |
| Total reserves held for revenue purposes | (502,494) | 7,266 | (96,780) | 226,387 | (365,621) | |
| l) General Fund Reserve | | | | | | |
| General Fund Reserve | (26,497) | (7,266) | 0 | 7,916 | (25,847) | l(1) |
| Total all general fund reserves | (528,991) | 0 | (96,780) | 234,303 | (391,468) | |
| m) Housing Revenue Account Reserve | | | | | | |
| Housing Revenue Account Reserve | (106,088) | 0 | (204) | 10,497 | (95,795) | m(1) |
| Total All Usable Reserves | (836,098) | 0 | (302,415) | 418,852 | (719,661) | |

a) Reserves Held for Capital purposes have increased by £31.4m in line with the delivery of the planned capital programme and reflects capital receipts received to be utilised in future years in line with the approved capital strategy as detailed below.

a(1) - Capital Receipts Reserve

Proceeds of non-current assets sales available to meet future capital investment.

| | 2021/22 £000s | 2022/23 £000s |
|-------------------------------------|------------------|------------------|
| Balance at 1 April | (93,956) | (114,374) |
| Capital receipts received in year | (35,257) | (95,742) |
| Paid to housing national pool | 2,554 | 0 |
| Applied to fund capital expenditure | 12,286 | 56,158 |
| Balance at 31 March | (114,374) | (153,958) |

a(2) - Major Repairs Reserve

Resources available to meet capital investment in council housing.

| | 2021/22 £000s | 2022/23 £000s |
|---|------------------|------------------|
| Balance at 1 April | (6,068) | (8,274) |
| HRA depreciation | (23,259) | (23,683) |
| Financing of capital expenditure on council dwellings | 21,053 | 23,310 |
| Balance at 31 March | (8,274) | (8,647) |

a(3) - Capital Grants Unapplied Reserve

Capital grants and contributions available to meet future capital expenditure.

| | 2021/22 £000s | 2022/23 £000s |
|--|------------------|------------------|
| Balance at 1 April | (94,004) | (78,370) |
| Grants received in year | (84,190) | (86,006) |
| Transferred to Capital Adjustment Account: General Grants and Contributions | 89,226 | 82,040 |
| Transferred to Capital Adjustment Account: Revenue Expenditure Funded from Capital Under Statute (REFCUS) Grants and Contributions | 10,599 | 12,544 |
| Balance at 31 March | (78,370) | (69,792) |

Of the balance above £29.0m relates to Basic Need grant allocations.

b(1) The LMS Reserve is committed to be spent on the Education service and is not available for the general use of the Council. This is held by schools under delegated schemes.

c(1) The Bus Lane Enforcement Reserve was established to hold surpluses generated from bus lane enforcement and will be spent on public transport related activities and highways improvements. Movements in year are reflective of the cost of the service less the actual income. £5m was utilised in 2022/23 in accordance with the requirements to fund the Council's contribution to the cost of the Metro shuttle and contribute towards the costs of the Transport Levy.

c(2) The On-street Parking Reserve was established to hold surpluses generated from on-street parking and will be spent on transport related activities and road and environmental improvements.

d(1) There were three PFI reserves at the start of the year, Street Lighting is now finalised, and two school-related PFIs remain.

e(1) Small reserves under £1m includes the Climate Innovation Fund (£0.7m), End User Device (£0.6m), Community Safety (£0.5m), Cemeteries Replacement (£0.5m), Housing Compliance (£0.2m), Great Ancoats Management Improvement (£0.2m), Fixed Penalty Notices Litter (£0.2m), Social Value Fund (£0.1m), Contributions from Other Local Authorities (£0.1m) and Trading Standards (£0.1m). The remainder are each under £0.1m and total £0.2m.

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

f(1) The Insurance Fund was established to fund risks that are self-insured, such as those that fall below the insurance policy deductible amounts and historic claims where the period of exposure predates when the commercial liability policies were procured.

f(2) The Collection Initiatives Reserve holds funds relating to various initiatives supporting residents including a contribution to discretionary housing payments.

f(3) Manchester International Festival - business rates growth is held in a reserve to fund the grant agreement with MIF over a 10-year period.

f(4) The Adult Social Care Reserve will support system wide improvements in line with the approved budget strategy.

f(5) The Transformation Reserve was set up to fund future service transformation costs which includes the revenue costs associated with the replacement of the ERP system.

f(6) The Airport Dividend Reserve will be applied to the budget to meet the anticipated budget shortfall over the MTFs as part of the measures set out in the Medium-Term Financial Strategy. It is expected to be fully utilised by March 2025.

f(7) The Planning Income Reserve was set up to smooth fluctuations in planning income due to economic volatility.

f(8) The Budget Smoothing Reserve has been created through underspends in previous years. It is used to smooth the impact of budget shortfalls whilst savings are developed and implemented over the Medium Term Financial Strategy; this totalled £18.5m. In addition, the 2022/23 overspend of £4.5m, a call on General Fund Reserve, was replenished from the Budget Smoothing Reserve to retain it at a prudent level. Other key movements during 2022/23 include contributions of £14.0m including £1.8m refund received from GMCA relating to the waste disposal levy and £1.2m use of reserves.

f(9) Children's Services Reserve includes various smaller balances, the most significant relating to Early Intervention Grant, Workforce Development, Remand, and Unaccompanied Asylum Seeker Grant.

f(10) Other smaller reserves held to smooth risk / assurance include Taxi Licensing (£0.9m), Investment Estate (£0.9m), Pension Contributions (£0.5m), Selective Licensing Reserve (£0.4m), Crime and Disorder Reserve (£0.4m), Hulme High Street (£0.3m), Land Charges Fees (£0.2m), and Historic Abuse Reserve (£0.2m).

g(1) The Business Rates Reserve was established to mitigate business rates income risk due to the volatility of the assumptions and the future reset of the business rates base, which would see a loss of the Council's income growth since 2013.

h(1) The Capital Fund was established to fund revenue contributions to major capital schemes.

h(2) The Capital Financing Reserve was established to fund increases in borrowing costs due to the Council's capital investment programme.

h(3) The English Institute of Sport Reserve holds monies received in relation to the City of Manchester Stadium and is to be used to fund future developments at Sportcity.

h(4) The Investment Reserve has been set up to deliver priority regeneration projects.

i(1) The Our Manchester Reserve used to drive forward the delivery of Our Manchester for example through Voluntary Sector Grants.

i(2) The Town Hall Reserve has been set up to fund revenue expenditure on the Town Hall Complex Programme. This reserve is expected to fund relevant spend until the end of the Town Hall project.

i(3) Supporting Families Reserve is grant funds used to support families with multiple and complex needs.

j(1) These grants will not need to be repaid in accordance with the conditions on which the grant has been given, IFRS accounting standards require these grants to be recognised in

the Consolidated Income and Expenditure Statement when they are due. The Council has chosen to transfer these grants to reserves to meet future spending commitments.

k) COVID-19 related grants – The Council has administered a considerable number of COVID-19 grant schemes over the last three years on behalf of Government to support businesses and residents during the pandemic. There is a balance of £7.3m at 31 March 2023 with the majority being applied in 2022/23, with details below:

k(1) Business Rates S31 Grant - Taxation Income Guarantee Scheme - This scheme reimbursed the council for 75% of losses in 2020/21 Business Rates Income. The collection fund deficit resulting from the lost income will be spread over three years as mandated by government. This reserve will be drawn down over the three years to partly mitigate the budget impact.

k(2) Business Rates S31 Grant – Retail, Hospitality and Leisure Relief (formerly Extended Retail Discount) - 50% Business Rates Relief was awarded to retail, hospitality, leisure and properties in the city with national caps of £110k per business. The income loss was reimbursed by government via a Section 31 grant. The collection fund deficit resulting from the lost income will come through in 2023/24. This reserve was applied to offset the collection fund deficit.

k(3) Business Rates S31 Grant – COVID Additional Relief Fund (CARF) was introduced by Government to provide relief to businesses that were not eligible for Extended Retail Discount. Government confirmed the allocation in December 2021, and this must be applied to liabilities in respect of 2021/22. The Council has awarded the majority of this in 2022/23 and the unapplied grant has been returned to Government.

l(1) The General Fund Reserve is the only unallocated reserve, held to meet costs arising from unplanned events, it also acts as a buffer to help mitigate against the financial risks the Council faces and is used to smooth expenditure across years.

The position on the General Fund Reserve is as follows.

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

m(1) HRA reserve holds resources available to meet future running costs for council housing. The £10.3m reduction was more than budgeted, reflecting the increased Repairs and Maintenance costs within Housing Operations. The 30-year business plan currently forecasts that reserves will be sufficient to maintain the HRA until 2037-38. The current business plan does not include the costs of work needed as part of the zero-carbon work and officers are working to ensure that zero carbon can be achieved within the resources available.

Note 39. Unusable Reserves

The balances on the Council's unusable reserves were as follows:

| | 31 March 2022 £000s | 31 March 2023 £000s | Note |
|---|---------------------------|---------------------------|--------|
| Revaluation balances | | | |
| Revaluation Reserve | (1,626,935) | (1,697,472) | (a) |
| Financial Instruments Revaluation Reserve | (13,395) | (13,548) | (b) |
| Adjustment accounts | | | |
| Pensions Reserve | 583,813 | (372,170) | (c),43 |
| Capital Adjustment Account | (1,441,695) | (1,464,730) | (d) |
| Deferred Capital Receipts Reserve | (4,280) | (5,151) | (e) |
| Financial Instruments Adjustment Account | 4,723 | 4,497 | (f) |
| Collection Fund Adjustment Account | 63,777 | (34,866) | (g) |
| Short-term Accumulated Absences Account | 6,593 | 5,699 | (h) |
| Dedicated Schools Grant Reserve | 2,702 | 1,417 | (i) |
| Total | (2,424,697) | (3,576,324) | |

a - Revaluation Reserve

The revaluation reserve represents the level of revaluation gains net of impairments charged on the Council's non-current assets from 1 April 2007 onwards.

| | 2021/22 £000s | 2022/23 £000s |
|---|--------------------|--------------------|
| Balance at 1 April | (1,397,896) | (1,626,935) |
| Revaluations relating to property, plant and equipment | (273,546) | (143,864) |
| Revaluations relating to other non-PPE assets | (842) | (1,909) |
| Revaluation gain depreciation | 21,781 | 26,364 |
| Impairment not charged to CIES | 11,826 | 20,350 |
| Disposals Transferred to Capital Adjustment Account (CAA) | 11,742 | 28,523 |
| Total | (1,626,935) | (1,697,472) |

b - Financial Instruments Revaluation Reserve

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

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

| | 2021/22 £000s | 2022/23 £000s |
|-------------------------------------|------------------|------------------|
| Balance at 1 April | (10,280) | (13,395) |
| Upward revaluation of investments | (4,776) | (1,118) |
| Downward revaluation of investments | 1,661 | 964 |
| Balance at 31 March | (13,395) | (13,548) |

c - Pensions Reserve

The balance on the Pensions Reserve absorbs the differences arising from the different arrangements for accounting for post-employment benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the CIES as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pension for which it is directly responsible

In 2022/23 the actuarial valuation has seen a significant movement from a deficit to a surplus position. Under the International Accounting Standards (IAS19) the Council must disclose the lower of the actuarial valuation or the Asset Ceiling calculation. The Asset Ceiling calculation has resulted in a lower valuation and has therefore been included within the accounts for 2022/23.

| | 2021/22 £000s | 2022/23 £000s |
|----------------------------|------------------|------------------|
| Balance at 1 April | 1,035,884 | 583,813 |
| Net Movement in Year | (452,071) | (1,228,930) |
| Credit Ceiling Adjustment | | 272,947 |
| Balance at 31 March | 583,813 | (372,170) |

d - Capital Adjustment Account (CAA)

The Capital Adjustment Account includes the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert current value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties that have yet to be consumed by the Council.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

| | 2021/22 £000s | 2022/23 £000s |
|---|--------------------|--------------------|
| Balance at 1 April | (1,377,853) | (1,441,695) |
| Repayment of ex GMC debt | (2,654) | 0 |
| Minimum revenue provision | (34,353) | (37,457) |
| Reversal of PFI charges to HRA | (3,492) | (4,784) |
| Capital grants and contributions | (99,823) | (94,584) |
| Revenue contributions used | (7,248) | (4,971) |
| Movement in fair value of investment property | (36,856) | (22,983) |
| Revaluation gain depreciation | (21,781) | (26,364) |
| Disposals transferred from revaluation reserve | (11,742) | (28,523) |
| Depreciation | 84,649 | 100,003 |
| Major Repairs Allowance | (21,054) | (23,310) |
| Capital Receipts Used | (12,286) | (56,158) |
| Other Disposals | 30,720 | 73,968 |
| Amortisation of intangible assets | 64 | 61 |
| Repayment of long-term debtors | 10,095 | 17,031 |
| (Gain) on repayment of housing loan | (24) | 220 |
| Write down of revenue expenditure funded from capital under statute | 33,355 | 48,675 |
| Impairment of non-current assets | 27,877 | 38,490 |
| Impairment of financial instrument assets | 711 | (2,350) |
| Balance at 31 March | (1,441,695) | (1,464,730) |

e - Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the granting of equity mortgages, equity loans and the disposal of council houses under right to buy legislation but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement takes place, amounts are transferred to the Capital Receipts Reserve.

Equity Mortgages

These relate to a joint home build scheme between the Council and Redrow Homes. The Council has provided homebuyers, purchasing the properties, equity mortgage loans for up to 25% of the property value. These loans become repayable 10 years after the purchase of the property or earlier if the homeowner decides to sell the property before this time. There is also the option for the homebuyer to repay the loan before either of these events. The outstanding balance is adjusted each year in line with the Land Registry House Pricing Index.

Equity Loans

a) Home Improvement Loans

These are equity share loans offered to homeowners to carry out essential renovation works. The minimum loan value available is £7,000 up to a maximum of £25,000 or 33% of the value of the improved home. The equity share is secured by a legal charge and loans are repayable on the death of the purchaser, or the sale of the property or when the purchaser ceases to occupy the property as their main home. The outstanding balance is adjusted each year in line with the Land Registry House Pricing Index.

b) Relocation Assistance Loans

These are equity share loans provided to assist owner-occupiers displaced by demolition to purchase a replacement property. Loan values are available which meet the difference between the value of the property to be demolished and the cost of buying another property subject to specified limits. The equity share is secured by a legal charge and loans are repayable on the death of the purchaser, or the sale of the property or when the purchaser ceases to occupy the property as their main home. The outstanding balance is adjusted each year in line with the Land Registry House Pricing Index.

| | Opening Balance 1 April 2022 £000s | Gains on disposal £000s | Principal Repayments £000s | Fair Value Adjustments £000s | Closing Balance 31 March 2023 £000s |
|--|---------------------------------------|----------------------------|-------------------------------|---------------------------------|--|
| Equity Mortgages | (1,064) | (106) | 310 | 158 | (702) |
| Equity Loans | (3,216) | 0 | 0 | (1,233) | (4,449) |
| Total Deferred Capital Receipts | (4,280) | (106) | 310 | (1,075) | (5,151) |

f - Financial Instruments Adjustment Account

Balancing account to allow for differences in statutory requirements and proper accounting practices for borrowings and investments.

| | 2021/22 £000s | 2022/23 £000s | |
|------------------------------------|------------------|------------------|------|
| Balance at 1 April | 4,924 | 4,723 | |
| Soft loans in year movements | (70) | (48) | |
| Adjustment for interest free loans | 401 | 329 | f(a) |
| Premium and discounts | (532) | (506) | |
| Balance at 31 March | 4,723 | 4,498 | |

f (a) The Council has received interest free loans of £8.5m from the Homes England repayable in 2024 and £20.5m from Salix repayable until 2025. This amount represents the saving to the Council over the remaining length of the loans of them being interest free.

g - Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and business rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax and business rate payers, compared with the statutory arrangements for paying across amounts to the general fund from the collection fund.

| | 2021/22 £000s | 2022/23 £000s |
|---------------------|------------------|------------------|
| Council Tax | | |
| Balance at 1 April | (975) | (10,763) |
| Movement in Year | (9,788) | 10,344 |
| Balance at 31 March | (10,763) | (419) |

| | 2021/22 £000s | 2022/23 £000s |
|---------------------|------------------|------------------|
| Business Rates | | |
| Balance at 1 April | 178,017 | 74,540 |
| Movement in Year | (103,477) | (108,987) |
| Balance at 31 March | 74,540 | (34,447) |

| | 2021/22 £000s | 2022/23 £000s |
|---------------------|------------------|------------------|
| Total | | |
| Balance at 1 April | 177,042 | 63,777 |
| Movement in Year | (113,265) | (98,643) |
| Balance at 31 March | 63,777 | (34,866) |

h - Short-term Accumulated Absences Account

The Short-term Accumulated Absences Account absorbs the differences that would otherwise arise on the general fund balance from accruing for compensated absences earned but not taken in the year e.g., annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the general fund balance is neutralised by transfers to and from this account.

| | 2021/22 £000s | 2022/23 £000s |
|---------------------|------------------|------------------|
| Balance at 1 April | 6,748 | 6,593 |
| Movement in Year | (155) | (893) |
| Balance at 31 March | 6,593 | 5,700 |

i - Dedicated Schools Grant Reserve

The DSG deficit is presented as an unusable reserve. This is the result of the introduction on 29 November 2020 of a new Statutory Instrument to amend the Local Authorities (Capital Finance and Accounting Regulations 2002) by establishing new accounting practices in relation to the treatment of schools' budget deficits. The aim is to ensure that DSG deficits

are ringfenced and held separately from General Fund resources so that specific measures can be put in place to address the deficits without placing pressures on resources required for other essential services.

Note 40. Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant monies provided by the Education and Skills Funding Agency, the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools' Budget as defined in the Schools Finance and Early Years (England) Regulations 2018. The schools budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable in 2022/23 are as follows:

| | Central Expenditure £000s | Individual Schools Budget £000s | Total £000s |
|--|---------------------------------|--|----------------|
| Final DSG for 2022/23 before academy and high needs recoupment | | | 633,392 |
| Academy and high needs figure recouped for 2022/23 | | | (289,459) |
| Total DSG after academy and high needs recoupment for 2022/23 | | | 343,933 |
| Plus brought forward from 2021/22 | | | 0 |
| Less carry forward to 2023/24 agreed in advance | | | (1,350) |
| Agreed initial budgeted distribution in 2022/23 | 42,302 | 300,281 | 342,583 |
| In year adjustments | 0 | (118) | (118) |
| Final budgeted distribution for 2022/23 | 42,302 | 300,163 | 342,465 |
| Less: actual central expenditure | 42,518 | 0 | 42,518 |
| Less: actual ISB deployed to schools | 0 | 300,206 | 300,206 |
| Plus: local authority contribution for 2022/23 | 193 | 0 | 193 |
| In year Carry forward to 2023/24 surplus / (deficit) | (22) | (43) | (65) |
| Plus Carry forward to 2023/24 agreed in advance | | | 1,350 |
| Carry forward surplus / (deficit) to 2023/24 | | | 1,285 |
| DSG unusable reserve at the end of 2021/22 | | | (2,702) |
| Addition to DSG unusable reserve at the end of 2022/23 | | | 0 |
| Total of DSG unusable reserve at the end of 2022/23 | | | (2,702) |
| Net DSG position at the end of 2022/23 | | | (1,417) |

The Dedicated Schools Grant (DSG) reserve is negative due to overspend on budgets deployed to schools, largely due to expenditure within the high needs block which supports the education of children with Special Educational Needs and Disabilities.

The DSG deficit is not expected to increase in 2022/23 and to ensure that the DSG deficit does not increase further, a detailed recovery plan of the high needs block is underway with operational leadership and guidance from the Children's Leadership Team.

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

The Dedicated Schools Grant (DSG) reserve is negative due to overspend on budgets deployed to schools, largely due to expenditure within the high needs block which supports the education of children with Special Educational Needs and Disabilities.

The DSG deficit is not expected to increase in 2022/23 and to ensure that the DSG deficit does not increase further, a detailed recovery plan of the high needs block is underway with operational leadership and guidance from the Children's Leadership Team.

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 41. Local Government Pension Scheme

As part of the terms and conditions of employment of its officers and other employees, the Council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The Council participates in three pension schemes:

a) The Local Government Pension Scheme

The Local Government Pension Scheme is a fully funded defined benefits scheme. The scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of Tameside MBC who administer the scheme on behalf of the Greater Manchester Authorities. Tameside MBC delegates its functions in relation to the Greater Manchester Pension Scheme to the Pension Fund Management Panel, the Pension Fund Advisory Panel, Pension Fund Working Groups and the Executive Director of Pensions. The Pension Fund Management Panel is the key decision maker for investment management, monitoring investment activity and performance, overseeing administrative activities and providing guidance to officers in exercising delegated powers. All the Greater Manchester authorities are represented on the Management Panel.

The Public Service Pensions Act 2013 received Royal Assent on 25 April 2013. As a result, benefits earned from 1 April 2014 are based on career average revalued earnings.

There are risks and uncertainties associated with whatever assumptions are adopted. The Accounting Standard requires the assumptions to be determined on a best estimate basis. However, the assumptions are in effect projections of future investment returns and demographic experience many years into the future and there is inevitably a great deal of uncertainty in what constitutes best estimate for such projections.

The Accounting Standard requires the discount rate to be set with reference to yields on high quality corporate bonds irrespective of the investment strategy of the Fund. As such, the figures are unlikely to reflect either the actual eventual cost of providing benefits or the likely level of contributions to fund the employer's obligations to the Fund. The Balance Sheet position may change significantly due to relative changes in the equity and bond markets at the reporting date.

The main risk to the Council is that if the assumptions are more prudent than other employers it would lead to a poorer reported financial position or if less prudent an improved financial position. This does not have an impact on the underlying cost of the Fund nor the level of contributions that will be derived from future funding valuations.

In order to assess the value of the employer's liabilities in the Fund at 31 March 2022 the actuary has rolled forward the value of liabilities calculated at the latest formal valuation, 31 March 2022, allowing for the different financial assumptions required under the Accounting Standards at the accounting date. In calculating the current service cost, allowance has been made for changes in the employer's pensionable payroll as estimated from contribution information. In calculating the asset share the employer's share of assets allocated at the

latest valuation has been rolled forward, allowing for investment returns, the effect of contributions paid into and benefits paid from the Fund by the employer and its employees.

The estimated liability will not reflect any difference in demographic experience from that assumed, the impact of differences in salary and pension increases and changes for specific individuals and the effect of any changes in the age and length of service structure of the liabilities. It is not possible to reflect these without undertaking a full valuation. There is no reason to believe that this will introduce any undue distortions in the results.

b) The Teachers' Pension Scheme

The Teachers' Pension Scheme is a defined benefit scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education. Further information is included in Note 42.

c) The NHS pension scheme

Under the arrangements for Public Health, staff performing public health functions who were compulsorily transferred from the Primary Care Trusts to local authorities and had access to the NHS Pension Scheme on 31 March 2013 retained access to that Scheme on transfer at 1 April 2013.

The NHS pension scheme is an unfunded, defined benefit scheme that covers NHS employers and is a multi-employer defined benefit scheme. Further information is included in Note 43.

Transactions Relating to Retirement Benefits

The costs of retirement benefits in the net cost of services are recognised when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against the Council Tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement during the year:

| | 2021/22 £000s | 2022/23 £000s |
|---|------------------|--------------------|
| Comprehensive Income and Expenditure Statement | | |
| Net Cost of Services: | | |
| current service cost | 136,136 | 124,999 |
| past service costs | 4,379 | 4,114 |
| effect of settlements | (4,781) | (1,705) |
| Total Service Cost: | 135,734 | 127,408 |
| Financing and investment income and expenditure | | |
| interest income on scheme assets | (69,294) | (102,400) |
| interest cost on defined benefit obligation | 91,000 | 118,583 |
| Total Net Interest | 21,706 | 16,183 |
| Total post-employment benefits charged to the Comprehensive Income and Expenditure Statement | 157,440 | 143,591 |
| Re-measurement of the Net Defined Benefit Liability comprising: | | |
| return on plan assets (excluding amounts included in net interest) | (323,926) | 35,728 |
| actuarial gains and losses arising on changes in demographic assumptions | (81,581) | (33,208) |
| actuarial gains and losses arising on changes in financial assumptions | (275,781) | (1,545,521) |
| other experience re-measurements | 90,000 | 230,084 |
| Total remeasurements recognised in other comprehensive income and expenditure | (591,288) | (1,312,917) |
| The post-employment benefits charged to the comprehensive income and expenditure statement | 433,748 | 1,169,326 |
| Movement in Reserves Statement | | |
| Reversal of the charges to the surplus / deficit on the provision of services and the amounts chargeable to the general fund under regulation | (157,540) | (143,591) |
| Employer's contribution payable to scheme | 46,728 | 50,873 |
| Employer's contribution re: unfunded deficit | 9,562 | 8,731 |

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Assets and Liabilities in Relation to Retirement Benefits

Present value of the scheme liabilities:

| | Funded Liabilities: Local Government Pension Scheme | |
|---|---|------------------|
| | 2021/22 £000s | 2022/23 £000s |
| Balance at 1 April | 4,467,117 | 4,382,178 |
| Current service cost | 136,126 | 124,999 |
| Effect of settlements | (9,667) | (2,985) |
| Interest cost on defined benefit obligations | 91,110 | 118,583 |
| Effect of business combinations and disposals | 116,822 | 0 |
| Contributions by scheme participants | 17,169 | 19,094 |
| Changes in financial assumptions | (275,781) | (1,545,521) |
| Changes in demographic assumptions | (81,581) | (33,208) |
| Other experience re-measurements | 37,414 | 230,084 |
| Unfunded benefits paid | (9,562) | (8,731) |
| Benefits paid | (111,368) | (111,713) |
| Past service cost including curtailments | 4,379 | 4,114 |
| Balance at 31 March | 4,382,178 | 3,176,894 |

Fair value of the scheme assets:

| | Local Government Pension Scheme | |
|---|---------------------------------|------------------|
| | 2021/22 £000s | 2022/23 £000s |
| Balance at 1 April | (3,517,661) | (3,841,579) |
| Interest income on plan assets | (69,294) | (102,400) |
| Return on assets (excluding amounts included in net interest) | (323,926) | 35,728 |
| Effect of business combinations and disposals * | (78,855) | 0 |
| Other experience | 52,586 | 0 |
| Effect of settlements | 4,886 | 1,280 |
| Contributions in respect of unfunded benefits | (9,562) | (8,731) |
| Employer contributions | (3,514) | (7,659) |
| Contributions by scheme participants | (17,169) | (19,094) |
| Benefits paid | 111,368 | 111,713 |
| Unfunded benefits paid | 9,562 | 8,731 |

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| | Local Government Pension Scheme | |
|---------------------|---------------------------------|------------------|
| | 2021/22 £000s | 2022/23 £000s |
| Balance at 31 March | (3,841,579) | (3,822,011) |

*The effect of business combinations and disposals is the share of the pension fund assets and liabilities of former Northwards staff following the transfer of staff back to the Council.

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

Net Liability for Year

| | 2021/22 £000s | 2022/23 £000s |
|--|------------------|------------------|
| Present value of funded liabilities | (4,280,227) | (3,094,110) |
| Present value of unfunded liabilities | (101,951) | (82,784) |
| Fair value of assets | 3,841,579 | 3,822,011 |
| Asset Credit Ceiling Adjustment | 0 | (272,947) |
| Net Liability arising from Defined Benefit obligation | (540,599) | 372,170 |

Asset Ceiling – following the pensions valuation by the Council's actuary, this determined that the fair value of its pension plan assets outweighed the present value of the plan obligations at 31 March 2023. This resulted in a pension plan asset for the first time. Further, IAS19 requires that this is measured as the lower of the surplus in the defined benefit plan and the asset ceiling. The Council's actuary calculated the asset ceiling as the net present value of future service costs less the net present value of future contributions. The Council has limited the Pension asset recognised in its balance sheet to the lower value of the asset ceiling.

The 2021/22 liability showed the underlying commitment that the Council has in the long run to pay retirement benefits. The total asset of £372.2m is included within the net worth of the Council. This has increased by £1,035.2m as recorded in the balance sheet resulting in a positive overall balance of £4,296.9m

The Council made a payment of £129.6m in 2020/21 to the Greater Manchester Pension Fund for three years up front employer pension contributions. This resulted in a reduction in the percentage rate paid

Basis for Estimating Assets and Liabilities

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Assets and liabilities have been assessed on an actuarial basis by Hymans Robertson, an independent firm of actuaries.

The main assumptions used in their calculations have been:

| | 2021/22 | 2022/23 |
|--|------------|------------|
| Mortality assumptions: | | |
| Longevity at 65 for current pensioners | | |
| Men | 20.3 years | 19.6 years |
| Women | 23.2 years | 23.0 years |
| Longevity at 65 for future pensioners * | | |
| Men | 21.8 years | 21.2 years |
| Women | 25.4 years | 24.6 years |
| Rate of increase in salaries | 3.98% | 3.80% |
| Rate of increase in pensions | 3.20% | 3.00% |
| Discount rate | 2.70% | 4.75% |
| Take-up of option to convert annual pension into retirement lump sum - pre-April 2008 | 50.00% | |
| Take-up of option to convert annual pension into retirement lump sum - post April 2008 | 50.00% | |
| Take-up of option to convert annual pension into retirement lump sum | | 50% |

* Figures assume members aged 45 as at the last formal valuation date.

The estimate of the defined benefit obligation is sensitive to the actuarial assumptions set out in the table below. The table shows the effect of changes to each assumption in isolation. It is possible for the experience of the Fund to deviate from more than one of the assumptions simultaneously and so the precise effect on the valuation is more complex.

| Changes in assumptions at 31 March 2022 | % Increase to Employer Liability | £000s |
|--|----------------------------------|---------|
| 0.1% decrease in Real Discount Rate | 2% | 53,207 |
| 1 year increase in member life expectancy | 4% | 127,076 |
| 0.1% increase in the Salary Increase Rate | 0% | 6,191 |
| 0.1% increase in the Pension Increase Rate | 2% | 47,759 |

The principal demographic assumption is the longevity assumption (i.e., member life expectancy). For sensitivity purposes it is estimated that a one-year increase in life expectancy would approximately increase the Employers Defined Benefit Obligation by around 3-5%. In practice the actual cost of a one-year increase in life expectancy will depend on the structure of the revised assumption.

| | 2021/22 | 2022/23 |
|--|------------|------------|
| Mortality assumptions: | | |
| Longevity at 65 for current pensioners | | |
| Men | 20.3 years | 19.6 years |
| Women | 23.2 years | 23.0 years |
| Longevity at 65 for future pensioners * | | |
| Men | 21.8 years | 21.2 years |
| Women | 25.4 years | 24.6 years |
| Rate of increase in salaries | 3.98% | 3.80% |
| Rate of increase in pensions | 3.20% | 3.00% |
| Discount rate | 2.70% | 4.75% |
| Take-up of option to convert annual pension into retirement lump sum - pre-April 2008 | 50.00% | |
| Take-up of option to convert annual pension into retirement lump sum - post April 2008 | 50.00% | |
| Take-up of option to convert annual pension into retirement lump sum | | 50% |

* Figures assume members aged 45 as at the last formal valuation date.

The estimate of the defined benefit obligation is sensitive to the actuarial assumptions set out in the table below. The table shows the effect of changes to each assumption in isolation. It is possible for the experience of the Fund to deviate from more than one of the assumptions simultaneously and so the precise effect on the valuation is more complex.

| Changes in assumptions at 31 March 2022 | % Increase to Employer Liability | £000s |
|--|----------------------------------|---------|
| 0.1% decrease in Real Discount Rate | 2% | 53,207 |
| 1 year increase in member life expectancy | 4% | 127,076 |
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| 0.1% increase in the Pension Increase Rate | 2% | 47,759 |

The principal demographic assumption is the longevity assumption (i.e., member life expectancy). For sensitivity purposes it is estimated that a one-year increase in life expectancy would approximately increase the Employers Defined Benefit Obligation by around 3-5%. In practice the actual cost of a one-year increase in life expectancy will depend on the structure of the revised assumption.

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The asset values are at bid value as required under IAS19. The assets consist of the following categories, by proportion of the total assets held:

| Asset Category | Year Ended 31 March 2022 | | | | Year Ended 31 March 2023 | | | |
|------------------------------------|---------------------------------------|--|---------|----|--|---|---------|---|
| | Quoted Prices in Active Markets | Quoted Prices not in Active Markets £000s | Total | | Quoted Prices in Active Markets £000s | Quoted Prices not in Active Markets £000s | Total | |
| | £000s | | £000s | % | | £000s | £000s | % |
| Equity securities | | | | | | | | |
| Consumer | 257,687 | 0 | 257,687 | 7 | 229,641 | 0 | 229,641 | 6 |
| Manufacturing | 254,227 | 0 | 254,227 | 6 | 211,297 | 0 | 211,297 | 6 |
| Energy and utilities | 210,403 | 0 | 210,403 | 5 | 188,669 | 0 | 188,669 | 5 |
| Financial institutions | 384,877 | 0 | 384,877 | 10 | 326,083 | 0 | 326,083 | 9 |
| Health and care | 203,735 | 0 | 203,735 | 5 | 191,425 | 0 | 191,425 | 5 |
| Information technology | 190,146 | 0 | 190,146 | 5 | 269,756 | 0 | 269,756 | 7 |
| Other | 43,535 | 0 | 43,535 | 1 | 43,454 | 0 | 43,454 | 1 |
| Debt securities | | | | | | | | |
| Corporate bonds (investment grade) | 149,524 | 0 | 149,524 | 4 | 152,318 | 0 | 152,318 | 4 |
| UK Government | 72,542 | 0 | 72,542 | 2 | 91,336 | 0 | 91,336 | 2 |
| Other | 123,321 | 0 | 123,321 | 3 | 113,765 | 0 | 113,765 | 3 |
| Private equity | | | | | | | | |
| All | 0 | 284,826 | 284,826 | 7 | 0 | 285,889 | 285,889 | 7 |
| Real estate | | | | | | | | |
| UK property | 0 | 176,551 | 176,551 | 5 | 0 | 148,700 | 148,700 | 4 |

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| Asset Category | Year Ended 31 March 2022 | | | | Year Ended 31 March 2023 | | | |
|----------------------------------|--|--|--------------------|------------|--|---|--------------------|------------|
| | Quoted Prices in Active Markets £000s | Quoted Prices not in Active Markets £000s | Total £000s | % | Quoted Prices in Active Markets £000s | Quoted Prices not in Active Markets £000s | Total £000s | % |
| Investment funds and unit trusts | | | | | | | | |
| Equities | 243,631 | 0 | 243,631 | 6 | 204,158 | 0 | 204,158 | 5 |
| Bonds | 381,930 | 0 | 381,930 | 10 | 339,168 | 0 | 339,168 | 9 |
| Infrastructure | 0 | 260,817 | 260,817 | 7 | 0 | 305,423 | 305,423 | 8 |
| Other | 70,626 | 456,191 | 526,817 | 14 | 93,172 | 530,805 | 623,977 | 16 |
| Derivatives | | | | | | | | |
| Other | (21,650) | 0 | (21,650) | (1) | 0 | 0 | 0 | 0 |
| Cash and cash equivalents | | | | | | | | |
| All | 150,721 | 0 | 150,721 | 4 | 96,955 | 0 | 96,955 | 3 |
| Total | 2,715,255 | 1,178,385 | 3,893,640 | 100 | 2,551,197 | 1,270,817 | 3,822,014 | 100 |

Note 42. Teachers' Pension Scheme

The Scheme is a defined benefit scheme; however, the scheme is unfunded. The Department for Education (DfE) uses a notional fund as the basis for calculating the employer's contribution rate paid by local education authorities. However, it is not possible for the Council to identify its share of the underlying financial position and performance of the scheme attributable to its own employees, with sufficient reliability for accounting purposes. Although the teachers' pension scheme is a defined benefits scheme, for the purposes of the statement of accounts it is therefore accounted for on the same basis as a defined contributions scheme.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the Teachers' Scheme. These benefits are fully accrued in the pensions' liability described in Note 43. The pension costs charged to the accounts are at the contribution rate set by the DfE on the basis of a notional fund. In 2021/22 the Council's contribution to the DfE in respect of teachers' pension costs was £23,380,000 (£23,103,000 in 2020/21), the set contribution rate being 23.68% (2021/22 in 23.68%). The total contributions expected to be made to the Teachers' Pension Scheme by the Council in the year to 31 March 2024 is £22,640,000.

In addition, the Council is responsible for all pension payments relating to added years it has awarded, together with related increases. In 2022/23 these amounted to £4,850,000 (£5,127,000 in 2021/22) of which £694,000 (£861,000 in 2021/22) relates to former further education employees and is refunded by the Department for Education.

Note 43. National Health Service Pension Scheme

The NHS pension scheme is an unfunded, defined benefit scheme that covers NHS employers and is a multi-employer defined benefit scheme. This means that liabilities for benefits cannot be identified to the Council. The scheme is therefore accounted for as a defined contribution scheme – no liability for future payments of benefits is recognised in the Balance Sheet and the Adults Social Care line within the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable in the year.

In 2022/23 the Council's contribution in respect of former NHS staff pension costs was £103,000 (£90,000 in 2021/22), the set contribution rate being 14.4% (14.4% in 2021/22).

Note 44. Contingent Assets and Liabilities

Contingent Assets

As part of the Bowes Street Regeneration Scheme in Moss Side the Council has provided homebuyers purchasing the renovated properties equity mortgage loans totalling £1.064m for up to 30% of the property value. As these loans are repayable on the sale of the property or if the homebuyer decides to repay the loan before sale, the timing of the receipt cannot be assessed.

Contingent Liabilities

There are no Contingent Liabilities reported

Note 45. Related Party Transactions

The Code of Practice on Local Authority Accounting requires the disclosure of any material transactions with related parties to ensure that stakeholders are aware that these transactions have taken place and the amount and implications of such transactions.

| Income | 2021/22 £000s | 2022/23 £000s |
|--|------------------|------------------|
| Central Government - revenue grants | 821,407 | 786,400 |
| Central Government - capital grants | 73,592 | 75,420 |
| Greater Manchester Combined Authority - capital contribution | 28,131 | 22,141 |
| Manchester Airports Holdings Ltd - repayment of interest | 34,608 | 36,638 |
| Manchester Airports Holdings Ltd - net rent | 9,357 | 9,468 |
| Manchester Clinical Commissioning Group | 12,982 | 12,808 |
| Destination Manchester Ltd - interest on loans | 650 | 824 |
| Destination Manchester Ltd - repayment of loan principal | 1,500 | 750 |
| Manchester Professional Services Limited | 89 | 89 |
| Manchester Creative Digital Assets Ltd | 4,419 | 4,877 |
| Manchester Working Limited | 0 | 33 |
| Lord Mayor Charity Appeal Trust | 131 | 146 |
| National Car Parks (NCP) Limited | 0 | 0 |
| Wythenshawe Forum Trust Limited | 154 | 156 |
| Total | 987,020 | 949,750 |

| Expenditure | Re-stated 2021/22 £000s | 2022/23 £000s |
|--|----------------------------|------------------|
| Manchester Clinical Commissioning Group | 5,035 | 5,656 |
| Manchester Working (capital and revenue spend) | 4,778 | 3,999 |
| Manchester Professional Services Limited | 31 | 44 |
| Manchester Creative Digital Assets Ltd | 3,906 | 2,942 |
| CityCo (Manchester) Ltd | 160 | 142 |
| Lord Mayor Charity Appeal Trust | 53 | 13 |
| National Car Parks (NCP) Limited | 34 | 28 |
| Wythenshawe Forum Trust Limited | 897 | 962 |
| Total | 14,894 | 13,786 |

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| Amounts owed from and to : | Amounts owed from | | Amounts owed to | |
|---|-------------------|------------------|------------------|------------------|
| | 2021/22 £000s | 2022/23 £000s | 2021/22 £000s | 2022/23 £000s |
| Central Government | 45,812 | 49,246 | 108,988 | 44,871 |
| Manchester Airports Holdings Ltd | 390,707 | 409,954 | 0 | 0 |
| Destination Manchester Ltd | 14,907 | 14,157 | 7 | 1 |
| Manchester Clinical Commissioning Group/ Integrated Care Board | 1,354 | 1,519 | 1,830 | 51 |
| Manchester Working Ltd | 2 | 1 | 0 | 0 |
| Manchester Professional Services Ltd | 20 | 20 | 0 | 0 |
| Manchester Creative Digital Limited | 723 | 712 | 29 | 29 |
| Lord Mayor Charity Appeal Trust | 37 | 35 | 0 | 0 |
| National Car Parks (NCP) Ltd | 158 | 391 | 0 | 0 |
| Wythenshawe Forum Trust Limited | 17 | 0 | 25 | 2 |
| Total | 453,737 | 476,035 | 110,879 | 44,954 |

Members and Chief Officers

Members of the Council have a direct control over the Council's financial and operating policies. Details of member's interest, both pecuniary and non-financial are recorded in the register of member's interest (available for public inspection). During 2022/23 there were no material transactions with Members or Chief Officers (Senior Management Team).

a. Central Government

Central Government has effective control over the general operations of the Council. It is responsible for providing the framework within which the Council operates and provides the majority of its funding in the forms of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g., council tax bills and housing benefits).

b. Other Public Bodies

The Council pays levies towards the services provided by Greater Manchester Combined Authority (GMCA) for the management and disposal of household waste and for public transport, economic development and regeneration activities. The GMCA Police and Fire

and Rescue elements set their own charge to council taxpayers which is then included in the council tax bill. This is known as the precept.

The Council pays 1% of the estimated Business Rates due to the Greater Manchester Combined Authority (Fire and Rescue element).

[c. Entities controlled or significantly influenced by the Council](#)

The Council has a number of subsidiaries over which it has control and associate and joint venture companies over which it exerts significant influence. Manchester Airports Holdings Ltd is a joint venture and Destination Manchester Ltd is a subsidiary; the Council and these organisations have related party transactions that are material.

[Manchester Airports Holdings Ltd](#)

The Council is a related party to Manchester Airports Holdings Ltd. The Council owns 35.5% of the share capital of the company. The principal activities of the Group during the year were ownership, operation and development of airport facilities. Cllr Beverley Craig, the Leader of the Council, is a non-executive director to Manchester Airports Holdings Ltd.

[Destination Manchester Ltd \(DML\)](#)

Destination Manchester Ltd.'s ultimate parent and controlling party is Manchester City Council. Destination Manchester Ltd owns and manages the Manchester Central Convention Complex, which holds major conferences and exhibitions. The director who served the company during the year was the Deputy Chief Executive and City Treasurer, Carol Culley.

[d. Manchester Clinical Commissioning Group \(CCG\) and Manchester Health and Care Commissioning \(MHCC\)](#)

The Council and Manchester Clinical Commissioning Group entered into a Section 75 Better Care Fund Agreement in March 2022. The S75 Agreement sets out the terms on which the Partners have agreed to collaborate and to establish a framework, through which the Partners can secure the future position of health and social care services through Lead Commissioning Arrangements or Joint Commissioning Arrangements in relation to the BCF and IBCF. On 1 July 2022, the MCCG ceased to exist and was replaced by the GM ICB. On 1 July 2022, the S75 Agreement was transferred from MCCG to the GM ICB.

[e. Subsidiaries or associates of the Council.](#)

These organisations are not consolidated into the Council's group accounts because they are not material.

[The following are related parties where there were no transactions in 2021/22 or 2022/23 which are considered material to either party:](#)

Manchester Mortgage Corporation, Manchester Parking Limited, This City Manchester Limited, Manchester Active Limited, Manchester Knowledge Capital Limited

Note 46. Analysis of Cash and Cash Equivalents

| | 31 March 2022 £000s | 31 March 2023 £000s |
|---------------------------|------------------------|------------------------|
| Cash and Cash Equivalents | | |
| Cash in hand | 0 | 0 |
| Call accounts | 13,690 | 18,287 |
| Cash equivalents | 109,008 | 59,054 |
| Cash at bank | 20,652 | 17,681 |
| Total | 143,350 | 95,022 |

Note 47. Cash Flow Statement - Adjustments to net surplus / deficit on the provision of services for non-cash movements

| | 31 March 2022 £000s | 31 March 2023 £000s |
|--|------------------------|------------------------|
| Depreciation of non-current assets | 84,649 | 100,003 |
| Impairment and revaluation losses of non-current assets | 6,371 | 33,706 |
| Amortisation of intangible non-current assets | 64 | 61 |
| Movement in contract assets, liabilities and costs | (2,189) | 717 |
| Increase (decrease) in provision for impairments / doubtful debts re loans and advances | 711 | (2,350) |
| Increase (decrease) in creditors | 56,954 | (47,737) |
| (Increase) decrease in debtors | (6,616) | (68,468) |
| (Increase) decrease in inventories | (63) | (32) |
| Movement in pension liability | 184,159 | 131,263 |
| Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised | 30,720 | 73,968 |
| Other non-cash items charged to the net surplus of deficit on the provision of services | (24,079) | (7,806) |
| Total | 330,681 | 213,325 |

Note 48. Cash Flow Statement - Adjustments for items included in the net surplus / deficit on the provision of services that are investing and financing activities

| | 31 March 2022 £000s | 31 March 2023 £000s |
|--|------------------------|------------------------|
| Proceeds from the sale of short term and long-term investments | 0 | 0 |
| Proceeds from the disposal of property, plant and equipment, investment properties and intangible assets | (24,606) | (79,733) |
| Any other items for which the cash effects are investing or financing cash flows | (84,190) | (86,006) |
| Total | (108,796) | (165,739) |

Note 49. Cash Flow Statement - Operating Activities

The net cash flows from operating activities include the following items:

| | 2021/22 £000s | 2022/23 £000s |
|--------------------|------------------|------------------|
| Interest received | 5,903 | 19,006 |
| Interest paid | (35,346) | (38,111) |
| Dividends received | 501 | 448 |

Note 50. Cash Flow Statement - Investing Activities

| | 2021/22 £000s | 2022/23 £000s |
|--|------------------|------------------|
| Purchase of plant, property and equipment, investment property and intangible assets | (239,788) | (331,166) |
| Purchase of short-term and long-term investments | (164) | (6,630) |
| Other payments for investing activities | (8,362) | (19,492) |
| Proceeds from the sale of plant, property and equipment, investment property and intangible assets | 24,952 | 78,688 |
| Other receipts from investing activities | 102,041 | 112,729 |
| Net cash flows from investing activities | (121,321) | (165,871) |

Note 51. Cash Flow Statement - Financing Activities

| | 2021/22 £000s | 2022/23 £000s |
|---|------------------|------------------|
| Repayments of short and long-term borrowing | (242,997) | (18,596) |
| Cash payments for the reduction of outstanding liabilities relating to finance leases and PFI contracts | (9,478) | (10,051) |
| Cash receipts of long and short-term borrowing | 319,450 | 228,961 |
| Repayment of ex GMC debt | (2,654) | |
| Net cash flows from financing activities | 64,321 | 200,314 |

Note 52. Cash Flow Statement - Reconciliation of liabilities arising from Financing Activities

| | 1 April 2022 £000s | Financing cash flows £000s | Non-cash changes | | 31 March 2023 £000s |
|--|-----------------------|----------------------------------|----------------------|---------------------------------------|------------------------|
| | | | Acquisition £000s | Other non-cash charges £000s | |
| Long-term borrowings | 819,672 | 100,000 | 0 | 13,429 | 933,101 |
| Short-term borrowings | 20,610 | 110,365 | 0 | (11,827) | 119,148 |
| Ex GMC debt | 0 | 0 | 0 | 0 | 0 |
| PFI liabilities | 141,022 | (9,189) | 935 | 0 | 132,768 |
| Service concessions | 4,047 | (862) | 615 | (1) | 3,799 |
| Total liabilities from financing activities | 985,351 | 200,314 | 1,550 | 1,601 | 1,188,816 |

| | 1 April 2021 £000s | Financing cash flows £000s | Non-cash changes | | 31 March 2022 £000s |
|--|-----------------------|----------------------------------|----------------------|---------------------------------------|------------------------|
| | | | Acquisition £000s | Other non-cash charges £000s | |
| Long-term borrowings | 578,555 | 250,000 | 0 | (8,883) | 819,672 |
| Short-term borrowings | 184,675 | (173,547) | 0 | 9,482 | 20,610 |
| Ex GMC debt | 2,654 | (2,654) | 0 | 0 | 0 |
| PFI liabilities | 148,934 | (8,723) | 811 | 0 | 141,022 |
| Service concessions | 4,824 | (755) | 198 | (220) | 4,047 |
| Total liabilities from financing activities | 919,642 | 64,321 | 1,009 | 379 | 985,351 |

Note 53. Events after the Balance Sheet Date

There are no reported events after the balance sheet date.

Note 54. Authorisation for Issue of the Statement of Accounts

The 2022/23 Statement of Accounts was authorised for issue by Carol Culley, the Deputy Chief Executive and City Treasurer on 31 July 2023. All events after the Balance Sheet date until this date have been considered for disclosure as events after the Balance Sheet date.

Housing Revenue Account (HRA) Income and Expenditure Statement

The HRA reflects a statutory obligation to account separately for council housing provision. The HRA Income and Expenditure Statement shows the major elements of HRA expenditure and how they are met from rents, grants and other income. The account does not reflect all the transactions required by statute to be charged or credited to the HRA for the year. The Movement on the HRA Statement gives details of the additional transactions which are required by statute.

| 2021/22 £000s | Housing Revenue Account (HRA) Income and Expenditure Statement | 2022/23 £000s | Note |
|------------------|--|------------------|------|
| | Expenditure | | |
| 32,660 | Repairs and maintenance | 37,714 | |
| 20,684 | Supervision and management | 24,089 | |
| 321 | Rents, rates, taxes and other charges | 190 | |
| 25,211 | Depreciation and impairment of non-current assets | 32,195 | d,e |
| 19 | Debt management costs | 15 | |
| 40 | Revenue expenditure funded from capital under statute | 72 | f |
| 78,935 | Total Expenditure | 94,275 | |
| | Income | | |
| (61,440) | Dwelling rents | (63,829) | |
| (386) | Non-dwelling rents | (368) | |
| (1,087) | Charges for services and facilities | (2,264) | |
| (44) | Contributions towards expenditure | (14) | |
| (23,374) | Private Finance Initiative Grant | (23,374) | |
| (86,331) | Total Income | (89,849) | |
| (7,396) | Net (Income) of HRA Services as included in the Council's Comprehensive Income and Expenditure Statement | 4,426 | |
| 98 | HRA services share of corporate and democratic core | 98 | |
| 14 | HRA share of other amounts included in the Council's net cost of services but not allocated to specific services (past service costs) | 14 | |
| 37,967 | HRA share of other amounts included in the Council's net cost of services but not allocated to specific services (IAS19 business combinations) | 0 | |
| 30,683 | Net (Income) / Expenditure of HRA Services | 4,538 | |
| | HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement | | |
| (6,069) | (Gain) on disposal of HRA non-current assets | (7,365) | |
| 11,016 | Interest payable and similar charges | 10,666 | |
| 109 | Movement in the allowance for bad debts | 313 | |
| (25) | Interest and investment income | (1,190) | |
| 69 | Net interest on the net defined benefit liability | 49 | |
| (2,253) | Capital grants and contributions | (5,046) | |
| 33,530 | (Surplus) / Deficit for the year on HRA services | 1,964 | |

Movement on the Housing Revenue Account statement

| 2021/22 £000s | Movement on the Housing Revenue Account Statement | 2022/23 £000s |
|------------------|--|------------------|
| (111,165) | Balance on the HRA at the end of the previous year | (106,087) |
| 33,530 | (Surplus) / Deficit for Year on the HRA Income and Expenditure Statement | 1,964 |
| | Adjustments between accounting basis and funding basis under the legislative framework | |
| 17 | Capital expenditure funded by the HRA | 0 |
| 6,069 | Gain/(Loss) on disposal of HRA non-current assets | 7,365 |
| 0 | Transfer to short-term accumulating absences account | 0 |
| (38,291) | HRA share of employer contributions from pension scheme | (283) |
| (1,952) | Impairment of non-current assets | (8,511) |
| (40) | Amortisation of Revenue Expenditure Funded from Capital under Statute | (72) |
| 3,492 | Reversal of PFI Charges | 4,784 |
| 2,253 | Capital grants and contributions receivable | 5,046 |
| 5,078 | Net (Increase) / Decrease in Year on the HRA | 10,293 |
| (106,087) | Balance on the HRA at the end of the current year | (95,793) |

Notes to the Housing Revenue Account

(a) Housing Stock

The Council was responsible for managing an average of 15,342 dwellings during 2022/23.

The stock at each year end was made up as follows:

| | 31 March 2022 | 31 March 2023 |
|----------------------|---------------|---------------|
| Houses and bungalows | 8,665 | 8,484 |
| Flats | 6,708 | 6,672 |
| Others | 77 | 77 |
| | 15,450 | 15,233 |

The change in stock is as follows:

| | 2021/22 | 2022/23 |
|-------------------------------|---------|---------|
| Stock at 1 April | 15,620 | 15,450 |
| Sales - Right to Buy | (174) | (233) |
| Right to Buy– buy-back scheme | 4 | (46) |
| New buildings | 0 | 61 |
| Acquisitions | 0 | 1 |
| Stock at 31 March | 15,450 | 15,233 |

The balance sheet value of the HRA's non-current assets was as follows:

| | 31 March 2022 £000s | 31 March 2023 £000s |
|---------------------------------|---------------------|---------------------|
| Operational | | |
| Council dwellings | 744,477 | 738,353 |
| Other land and buildings | 4,844 | 6,123 |
| Vehicles, plant and equipment | 3,273 | 3,053 |
| Infrastructure | 1,792 | 1,792 |
| Total operational | 754,386 | 749,321 |
| Non-operational | | |
| Surplus properties | 565 | 139 |
| Assets under construction | 7,022 | 15,068 |
| Total non-operational | 7,587 | 15,207 |
| Total non-current assets | 761,973 | 764,528 |

(b) Vacant Possession of Dwellings

The vacant possession value of dwellings within the Council's HRA at 1 April 2022 was £1,834,228,500 and at 31 March 2023 was £1,840,278,500. The difference between the vacant possession value and balance sheet value of dwellings within the HRA shows the economic cost of providing council housing at less than open market rents.

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(c) Capital Expenditure, Funding and Receipts

| | 2021/22 £000s | 2022/23 £000s |
|---|------------------|------------------|
| Expenditure | | |
| Property, plant and equipment | 24,169 | 30,132 |
| Revenue expenditure funded from capital under statute | 40 | 72 |
| Total Expenditure | 24,209 | 30,204 |
| Funded by | | |
| Revenue contributions | 17 | 0 |
| Capital receipts | 885 | 2,962 |
| Major repairs reserve | 21,054 | 23,310 |
| Government grants | 2,253 | 3,859 |
| External contributions | 0 | 73 |
| Total Funded by | 24,209 | 30,204 |
| Receipts | | |
| Council dwellings | 14,370 | 20,016 |
| | | |
| Total receipts | 14,370 | 20,016 |

(d) Depreciation

| | 2021/22 £000s | 2022/23 £000s |
|-------------------------------|------------------|------------------|
| Council dwellings | 22,964 | 23,333 |
| Other land and buildings | 108 | 114 |
| Vehicles, plant and equipment | 112 | 236 |
| Infrastructure | 75 | 0 |
| Total | 23,259 | 23,683 |

(e) Impairment Charges

| | 2021/22 £000s | 2022/23 £000s |
|--|------------------|------------------|
| Downward revaluation of assets | 0 | 7,576 |
| Damaged properties / demolitions / other | 1,952 | 935 |
| Total | 1,952 | 8,511 |

(f) Revenue Expenditure Funded from Capital Under Statute

Revenue expenditure funded from capital under statute of £71,800 (£40,000 in 2021/22) has been charged to the HRA.

(g) Contribution from the Pension Reserve

The cost of the HRA has increased after the replacement of employer's pension contributions by current service costs and a share of the corporate items (pensions interest costs, expected return on pensions assets, past service costs, settlements and curtailments). The HRA share of the contribution from the pensions reserve in 2022/23 is £296,000. The overall amount to be met from rent payers remains unchanged.

(h) Rent Arrears

| | 2021/22 £000s | 2022/23 £000s |
|---------------------|------------------|------------------|
| Arrears at 31 March | 8,444 | 8,895 |

The balance is the Opening position. Adjustments to arrears are made in the new financial year, at the point of bringing all other rent balance sheet codes back to zero for the new rent year.

| | 2021/22 £000s | 2022/23 £000s |
|--|------------------|------------------|
| Provision at 1 April | 6,663 | 6,970 |
| Contributions in year | 307 | 366 |
| Amounts written (off)/back in the year | 0 | (22) |
| Provision as at 31 March | 6,970 | 7,314 |

(i) Management of the HRA stock

The majority of the Council's stock was managed via an Arms Length Management Organisation until July 2021, at which point management of the stock transferred back to the Council, along with all staff and assets/liabilities. The costs and savings associated with this have been included within the accounts.

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Collection Fund

This statement reflects statutory requirements for billing authorities to maintain a separate collection fund to account for the income from council tax and business rates and its distribution to the Council, the Greater Manchester Combined Authority Police and Crime and Fire and Rescue elements.

| 2021/22 £000s | | | | 2022/23 £000s | | |
|------------------|-------------|---------|---|------------------|-------------|---------|
| Business Rates | Council Tax | Total | | Business Rates | Council Tax | Total |
| 0 | 230,009 | 230,009 | Income | | | |
| 0 | 6,576 | 6,576 | Council Tax income | 0 | 250,920 | 250,920 |
| | | | Local Council Tax Hardship Fund / Energy Rebate | 0 | 1,912 | 1,912 |
| 295,835 | 0 | 295,835 | Collectable from business ratepayers | 329,922 | 0 | 329,922 |
| 151,938 | 2,209 | 154,147 | Apportionment of Previous Year Deficit | | | |
| 0 | 320 | 320 | - Manchester City Council | 106,690 | 0 | 106,690 |
| 1,535 | 125 | 1,660 | - GMCA Police and Crime Commissioner | 0 | 0 | 0 |
| | | | - GMCA Mayoral and Fire and Rescue | 1,024 | 0 | 1,024 |
| 449,308 | 239,239 | 688,547 | Total Income | 437,636 | 252,832 | 690,468 |
| | | | Expenditure | | | |
| 0 | 0 | 0 | Apportionment of Previous Year Surplus | | | |
| 0 | 0 | 0 | - Manchester City Council | 0 | 12,257 | 12,257 |
| 0 | 0 | 0 | - GMCA Police and Crime Commissioner | 0 | 1,788 | 1,788 |
| | | | - GMCA Mayoral and Fire and Rescue | 0 | 745 | 745 |
| 320,831 | 179,066 | 499,897 | Precepts and demands | | | |
| 0 | 26,119 | 26,119 | - Manchester City Council | 301,081 | 196,706 | 497,787 |
| 3,241 | 10,882 | 14,123 | - GMCA Police and Crime Commissioner | 0 | 29,136 | 29,136 |
| | | | - GMCA Mayoral and Fire and Rescue | 1,953 | 13,138 | 15,091 |

Manchester City Council Annual Statement of Accounts 2022/23

| 2021/22 £000s | | | | 2022/23 £000s | | |
|------------------|----------------|-----------------|---|------------------|----------------|----------------|
| Business Rates | Council Tax | Total | | Business Rates | Council Tax | Total |
| | | | | | | |
| | | | Business rates | | | |
| 3,248 | 0 | 3,248 | - Transitional protection payment | 2,353 | 0 | 2,353 |
| 409 | 0 | 409 | - Enterprise Zone Growth Disregard | 498 | 0 | 498 |
| | | | Charges to Collection Fund | | | |
| 0 | 4,350 | 4,350 | - Write offs of uncollectable amounts | 0 | 798 | 798 |
| 3,083 | 7,084 | 10,167 | - Increase in Allowance for Impairment | (2,695) | 10,679 | 7,984 |
| 12,856 | 0 | 12,856 | - Contribution to Provision for Appeals | 23,244 | 0 | 23,244 |
| 1,117 | 0 | 1,117 | - Costs of collection | 1,114 | 0 | 1,114 |
| 344,785 | 227,501 | 572,286 | Total Expenditure | 327,548 | 265,247 | 592,795 |
| 104,523 | 11,738 | 116,260 | Movement on fund balance | 110,087 | (12,415) | 97,672 |
| (179,816) | 1,186 | (178,630) | Fund balance brought forward | (75,293) | 12,924 | (62,369) |
| (75,293) | 12,924 | (62,370) | Fund Balance Carried Forward | 34,794 | 509 | 35,303 |

Notes to the Collection Fund Statement

(a) Business Rates

The Council collects business rates for its area on behalf of itself and the Greater Manchester Combined Authority (Fire and Rescue). These rates are based on rateable values for properties set by the Valuation Office Agency which are multiplied by a uniform business rate set by central government. The multiplier for the year was set at 49.9p (49.9p in 2021/22) for smaller businesses and for larger businesses 51.2p (51.2p in 2021/22). The total business rates rateable value at 31 March 2023 was £900,241,051 (£896,353,448 at 31 March 2022).

(b) Calculation of the Council Tax Base

For 2022/23 there were 245,402 residential properties in Manchester which were placed in one of eight valuation bands, depending on their capital value, by the Listing Officer of the government's Valuation Office. There are 211,234 equivalent number of dwellings after taking account of discounts, exemptions and disabled relief. These equate to 164,964 equivalent Band D properties, which are used for the calculation of the tax base

The table below shows the total number of equivalent properties after discounts, exemptions and disabled relief and the number of chargeable Band D equivalents.

| Valuation Band | Total Equivalent Number of Dwellings after Discounts, Exemptions and Disabled Relief | Chargeable Band D Equivalents |
|----------------|--|-------------------------------|
| A | 113,680 | 75,757 |
| B | 36,635 | 28,494 |
| C | 33,116 | 29,436 |
| D | 17,712 | 17,712 |
| E | 5,951 | 7,273 |
| F | 2,893 | 4,178 |
| G | 1,138 | 1,897 |
| H | 109 | 217 |
| | 211,234 | 164,964 |

The number of chargeable Band D equivalents for 2021/22 was 161,657.

(c) Share of Fund Balance

The shares of the closing fund balances are shown in the tables below.

| Business Rates | (Deficit) 2021/22 £000s | (Deficit) 2022/23 £000s |
|------------------------------------|----------------------------|----------------------------|
| Manchester City Council | (74,540) | 34,447 |
| GMCA Fire and Rescue | (753) | 347 |
| Total (Deficit) | (75,293) | 34,794 |
| | | |
| Council Tax | Surplus 2021/22 £000s | Surplus 2022/23 £000s |
| Manchester City Council | 10,697 | 419 |
| GMCA Police and Crime Commissioner | 1,564 | 62 |
| GMCA Mayoral and Fire and Rescue | 663 | 28 |
| Total Surplus | 12,924 | 509 |

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

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

Government introduced the Council Tax Energy Rebate scheme in 2022/23 to support residents in light of increasing energy costs. This was broken into two schemes, the Core scheme which provided £150 to dwellings in Band A to D and a Discretionary scheme which provided further support to the most vulnerable residents. Although, in most cases, this grant was paid via BACS or a redeemable Post Office voucher, where the Council was unable to confirm bank details or provide a Post Office voucher there were credits made against council tax accounts. To 31 March 2023 the Council applied 12,744 council tax credits totalling £1.912m, which was deducted from their annual council tax bill. This scheme was fully funded and a corresponding credit was made to the Collection Fund.

(d) Collection Fund collection rates and debtors

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

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

| | 31 March 2022 £000s | 31 March 2023 £000s |
|------------------------|---------------------------|---------------------------|
| Less than three months | 933 | 1,227 |
| Three to six months | 1,064 | 1,400 |
| Six months to one year | 2,151 | 2,830 |
| More than one year | 18,309 | 24,086 |
| Total | 22,457 | 29,543 |

Group Accounts

Group Comprehensive Income and Expenditure Statement

This account summarises the resources that have been generated and consumed in providing services and managing the Group during the last year. It includes all day-to-day expenses and related income on an accruals basis.

Manchester City Council Annual Statement of Accounts 2022/23

| 2021/22 Gross Expenditure £000s | 2021/22 Gross Income £000s | 2021/22 Net Expenditure £000s | | 2022/23 Gross Expenditure £000s | 2022/23 Gross Income £000s | 2022/23 Net Expenditure £000s |
|------------------------------------|-------------------------------|----------------------------------|--|------------------------------------|-------------------------------|----------------------------------|
| | | | Continuing operations | | | |
| 300,116 | (73,356) | 226,760 | Adult Social Care | 318,663 | (70,299) | 248,364 |
| 60,955 | (41,861) | 19,094 | Homelessness | 75,829 | (56,204) | 19,625 |
| 594,924 | (407,674) | 187,250 | Children's Services | 638,965 | (438,379) | 200,587 |
| 363,086 | (231,733) | 131,353 | Corporate Core | 376,610 | (228,163) | 148,447 |
| 195,720 | (79,878) | 115,842 | Neighbourhoods and Highways | 204,843 | (54,188) | 150,654 |
| 58,470 | (35,962) | 22,508 | Growth and Development | 55,665 | (31,000) | 24,665 |
| 7,354 | (10,333) | (2,979) | Corporate Items | 2,707 | (6,586) | (3,879) |
| 43,790 | 0 | 43,790 | Council-Wide Costs | 6,585 | 0 | 6,585 |
| 78,978 | (86,331) | (7,353) | Housing Revenue Account | 94,275 | (89,849) | 4,426 |
| 1,849 | (16,486) | (14,637) | Destination Manchester Ltd | 8,251 | (24,717) | (16,466) |
| 1,705,240 | (983,615) | 761,626 | Cost of services | 1,782,394 | (999,385) | 783,009 |
| | | | Other operating expenditure | | | |
| 11,626 | (6,069) | 5,557 | (Gains) Losses on disposal of non-current assets | 1,291 | (7,365) | (6,074) |
| 67,210 | 0 | 67,210 | Levies | 67,844 | 0 | 67,844 |
| 2,554 | 0 | 2,554 | Payments to government housing capital receipts pool | 0 | 0 | 0 |
| 81,390 | (6,069) | 75,321 | Total other operating expenditure | 69,135 | (7,365) | 61,770 |
| 156,018 | (170,118) | (14,100) | Financing and investment income and expenditure (Note 5) | 199,508 | (230,898) | (31,390) |
| 38,734 | (765,418) | (726,684) | Taxation and non-specific grant income and expenditure | 35,361 | (734,858) | (699,497) |
| 1,981,382 | (1,925,219) | 56,163 | (Surplus) / Deficit on provision of services | 2,086,398 | (1,972,506) | 113,892 |

Manchester City Council Annual Statement of Accounts 2022/23

| 2021/22 Gross Expenditure £000s | 2021/22 Gross Income £000s | 2021/22 Net Expenditure £000s | | 2022/23 Gross Expenditure £000s | 2022/23 Gross Income £000s | 2022/23 Net Expenditure £000s |
|------------------------------------|-------------------------------|----------------------------------|--|------------------------------------|-------------------------------|----------------------------------|
| 281,160 | (172,211) | 108,950 | Share of operating results of joint venture (Note 7) | 430,181 | (356,030) | 74,152 |
| 0 | 0 | 0 | Tax expenses of subsidiary | 426 | 0 | 426 |
| 11,005 | 0 | 11,005 | Tax expenses of joint venture (Note 7) | 25,631 | 0 | 25,631 |
| 2,273,547 | (2,097,429) | 176,118 | Group (Surplus) / Deficit on provision of services (Note 1) | 2,542,636 | (2,328,535) | 214,100 |
| | | (274,388) | (Surplus) on revaluation of non-current assets | | | (145,773) |
| | | 11,826 | Impairment losses on non-current assets charged to the revaluation reserve | | | 20,350 |
| | | (591,288) | Remeasurements of the net defined benefit liability | | | (1,312,917) |
| | | 0 | Asset Ceiling Adjustments | | | 272,947 |
| | | 50,099 | Share of other comprehensive income and expenditure of joint ventures | | | (172,758) |
| | | | Items that will be subsequently classified in (Surplus) / Deficit on Provision of Services | | | |
| | | (3,115) | (Surplus) / Deficit from investments in equity instruments designated at fair value through other comprehensive income | | | (154) |
| | | (806,865) | Total other comprehensive income and expenditure | | | (1,338,305) |
| | | (630,746) | Total comprehensive income and expenditure | | | (1,124,205) |

Group Movement In Reserves Statement

This statement shows the movement in the year on the Council's single entity usable and unusable reserves, as well as the Council's share of the group reserves.

| | General Fund Balance | Housing Revenue Account | Capital Receipts Reserve | Capital Grants Unapplied | Major Repairs Reserve | Total Usable Reserves | Total Unusable Reserves | Council Share of Group Reserves | Total Group Reserves |
|--|----------------------|-------------------------|--------------------------|--------------------------|-----------------------|-----------------------|-------------------------|---------------------------------|----------------------|
| | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s |
| Balance at 31 March 2021 | (606,341) | (111,166) | (93,956) | (94,005) | (6,069) | (911,537) | (1,563,094) | (493,546) | (2,968,177) |
| Movement in reserves during 2021/22 | | | | | | | | | |
| Total comprehensive income and expenditure | 37,227 | 33,573 | 0 | 0 | 0 | 70,800 | (856,964) | 205,469 | (786,164) |
| Total adjustments between accounting basis and funding basis under regulations | 40,123 | (28,495) | (20,418) | 15,633 | (2,205) | 4,639 | (4,639) | 0 | 0 |
| (Increase) / decrease in year | 77,350 | 5,078 | (20,418) | 15,633 | (2,205) | 75,439 | (861,603) | 205,469 | (786,164) |
| Balance at 31 March 2022 | (528,991) | (106,088) | (114,374) | (78,372) | (8,274) | (836,098) | (2,424,697) | (288,078) | (3,548,874) |
| Movement in reserves during 2022/2023 | | | | | | | | | |
| Total comprehensive income and expenditure | 128,394 | 1,964 | 0 | 0 | 0 | 130,358 | (1,165,547) | (89,018) | (1,124,205) |
| Total adjustments between accounting | 9,128 | 8,329 | (39,584) | 8,579 | (373) | (13,921) | 13,921 | 0 | 0 |

Manchester City Council Annual Statement of Accounts 2022/23

| | General Fund Balance | Housing Revenue Account | Capital Receipts Reserve | Capital Grants Unapplied | Major Repairs Reserve | Total Usable Reserves | Total Unusable Reserves | Council Share of Group Reserves | Total Group Reserves |
|---|----------------------|-------------------------|--------------------------|--------------------------|-----------------------|-----------------------|-------------------------|---------------------------------|----------------------|
| basis and funding basis under regulations | | | | | | | | | |
| (Increase) / decrease in year | 137,522 | 10,294 | (39,584) | 8,579 | (373) | 116,437 | (1,151,626) | (89,018) | (1,124,205) |
| Balance at 31 March 2023 | (391,469) | (95,794) | (153,958) | (69,792) | (8,647) | (719,661) | (3,576,327) | (377,096) | (4,673,079) |

*A breakdown of the Council's usable and unusable reserves can be found in the Council's accounts Notes 12, 40 and 41.

The Council's share of the group reserves includes accounting adjustments to align accounting policies for property, plant and equipment and government grants.

The Council's share of group reserves is split between usable reserves and unusable reserves. The unusable reserves include the amounts to align the accounting policies plus the share of other comprehensive income and expenditure of the joint venture and subsidiary.

Group Balance Sheet

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

| 31 March 2022 £000s | | Note | 31 March 2023 £000s | |
|------------------------|---|------|---------------------|--------------------|
| | Non-current assets | | | |
| 2,614,220 | Property, plant and equipment | 9 | 2,836,176 | |
| 552,732 | Infrastructure Assets | | 555,212 | |
| 637,312 | Heritage assets | | 639,274 | |
| 493,722 | Investment properties | | 537,407 | |
| 5,558 | Intangible non-current assets | | 8,042 | |
| 402,283 | Long-term investment in joint venture / subsidiaries and associates | 10 | 480,191 | |
| 13,269 | Other long-term investments | 10 | 20,089 | |
| 471,326 | Long-term debtors | 11 | 492,129 | |
| 0 | Pension asset | | 372,170 | |
| 5,190,421 | Total non-current assets | | | 5,940,690 |
| | Current assets | | | |
| 734 | Inventories | | 779 | |
| 169,610 | Short-term debtors | 11 | 218,229 | |
| 153,867 | Cash and cash equivalents | 12 | 108,050 | |
| 5,569 | Short-term assets held for sale | | 7,526 | |
| 329,780 | Total current assets | | | 334,584 |
| 5,520,201 | Total assets | | | 6,275,274 |
| | Current liabilities | | | |
| (20,610) | Short-term borrowing | | (119,147) | |
| (310,012) | Short-term creditors | 13 | (261,149) | |
| (23,250) | Short-term provisions | | (11,143) | |
| (9,954) | Short-term deferred liabilities | 14 | (10,671) | |
| (363,826) | Total current liabilities | | | (402,110) |
| 5,156,375 | Total assets less current liabilities | | | 5,873,164 |
| | Long-term liabilities | | | |
| (893) | Long-term creditors | | (765) | |
| (99,939) | Long-term provisions | | (125,355) | |
| (819,672) | Long-term borrowing | | (933,101) | |
| (136,894) | Long-term deferred liabilities | 14 | (127,921) | |
| (9,505) | Capital grants receipts in advance | | (12,943) | |
| (540,599) | Pensions liability | | 0 | |
| (1,607,502) | Total long-term liabilities | | | (1,200,085) |
| 3,548,874 | Net assets | | | 4,673,079 |
| | Financed by: | | | |

Manchester City Council Annual Statement of Accounts 2022/23

| 31 March 2022 £000s | | Note | 31 March 2023 £000s |
|------------------------|--------------------------------------|-----------|---------------------|
| (836,098) | Usable reserves | | (719,661) |
| (2,424,697) | Unusable reserves | | (3,576,324) |
| (288,077) | Group income and expenditure reserve | | (377,095) |
| (3,548,874) | Total reserves | 15 | (4,673,079) |

Group Cash flow statement

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

| 2021/22 £000s | | Note | 2022/23 £000s |
|------------------|--|------|------------------|
| (82,669) | Net (deficit) / surplus on the provision of services | | (46,004) |
| 330,246 | Adjustments to net deficit / surplus on the provision of services for non-cash movements | 17 | 233,723 |
| (96,343) | Adjustments for items included in the net deficit / surplus on the provision of services that are investing and financing activities | 18 | (266,630) |
| 151,234 | Net cash flows from operating activities | | (78,911) |
| (121,075) | Investing activities | 20 | (171,494) |
| 65,071 | Financing activities | 21 | 204,586 |
| 95,229 | Net increase / (decrease) in cash and cash equivalents | | (45,819) |
| 58,639 | Cash and cash equivalents at the beginning of the reporting period | | 153,867 |
| 153,867 | Cash and cash equivalents at the end of the reporting period | 12 | 108,050 |

Notes to the Group Accounts

Note 1. Reconciliation of the Single Entity Comprehensive Income and Expenditure Statement Surplus / Deficit to the Group Comprehensive Income and Expenditure Statement Surplus / Deficit

This shows how the group entities have contributed to the overall surplus / deficit shown in the group income and expenditure account.

| 2021/22 £000s | | Note | 2022/23 £000s |
|------------------|--|------|------------------|
| 70,800 | Deficit /(Surplus) on the Authority's single entity Income and Expenditure Account for the year | | 130,358 |
| 650 | Distribution from group entities included in the Authority's single entity deficit on the Income and Expenditure Account | | 819 |
| (15,289) | Add (surplus) / deficit attributable to subsidiary | 7 | (16,861) |
| 119,955 | Add deficit / (surplus) attributable to joint venture including dividends paid (after corporation tax) | | 99,783 |
| 176,118 | Group income and expenditure account deficit / (surplus) for the year | | 214,100 |

Note 2. Group Accounting Policies

Introduction

As a modern local authority Manchester City Council often chooses to conduct activities through a variety of undertakings, either under ultimate control of or in partnership with other organisations. The standard financial statements consider the Council only as a single entity, accounting for its interests in other organisations only to the extent of its investment, and not current performance and balances. Thus, a full picture of the Council's economic activities, financial position, service position, accountability for resources and exposure to risk is not presented in the Council's single entity financial statements.

As a result, group financial statements are produced to reflect the extent of Manchester City Council's involvement with its group undertakings in order to provide a clearer picture of the Council's activities as a group. The group accounts contain core financial statements similar to those included in the Council's single entity statements, consolidated with figures from organisations considered to be part of the group.

The Group Accounts are of equal status to the single entity accounts but to achieve a meaningful presentation to the reader of the accounts they are positioned after the single entity financial statements and notes.

The group statements include:

- Group Comprehensive Income and Expenditure Statement
- Group Balance Sheet
- Group Movement in Reserves Statement
- Group Cash Flow Statement.

The group financial statements are presented in accordance with the IFRS based Code.

Notes to the Group Accounts are included where they are materially different to the single entity accounts.

Manchester City Council Group

Inclusion in the Manchester City Council Group is dependent upon the extent of the Council's interest and control over the entity. An assessment of all of the Council's interests has been carried out to determine which of the following categories they fall under. Where an entity is considered to be immaterial, they are not included in the group accounts.

Subsidiaries – where the Council exercises control and gains benefits / exposure to risks arising from this control. Subsidiaries of the Council have been considered for materiality; Destination Manchester Limited (DML) is the only subsidiary consolidated into the Council's group accounts. The Council owns 100% of DML.

Associates – where the Council exercises a significant influence and has a participating interest. Associates of the Council have been considered for materiality; there are no associates consolidated into the Council's group accounts.

Joint Ventures - where the Council and another party exercise joint control with decisions relating to the organisation requiring unanimous consent of the parties sharing control. Those entities considered to be material are included in the group. Joint Ventures are accounted for on an equity basis, by including their net operating results in the group income and expenditure account. Investments in these entities are adjusted on the balance sheet for the Council's share of their results. The group contains one material joint venture which is Manchester Airports Holdings Limited (MAHL). The Council owns 35.5% of MAHL. MAHL owns Manchester, Stansted and East Midlands airports.

Manchester Airports Holdings Limited audited accounts are available at their website

The Group Accounts have been prepared in accordance with the 2022/23 Code of Practice for Local Authority Accounting in the United Kingdom, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

Consolidation of Subsidiary

The Council's subsidiary has been consolidated using the acquisition accounting basis. This is a full, line by line consolidation of the financial transactions and balances of the Council and its subsidiary. To avoid overstating the figures within the group financial statements, all transactions and balances between members of the group (the Council and its subsidiary) have been eliminated.

Consolidation of Joint Venture

The Council's joint venture has been consolidated using the equity method. An investment is brought into the group balance sheet and adjusted by the Council's share in the joint venture's net asset movement. The Council's share of the joint venture's operating results for the year is included within the group income and expenditure account.

Non-Current Assets

Non-current assets have been consolidated using the valuation basis specified by the Code unless the entity has a distinct class of asset that the Council does not recognise. In this case the entity's valuation basis was used.

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

Infrastructure is included in the Council's accounts at depreciated historical cost.

Where group organisations use different accounting policies to the Council, their accounts have been restated to align their accounting policies with those of the Council where the effect of not doing so would be material to the reader's interpretation of the accounts.

Manchester Airport Holdings Limited (MAHL) accounts are prepared using deemed cost for land and buildings. Deemed cost is the cost or valuation of assets as at 1 April 2005. Consequently property, plant and equipment are included in MAHL's accounts at cost or deemed cost less accumulated depreciation. A valuation of MAHL's land and building assets has been undertaken in order to align the accounting policy with that of the Council. This valuation has been used for the Council's group accounts. In undertaking this valuation specialised assets, such as airport terminals, have been valued at depreciated replacement cost using the modern equivalent asset method and income generating assets, such as car parks, have been valued at market value.

Infrastructure, such as runways and taxiways, are included in MAHL's accounts on the same basis as the Council's infrastructure assets (depreciated historical cost) and therefore no adjustment has been made to the valuation for group account purposes.

The land and building assets of Destination Manchester Limited (DML), which is a subsidiary within the Council group, are included in DML's accounts at cost less accumulated depreciation and impairment. A valuation of DML's land and building assets has been undertaken in order to align the accounting policy with that of the Council. This valuation has been used for the Council's group accounts. The Convention Centre and its car parks have been valued at market value.

[International Financial Reporting Standards \(IFRS\)](#)

The Council produces its financial statements in accordance with IFRS. Where UK GAAP is being used by group entities, their financial statements are adjusted to reflect IFRS where any changes have a material effect on the presentation of the group financial statements.

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Note 3. Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates etc.) by local authorities in comparison to those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how the expenditure is allocated between Directorates. Income and expenditure accounted for under generally accepted accounting practice is presented more fully in the Comprehensive Income and Expenditure Statement.

| 2021/22 | | | | | | 2022/23 | | | | |
|-----------------------------|--|---|---|--|-----------------------------|-----------------------------|--|---|---|--|
| As reported to Members £000 | Adjustments to arrive at net amount chargeable to the group general balances (Note 4) £000 | Net expenditure chargeable to the group general balances £000 | Adjustments between funding and accounting basis £000 | Net expenditure in the Comprehensive Income and Expenditure Statement £000 | | As reported to Members £000 | Adjustments to arrive at net amount chargeable to the group general balances (Note 4) £000 | Net expenditure chargeable to the group general balances £000 | Adjustments between funding and accounting basis £000 | Net expenditure in the Comprehensive Income and Expenditure Statement £000 |
| 226,617 | (14,862) | 211,755 | 15,005 | 226,760 | Adult Social Care | 232,399 | (1,105) | 231,294 | 17,071 | 248,365 |
| 28,918 | (12,124) | 16,793 | 2,301 | 19,094 | Homelessness | 28,426 | (8,845) | 19,581 | 44 | 19,625 |
| 117,088 | 9,162 | 126,251 | 61,000 | 187,251 | Children's Services | 132,266 | 4,632 | 136,899 | 63,688 | 200,586 |
| 103,693 | 930 | 104,624 | 26,730 | 131,354 | Corporate Core | 112,214 | (1,178) | 111,035 | 37,411 | 148,446 |
| 101,401 | (29,887) | 71,513 | 44,328 | 115,841 | Neighbourhoods and Highways | 103,588 | (13,558) | 90,032 | 60,624 | 150,655 |
| (8,395) | 16,012 | 7,618 | 14,891 | 22,508 | Growth and Development | (10,289) | 13,081 | 2,792 | 21,873 | 24,664 |
| 7,326 | (2,410) | 4,916 | (7,895) | (2,979) | Corporate Items | 10,019 | (7,987) | 2,032 | (5,911) | (3,879) |
| 0 | 0 | 0 | 43,790 | 43,790 | Council-Wide Costs | 0 | 0 | 0 | 6,585 | 6,585 |
| 5,078 | (2,945) | 2,133 | (9,487) | (7,354) | Housing Revenue Account | 10,293 | 2,462 | 12,755 | (8,329) | 4,426 |

Manchester City Council Annual Statement of Accounts 2022/23

| | | | | | | | | | | |
|-----------|-----------|-----------|---------|-----------|--|-----------|----------|-----------|-----------|-----------|
| 0 | (14,637) | (14,637) | 0 | (14,637) | Destination Manchester Ltd | 0 | (16,466) | (16,466) | 0 | (16,466) |
| 581,727 | (50,762) | 530,965 | 190,663 | 721,626 | Net Cost of Services | 618,918 | (28,963) | 589,954 | 193,054 | 783,009 |
| (576,341) | (252,067) | (828,408) | 282,900 | (545,508) | Other (Income) and Expenditure | (601,109) | 242,714 | (358,395) | (210,512) | (568,907) |
| 5,386 | (302,829) | (297,443) | 473,563 | 176,118 | (Surplus)/Deficit on Provision of Services | 17,809 | 213,751 | 231,559 | (17,458) | 214,100 |

Manchester City Council Annual Statement of Accounts 2022/23

| 2021/22 | | 2022/23 | |
|---|---|---|---|
| As reported to Members £000 | Net expenditure chargeable to the group general balances £000 | As reported to Members £000 | Net expenditure chargeable to the group general balances £000 |
| Opening Group General Reserves | 1,277,110 | Opening Group General Reserves | 1,574,553 |
| Surplus / (Deficit) on Group General Reserves in year | 297,443 | Surplus/(Deficit) on Group General Reserves in year | (231,559) |
| Closing Group General Reserves at 31 March | 1,574,553 | Closing Group General Reserves at 31 March | 1,342,994 |

Note 4. Note to the Expenditure and Funding Analysis

Adjustments to arrive at net amount chargeable to the group general balances

| 2021/22 | Adjustments relating to other income and expenditure (i) | Restated Adjustments relating to transfers to / from reserves (ii) | Restated Adjustments relating to internal recharges (iii) | Adjustments relating to COVID grants (iv) | Restated Total Adjustments |
|---|--|--|---|---|----------------------------|
| | £000 | £000 | £000 | £000 | £000 |
| Adult Social Care | (1,479) | (2,574) | (1,314) | (9,495) | (14,862) |
| Homelessness | (431) | (1,914) | (8,361) | (1,418) | (12,124) |
| Children's Services | 1,821 | 9,590 | 787 | (3,037) | 9,162 |
| Corporate Core | (3,425) | 5,398 | 14,181 | (15,223) | 930 |
| Neighbourhoods and Highways | (24,452) | 4,612 | (4,008) | (6,039) | (29,887) |
| Growth and Development | 13,245 | 4,494 | (1,728) | 0 | 16,012 |
| Corporate Items | 92 | (2,945) | 443 | 0 | (2,410) |
| Housing Revenue Account | (2,945) | 0 | 0 | 0 | (2,945) |
| Destination Manchester Ltd | (14,637) | 0 | 0 | 0 | (14,637) |
| Net Cost of Services | (32,210) | 16,661 | 0 | (35,212) | (50,761) |
| Other Income and Expenditure from the Expenditure and Funding Analysis | (347,664) | 60,385 | 0 | 35,212 | (252,067) |
| Difference between General Fund and HRA Surplus and Comprehensive Income and Expenditure Statement Deficit on the Provision of Services | (379,874) | 77,046 | 0 | 0 | (302,828) |

The 2021/22 figures have been restated as a result of restatements in the single entity.

Manchester City Council Annual Statement of Accounts 2022/23

| 2022/23 | Adjustments relating to other income and expenditure (i) | Restated Adjustments relating to transfers to / from reserves (ii) | Restated Adjustments relating to internal recharges (iii) | Adjustments relating to COVID grants (iv) | Restated Total Adjustments |
|---|--|--|---|---|----------------------------|
| | £000 | £000 | £000 | £000 | £000 |
| Adult Social Care | (2,831) | 3,507 | (1,781) | 0 | (1,105) |
| Homelessness | 0 | (1,015) | (7,830) | 0 | (8,845) |
| Children's Services | 1,976 | 3,171 | (515) | 0 | 4,632 |
| Corporate Core | (15,498) | 2,141 | 12,207 | (28) | (1,178) |
| Neighbourhoods and Highways | (20,075) | 8,135 | (1,618) | 0 | (13,558) |
| Growth and Development | 9,669 | 4,575 | (1,163) | 0 | 13,081 |
| Corporate Items | 98 | (8,785) | 700 | 0 | (7,987) |
| Housing Revenue Account | 2,462 | 0 | 0 | 0 | 2,462 |
| Destination Manchester Ltd | (16,466) | 0 | 0 | 0 | (16,466) |
| Net Cost of Services | (40,665) | 11,729 | 0 | (28) | (28,962) |
| Other Income and Expenditure from the Expenditure and Funding Analysis | 124,436 | 118,277 | 0 | 28 | 242,714 |
| Difference between General Fund and HRA Surplus and Comprehensive Income and Expenditure Statement Deficit on the Provision of Services | 83,771 | 130,006 | 0 | 0 | 213,751 |

i) Adjustments relating to other income expenditure include service specific interest payments and receipts which are reported as part of service costs in the outturn report.

(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.

Manchester City Council Annual Statement of Accounts 2022/23

Note 5. Financing and Investment Income and Expenditure

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

| | 2021/22 £000s | 2022/23 £000s | Note |
|--|------------------|------------------|------|
| Interest payable on debt | 25,231 | 29,787 | (a) |
| Interest payable on PFI unitary payments | 10,963 | 10,417 | |
| Net interest on the net defined benefit liability | 21,816 | 16,183 | |
| Investment Interest income | (37,829) | (42,233) | (b) |
| Change in fair value of investment properties | (18,842) | (22,983) | |
| Dividends receivable | (501) | (448) | (c) |
| Impairment loss allowance on debtors | 6,072 | 4,078 | |
| Impairment of financial assets | 711 | (2,350) | |
| (Gain) on trading accounts (not applicable to a service) | 17 | 0 | |
| Rentals received on investment properties | (25,658) | (42,967) | |
| Expenses incurred on investment properties | 3,920 | 19,126 | |
| Total financing and investment income and expenditure | (14,100) | (31,390) | |

Manchester City Council Annual Statement of Accounts 2022/23

a. Interest Payable

These figures represent the external interest payable by the group as follows:

| | 2021/22 £000s | 2022/23 £000s |
|--------------------------------|---------------|---------------|
| Manchester City Council | 24,581 | 28,968 |
| Destination Manchester Limited | 650 | 819 |
| Total | 25,231 | 29,787 |

b. Investment Interest Income

| | 2021/22 £000s | 2022/23 £000s |
|--------------------------------|------------------|------------------|
| Manchester City Council | (37,816) | (42,026) |
| Destination Manchester Limited | (13) | (207) |
| Total | (37,829) | (42,233) |

The above figures include consolidation adjustments where transactions between the Council and the subsidiary are eliminated for the purpose of preparing the group accounts.

c. Dividends Receivable

The dividends receivable figure in the single entity accounts has been adjusted to exclude dividends received from Group entities.

Note 6. (Surplus) / Deficit Attributable to Subsidiaries

This figure represents the total group (surplus) / deficit attributable to Manchester City Council's subsidiary including the adjustments made for intra group transactions. The share of operating results of the subsidiary are included within the service gross income / expenditure that they relate to.

| | 2021/22 £000s | 2022/23 £000s |
|----------------------------------|-----------------|-----------------|
| Destination Manchester Limited | (14,637) | (16,466) |
| Total (Surplus) / Deficit | (14,637) | (16,466) |

Note 7. (Surplus) / Deficit Attributable to Joint Venture

This figure represents the total (surplus) / deficit attributable to Manchester Airports Holdings Limited:

| | 2021/22 £000s | 2022/23 £000s |
|--------------------------------------|------------------|------------------|
| (Surplus) / Deficit before tax | 108,950 | 74,152 |
| Tax expenses | 11,005 | 25,631 |
| (Surplus) / Deficit after tax | 119,955 | 99,783 |

Note 8. Expenditure and Income Analysis

| | 2021/22 £000 | 2022/23 £000 |
|---|--------------------|--------------------|
| Expenditure | | |
| Employee Benefit Expenses | 635,228 | 614,901 |
| Other Service Expenses | 953,831 | 1,003,670 |
| Business Rates Tariff | 38,334 | 35,033 |
| Capital Charges including Depreciation and impairment | 145,947 | 205,692 |
| Interest Payments | 35,544 | 39,385 |
| Pensions Interest Costs | 91,110 | 118,583 |
| Precepts and Levies | 67,210 | 67,844 |
| Payments to Housing Capital Receipts Pool | 2,554 | 0 |
| Loss on Disposal of Non-current Assets (general fund) | 11,626 | 1,291 |
| Share of operating results of joint venture | 281,160 | 430,181 |
| Corporation Tax | 11,005 | 26,057 |
| Total Expenditure | 2,273,547 | 2,542,636 |
| Income | | |
| Fees, Charges and Other Service Income | (298,464) | (352,864) |
| Interest and Investment Income | (38,317) | (42,681) |
| Return on Pension Assets | (69,294) | (102,400) |
| Capital Charges related income | (47,114) | (53,407) |
| Income from Council Tax | (186,646) | (198,619) |
| Business Rates Income | (267,535) | (296,936) |
| Government Grants and Contributions | (1,011,780) | (918,232) |
| Share of operating results of joint venture | (172,211) | (356,030) |
| Gain on Disposal of Fixed Assets (HRA) | (6,069) | (7,365) |
| Total Income | (2,097,429) | (2,328,535) |
| Deficit / (Surplus) on the Provision of Services | 176,118 | 214,100 |

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Note 9. Property Plant and Equipment

Movements on tangible non-current assets in the group during 2021/22 were as follows:

| | Property, Plant and Equipment | | | | | | Total |
|---|-------------------------------|--------------------------------|--------------------------------------|------------------------|---------------------------------|----------------------|-----------|
| | Council Dwellings £000s | Other Land and Buildings £000s | Vehicles, Plant, and Equipment £000s | Community Assets £000s | Assets Under Construction £000s | Surplus Assets £000s | |
| Gross book value brought forward | 623,171 | 1,221,395 | 132,394 | 34,077 | 229,320 | 163,044 | 2,403,401 |
| Accumulated depreciation and impairment brought forward | 24 | (96,282) | (74,978) | (853) | 0 | (2,860) | (174,949) |
| Net Book Value carried forward as at 31 March 2021 | 623,195 | 1,125,113 | 57,416 | 33,224 | 229,320 | 160,184 | 2,228,452 |
| Movement in 2021/22 | | | | | | | |
| Additions | 19,822 | 37,088 | 19,151 | 4,458 | 139,356 | 1,557 | 221,432 |
| Revaluations recognised in revaluation reserve | 133,072 | 133,105 | 0 | 0 | 0 | 7,370 | 273,547 |
| Revaluations recognised in deficit on the provision of services | 0 | (1,872) | 0 | 0 | 0 | (5,700) | (7,572) |
| Derecognition – disposals | 0 | (5,750) | 0 | 0 | 0 | (7,671) | (13,421) |
| Transferred from held for sale | (8,167) | (4,524) | 0 | 0 | 0 | (4,097) | (16,788) |
| Other transfers | 12,437 | 21,683 | 3,330 | 2,498 | (38,713) | 2,634 | 3,869 |
| Newly recognised PFI assets | 811 | 0 | (21) | 0 | 0 | 0 | 790 |
| Depreciation | (22,958) | (28,920) | (9,826) | 0 | 0 | (396) | (62,100) |
| Impairments covered by the revaluation reserve | (11,783) | (44) | (62) | 0 | 0 | 0 | (11,889) |

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| | Property, Plant and Equipment | | | | | | Total |
|---|-------------------------------|--------------------------------|--------------------------------------|------------------------|---------------------------------|----------------------|-----------|
| | Council Dwellings £000s | Other Land and Buildings £000s | Vehicles, Plant, and Equipment £000s | Community Assets £000s | Assets Under Construction £000s | Surplus Assets £000s | |
| Impairments charged to the (surplus) / deficit on the provision of services | (1,952) | 0 | 0 | 0 | 0 | 0 | (1,952) |
| Net Book Value carried forward as at 31 March 2022 | 744,477 | 1,275,731 | 69,988 | 40,180 | 329,963 | 153,881 | 2,614,220 |
| Gross book value carried forward as at 31 March 2022 | 744,818 | 1,342,526 | 143,265 | 41,033 | 329,963 | 156,858 | 2,758,463 |
| Accumulated depreciation and impairment carried forward as at 31 March 2022 | (341) | (66,795) | (73,277) | (853) | 0 | (2,977) | (144,243) |
| Net Book Value carried forward as at 31 March 2022 | 744,477 | 1,275,731 | 69,988 | 40,180 | 329,963 | 153,881 | 2,614,220 |

Movements on tangible non-current assets in the group during 2022/23 were as follows:

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| | Property, Plant and Equipment | | | | | | Total |
|---|-------------------------------|--------------------------------|--------------------------------------|------------------------|---------------------------------|----------------------|------------------|
| | Council Dwellings £000s | Other Land and Buildings £000s | Vehicles, Plant, and Equipment £000s | Community Assets £000s | Assets Under Construction £000s | Surplus Assets £000s | |
| Gross book value brought forward | 744,818 | 1,342,526 | 143,265 | 41,033 | 329,963 | 156,858 | 2,758,463 |
| Accumulated depreciation and impairment brought forward | (341) | (66,795) | (73,277) | (853) | 0 | (2,977) | (144,243) |
| Net Book Value carried forward as at 31 March 2022 | 744,477 | 1,275,731 | 69,988 | 40,180 | 329,963 | 153,881 | 2,614,220 |
| Movement in 2022/23 | | | | | | | |
| Additions | 21,130 | 49,070 | 5,957 | 1,614 | 192,269 | 993 | 271,033 |
| Revaluations recognised in revaluation reserve | 25,884 | 101,870 | 0 | 0 | 0 | 20,378 | 148,132 |
| Revaluations recognised in deficit on the provision of services | (7,576) | (20,918) | 0 | 0 | 0 | (3,598) | (32,092) |
| Derecognition – disposals | 0 | (5,789) | 0 | 0 | 0 | (945) | (6,734) |
| Transferred from held for sale | (12,565) | (31,404) | 0 | 0 | 0 | (19,267) | (63,236) |
| Other transfers | 3,815 | (12,281) | (213) | 686 | 4,082 | 151 | (3,760) |

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| | Property, Plant and Equipment | | | | | | Total |
|---|-------------------------------|--------------------------------|--------------------------------------|------------------------|---------------------------------|----------------------|------------------|
| | Council Dwellings £000s | Other Land and Buildings £000s | Vehicles, Plant, and Equipment £000s | Community Assets £000s | Assets Under Construction £000s | Surplus Assets £000s | |
| Newly recognised PFI assets | 935 | 0 | 614 | 0 | 0 | 0 | 1,549 |
| Depreciation | (23,332) | (31,660) | (11,589) | 0 | 0 | (92) | (66,673) |
| Impairments covered by the revaluation reserve | (935) | (4,925) | (53) | 0 | 0 | 0 | (5,913) |
| Impairments charged to the (surplus) / deficit on the provision of services | (13,481) | (6,869) | 0 | 0 | 0 | 0 | (20,350) |
| Reversal of prior year impairment | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net Book Value carried forward as at 31 March 2023 | 738,352 | 1,312,825 | 64,704 | 42,480 | 526,314 | 151,501 | 2,836,176 |
| Gross book value carried forward as at 31 March 2023 | 739,065 | 1,402,624 | 159,350 | 43,333 | 526,314 | 153,259 | 3,023,945 |
| Accumulated depreciation and impairment carried | (713) | (89,799) | (94,646) | (853) | 0 | (1,758) | (187,769) |

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| | Property, Plant and Equipment | | | | | | Total |
|--|-------------------------------|-----------------------------------|---|---------------------------|------------------------------------|-------------------------|-----------|
| | Council Dwellings £000s | Other Land and Buildings £000s | Vehicles, Plant, and Equipment £000s | Community Assets £000s | Assets Under Construction £000s | Surplus Assets £000s | |
| forward as at 31 March 2023 | | | | | | | |
| Net Book Value carried forward as at 31 March 2023 | 738,352 | 1,312,825 | 64,704 | 42,480 | 526,314 | 151,501 | 2,836,176 |

Note 10. Long-term Investments

| | 31 March 2022 £000s | 31 March 2023 £000s |
|--|------------------------|------------------------|
| Investments in organisations included in the group statements | | |
| Manchester Airports Holdings Ltd | 388,126 | 465,699 |
| Investments in subsidiaries not included in the group statements | | |
| Manchester Mortgage Corporation Plc Share Capital | 136 | 131 |
| Investments in associates not included in the group statements | | |
| Eastlands Development Company Limited | 1,279 | 1,276 |
| Mayfield Developments | 7,087 | 7,198 |
| Matrix Homes Ltd | 5,655 | 5,888 |
| | 402,283 | 480,192 |
| Total other long-term investments | 13,269 | 20,089 |
| Total Long-Term Investments | 415,551 | 500,280 |

Note 11. Debtors

As the balance sheet date represents the position at the end of the financial year, there are monies owed to the Group at that date which are yet to be received in cash. The following analysis shows the amounts owed to the Group which had not been received at 31 March. Amounts owed to the Council by Destination Manchester Ltd have been removed as they are classed as intra-company transactions.

The Council also makes provision for outstanding monies which it is anticipated will not be recovered. These amounts are then deducted from the total value of debtors shown in the accounts.

| | 31 March 2022 £000s | 31 March 2023 £000s |
|--|------------------------|------------------------|
| Short-term debtors - Manchester City Council | | |
| Manchester City Council debtors and payments in advance | 168,999 | 215,412 |
| Adjustments for intra-company transactions | (2,215) | 0 |
| | 166,784 | 215,412 |
| Short-term debtors - Destination Manchester Limited | | |
| Trade debtors | 2,067 | 1,391 |
| Corporation tax | 178 | 201 |
| Other debtors | 581 | 1,225 |
| Total | 169,610 | 218,229 |

Further details can be found in the Council's accounts Note 32.

These are amounts that are owed to the Group which are being repaid over various periods longer than one year. Long-term debt which has become due in less than twelve months has been reclassified as short-term debt. Long-term debt owed to the Council by Destination Manchester Ltd has been removed from the group accounts as it is classed as an intra-company transaction.

| | 31 March 2022 £000s | 31 March 2023 £000s |
|--------------------------------------|---------------------------|---------------------------|
| Long-term debtors | | |
| Manchester Airports Holdings Limited | 390,706 | 409,954 |
| PFI prepayments | 20,892 | 20,074 |
| Private Sector Housing Loans | 11,698 | 12,542 |
| Equity Mortgages | 1,611 | 1,063 |
| Matrix Homes | 10,145 | 11,135 |
| Biffa Municipal | 3,247 | 2,862 |
| Other | 9,752 | 3,550 |
| Manchester Quays Riverside | 4,288 | 0 |

Manchester City Council Annual Statement of Accounts 2022/23

| | 31 March 2022 £000s | 31 March 2023 £000s |
|--|---------------------------|---------------------------|
| Long-term debtors | | |
| Manchester College | 18,987 | 8,212 |
| Northern Gateway (Far East Consortium) | 6,670 | 7,931 |
| Advertising Debtors | 1,183 | 307 |
| Manchester Heat Network Tradeco | 0 | 14,500 |
| Total | 471,326 | 492,129 |

Further details can be found in the Council's accounts Note 34.

Note 12. Analysis of Bank Overdraft and Cash and Cash Equivalents

| | 31 March 2022 £000s | 31 March 2023 £000s |
|--|---------------------------|---------------------------|
| Bank Overdraft and Cash and Cash equivalents | | |
| Cash at bank and in hand | 31,170 | 31,315 |
| Call accounts | 13,689 | 59,054 |
| Cash equivalents | 109,008 | 17,681 |
| Total | 153,867 | 108,050 |

Note 13. Short-Term Creditors

As the Group's Balance Sheet represents the financial position at the end of the financial year, these are monies owed by the Group at that date which have yet to be paid. There are also amounts which the Council has received before the end of the financial year which relates to services which have not yet been provided. This analysis shows the amounts owed which had not yet been paid and the amounts received in advance as at 31 March. Amounts owed by the Council to Destination Manchester Ltd have been removed as they are classed as intra-company transactions.

| | 31 March 2022 £000s | 31 March 2023 £000s |
|--|---------------------------|---------------------------|
| Manchester City Council | 301,236 | 249,238 |
| Adjustments for intra-company transactions (trade creditors) | 0 | 0 |
| | 301,236 | 249,238 |
| Destination Manchester Limited | | |
| Trade Creditors | 425 | 313 |
| Accruals and deferred income | 7,941 | 10,513 |
| Other taxes and social security costs | 410 | 1,085 |
| | 8,776 | 11,911 |
| Total | 310,012 | 261,149 |

Further details can be found in the Council's accounts Note 33.

Note 14. Deferred Liabilities

| | 31 March 2022 | Short Term 31 March 2022 £000s | Long Term 31 March 2022 £000 | Repaid in year and disposals and derecognitions £000s | Additions in year £000s | 31 March 2023 £000s | Short Term 31 March 2023 £000s | Long Term 31 March 2023 £000s |
|--|----------------|--------------------------------|------------------------------|---|-------------------------|---------------------|--------------------------------|-------------------------------|
| Private Finance Initiatives | 141,022 | 0 | 131,834 | (9,189) | 935 | 132,768 | 9,763 | 123,005 |
| Service Concession | 4,047 | 9,189 | 3,282 | (862) | 614 | 3,799 | 908 | 2,891 |
| Deferred taxation (Destination Manchester Ltd) | 1,779 | 766 | 1,779 | 0 | 245 | 2,024 | 0 | 2,024 |
| Total | 146,848 | 9,955 | 136,895 | (10,051) | 1,794 | 138,591 | 10,671 | 127,921 |

Note 15. Group Reserves

| | 31 March 2022 £000s | 31 March 2023 £000s |
|---|---------------------|---------------------|
| Usable Reserves | | |
| Manchester City Council * | 836,098 | 719,661 |
| Unusable Reserves | | |
| Manchester City Council * | 2,424,697 | 3,576,324 |
| Group Income and Expenditure Reserve | | |
| Manchester Airports Holdings Ltd – usable | 140,160 | 181,591 |
| Manchester Airports Holdings Ltd – unusable | 128,063 | 174,481 |
| Destination Manchester Ltd – usable | 586 | 1,311 |
| Destination Manchester Ltd – unusable | 19,268 | 19,712 |
| Total Group Income and Expenditure Reserve | 288,077 | 377,095 |
| Total | 3,548,874 | 4,673,079 |

* Further detail can be found in the Council's accounts Notes 38 and 39.

Note 16. Related Party Transactions

As at 31 March 2023 the amount of loans outstanding owed by Manchester Airports Holdings Limited to Manchester City Council was £409.954m (£390.706m at 31 March 2022).

Destination Manchester Limited had outstanding loans from the Council of £14.157m at 31 March 2023 (£14.907m at 31 March 2022)

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The Director of Destination Manchester Limited during 2022/23 was Carol Culley, Deputy Chief Executive and City Treasurer.

There is one non-executive Director on the board of Manchester Airports Holdings Limited who is a representative of the Council. This is Councillor Beverley Craig, Leader of the Council.

Note 17. Cash Flow Statement - Adjustments to net deficit / surplus on the provision of services for non-cash movements

| | 2021/22 £000s | 2022/23 £000s |
|--|------------------|------------------|
| Depreciation of non current assets | 84,649 | 100,003 |
| Impairment and revaluation losses of non current assets | 6,371 | 33,706 |
| Amortisation of intangible non-current assets | 64 | 61 |
| Movement in contract assets, liabilities, and costs (IFRS 15) | (2,189) | 717 |
| Increase/(decrease) in impairment for bad debts | 711 | (2,350) |
| Increase/(decrease) in creditors | 56,954 | (47,737) |
| (Increase)/decrease in debtors | (6,616) | (68,468) |
| (Increase)/decrease in inventories | (63) | (32) |
| Movement in pension liability | 184,159 | 131,263 |
| Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised | 30,720 | 73,968 |
| Other non-cash items charged to the net surplus or deficit on the provision of services | (24,514) | 12,592 |
| Total | 330,246 | 233,723 |

Note 18. Cash Flow Statement - Adjustments for items included in the net deficit / surplus on the provision of services that are investing and financing activities

| | 2021/22 £000s | 2022/23 £000s |
|--|------------------|------------------|
| Proceeds from the disposal of property, plant and equipment, investment properties and intangible assets | (24,606) | (79,733) |
| Any other items for which the cash effects are investing or financing cash flows | (71,737) | 345,406 |
| Total | (96,343) | (265,673) |

Note 19. Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

| | 2021/22 £000s | 2022/23 £000s |
|--------------------|------------------|------------------|
| Interest received | 5,903 | 19,006 |
| Interest paid | (35,346) | (38,111) |
| Dividends received | 501 | 448 |
| Taxation | 650 | 427 |
| Total | (28,292) | (18,230) |

Note 20. Cash Flow Statement - Investing Activities

| | 2021/22 £000s | 2022/23 £000s |
|--|------------------|------------------|
| Purchase of plant, property and equipment, investment property and intangible assets | (239,542) | (331,166) |
| Purchase of short term and long term investments | (164) | (12,253) |
| Other payments for investing activities | (8,362) | (19,492) |
| Proceeds of plant, property and equipment, investment property and intangible assets | 24,952 | 78,688 |
| Other receipts from investing activities | 102,041 | 112,729 |
| Total | (121,075) | (171,494) |

Note 21. Cash Flow Statement - Financing Activities

| | 2021/22 £000s | 2022/23 £000s |
|---|------------------|------------------|
| Repayments of long and short term borrowing | (242,997) | 228,961 |
| Cash payments for the reduction of outstanding liabilities relating to finance leases and PFI contracts | (9,478) | (10,051) |
| Cash receipts of long and short-term borrowing | 319,450 | (18,596) |
| Repayment of ex GMC debt | (2,654) | 0 |
| Grant Funding Received | 750 | 4,272 |
| Net cash flows from financing activities | 65,071 | 204,586 |

Glossary of Financial Terms

Actuarial Gains and Losses

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses) or the actuarial assumptions have changed.

Agency Services

Services that are performed by or for another authority or public body, where the authority responsible for the service reimburses the authority carrying out the work for the cost of that work.

Amortisation

A charge to the comprehensive income and expenditure statement spread over a number of years.

Asset

Items of worth that are measurable in terms of value. Current assets are ones that may change in value on a day-to-day basis (e.g., debtors). Non-current assets are assets that yield benefit to the Council for a period of more than one year (e.g., land).

Balances

The reserves of the Council, which include the accumulated surplus of income over expenditure.

Capital Expenditure

Expenditure on the acquisition or enhancement of property, plant and equipment that have a long-term value to the Council. This includes grants or advances paid to third parties to assist them in acquiring or enhancing their own property, plant and equipment.

Capital Receipts

Money received from the sale of property, plant and equipment or repayment of a capital advance.

Collection Fund

The fund maintained by the Council into which are paid the amounts of Council Tax and Business Rates that it collects, and out of which are to be paid precepts issued by precepting authorities, its own demands and shares of business rates to the Greater Manchester Combined Authority (fire and rescue element).

Community Assets

These are assets that the Council intends to hold in perpetuity, which have no determinable finite useful life and may have restrictions on their disposal (e.g., parks).

Contingent Assets

Sums due from individuals or organisations that may arise in the future, but which cannot be determined in advance.

Contingent Liabilities

Sums due to individuals or organisations that may arise in the future, but which cannot be determined in advance.

Core Cities

Core Cities are a unique and united local authority voice to promote the role of cities in driving economic growth, representing the councils of England, Wales and Scotland's largest city economies outside London - Birmingham, Bristol, Cardiff, Glasgow, Leeds, Liverpool, Manchester, Newcastle, Nottingham and Sheffield.

These cities drive local and underpin national economies. Working in partnership, they aim to enable each City to enhance their economic performance and make them better places to live, work, visit and do business.

Creditors

Amounts owed by the Council for goods and services provided by the balance sheet date, where payment has not been made at that date.

Current Service Cost

The increase in present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current financial year.

Curtailments

For a defined benefit pension scheme, an event that reduces the expected years of future service of present employees or reduces the accrual of defined benefits for a number of employees for some or all of their future service.

Debtors

Sums of money owed to the Council at the balance sheet date but not received at that date.

Dedicated Schools Grant Adjustment Account

A ringfenced reserve established by the 2020/21 Code to hold any DSG deficit separately from the Council's General Fund Earmarked reserves

Defined Benefit Scheme

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded.

Defined Contribution Scheme

A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or percentage of pay and will have no legal or constructive

obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Depreciated Replacement Cost

A method of valuation that provides a proxy for the market value of specialist properties.

Depreciation

The measure of the wearing out, consumption or other reduction in the useful economic life of property, plant and equipment.

Expenditure

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

Fair Value

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction.

Fees and Charges

Income arising from the provision of services, e.g., the use of leisure facilities.

Finance Lease

A finance lease is one that transfers substantially all the risks and rewards of ownership of items of property, plant and equipment to a lessee.

General Fund

The total services of the Council except for the Housing Revenue Account and the Collection Fund. Council Tax, Government Grants and Business Rates meet the net cost of this.

Impairment

A reduction in the value of a property, plant and equipment or financial asset below its carrying amount on the balance sheet.

Income

Amounts due to the Council for goods supplied or services rendered of either a capital or revenue nature. This does not necessarily involve cash being received - income is deemed to have been earned once the goods or services have been supplied even if the cash has not been received.

Infrastructure Assets

These are inalienable assets, expenditure on which is recoverable only by continued use of the asset created. Examples of such assets are highways and footpaths.

Interest Cost (Pensions)

For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities that arise from the passage of time.

International Financial Reporting Standards (IFRS)

These are statements prepared by the International Accounting Standards Board to ensure consistency in accountancy matters. Many of these standards now apply to local authorities and any departure from these must be disclosed in the published accounts.

Inventory

Raw materials and consumable items the Council has purchased to use on a continuing basis and has not used by the end of the financial year.

Investment Properties

These are property or land that is held solely to earn rental income or for capital appreciation or both.

Liabilities

Amounts due to individuals or organisations that will have to be paid at some time in the future. Current liabilities are payable within one year of the balance sheet date.

Long-term Contracts

A contract entered into for the design, manufacture or construction of a single substantial asset or service where the time taken to complete the contract is such that the contract activity falls into different accounting periods.

Minimum Revenue Provision (MRP)

This is the amount that is charged to an authority's Movement in Reserves Statement each year and set aside as a provision for credit liabilities.

National Non-Domestic Rate (NNDR)

All non-domestic properties have been valued and the Government determines a national rate poundage each year, which is payable to all local authorities. The Council collects the national non-domestic rate and passes 1% to the Greater Manchester Combined Authority (fire and rescue element).

Notional accounting adjustments

Adjustments made to the figures within the accounts that reverse entries required in accordance with International Financial Reporting Standards that do not need to be funded as part of the Council's budget e.g., impairment.

Observable Inputs

Those that are developed using market data, such as publicly available information about actual events or transactions, and that reflect the assumptions that buyers and sellers would use when pricing the asset or liability.

Operating Lease

A lease other than a finance lease.

Outturn

Actual net expenditure and income that is then compared to the budget.

Past Service Cost

For a defined benefit pension scheme, the increase in present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

Precept

The amount levied by various joint authorities, which is collected by the Council on their behalf.

Provisions

These are sums set aside to meet liabilities or losses that have been incurred but where the amount and/or timing of such costs are uncertain.

Public Works Loan Board (PWLB)

A Government agency that lends money to local authorities. Local authorities are able to borrow some or all of their requirements to finance capital expenditure from this source.

Residual Value

The net realisable value of property, plant or equipment at the end of its useful life.

Reserves

These are sums set aside to meet possible future costs where there is no certainty about whether or not these costs will be incurred.

Revenue Contributions

The method of financing capital expenditure directly from revenue.

Revenue Expenditure

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

Revenue Expenditure Funded from Capital under Statute (REFCUS)

These are items of capital expenditure that do not result in, or remain matched by, the Council's property, plant and equipment.

Settlement

An irrevocable action that relieves the employer of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligations and the assets used to affect the settlement.

Unobservable Inputs

Inputs for which market data is not available and that are developed to estimate fair value using the best information available to the Council about the assumptions that buyers or sellers would use when pricing the asset or liability. The most significant of these inputs used in fair value measurement include management assumptions around rent growth and vacancy levels of properties.



Annual Governance Statement 2022/23

1. Introduction

- 1.1 This statement provides an overview of how the Council's governance arrangements operate, including how they are reviewed annually to ensure they remain effective. Governance comprises the systems and processes, culture and values by which the Council is directed and controlled, and through which it is accountable to, engages with and leads the community.
- 1.2 A summary of significant governance challenges which the Council faces is given, alongside an explanation of what actions have been taken to bring about required improvements, and what work is still to be done. This provides transparency and gives assurance that the Council is committed to continuously improve the way in which it functions. More detail on particular topics can be accessed by clicking on the hyperlinks, which are highlighted and underlined throughout the document.
- 1.3 The Council operates in a complex and constantly evolving financial, policy and legislative environment. The role, responsibilities and funding models of local government continue to be in a period of rapid transition. The city continues to progress the delivery of its ambitious Our Manchester strategy, with staff, residents and stakeholders across the city engaged in working towards the realisation of the vision. The Council's Corporate Plan sets out its priority actions for delivering the strategy for the city.
- 1.4 Key challenges for the Council and the city as it continues its longer-term recovery from the COVID-19 pandemic include tackling health inequalities and supporting residents who are impacted by the cost-of-living crisis. Effective leadership and governance of the response to these challenges is critical. Making Manchester Fairer is the city's new action plan to tackle the preventable gap between people with the worst health and people with the best health over the next five years (2022-27), and with a view to the long-term.
- 1.5 The introduction of the Integrated Care System (ICS) arrangements at Greater Manchester level continues to drive the next phase of health and social care integration. The operating model for Manchester's health and social care integration is key to enabling further progress towards achievement of the priorities for the city. These ambitions are for the city to significantly improve health outcomes, tackle health inequalities and develop a financially and clinically sustainable system.
- 1.6 The changes taking place present both opportunities and challenges. Therefore, the Council must continue to engage in a broad programme of innovation and reform work so that it can maintain services for residents which are efficient, effective and deliver value for money using available resources. This document explains the governance mechanisms in place to ensure appropriate oversight of this work.

2. Scope of Responsibility

- 2.1 Manchester City Council (the Council) is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It is also responsible for

ensuring that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Council also has a duty under the [Local Government Act 1999](#) to make arrangements to secure continuous improvement in the way in which its functions are exercised.

- 2.2 In discharging these responsibilities, the Council must put in place proper arrangements for the governance of its affairs and effective exercise of its functions, which includes arrangements for the management of risk. The Council first adopted a Code of Corporate Governance in 2008, which was last updated in November 2022. The Code of Corporate Governance sets out the Council's governance standards. These standards ensure the Council is doing the right things, in the right way in a timely, inclusive, open, honest, and accountable manner. Some of these standards are required by law, while others are a matter for the Council to choose.
- 2.3 The approach to the production of the Annual Governance Statement (AGS) is reviewed annually to ensure that it remains consistent with the principles of the most recent Chartered Institute of Public Finance and Accountancy and the Society of Local Authority Chief Executives and Senior Managers (CIPFA/SOLACE) joint framework for delivering good governance in local government. CIPFA issued an update to the Framework in 2016, which has informed the preparation of the Annual Governance Statement (AGS) from 2016/17 onwards.
- 2.4 This AGS explains how the Council has complied with the Code of Corporate Governance. The AGS also meets the requirements of the [Accounts and Audit \(England\) Regulations 2015](#) regulation 6(1) which requires all relevant bodies to prepare an Annual Governance Statement (AGS).

3. [The Purpose of the Governance Framework](#)

- 3.1 The governance framework comprises the systems and processes, culture and values by which the Council is directed and controlled, and through which it is accountable to, engages with and leads the community. It enables the Council to monitor the achievement of the city's strategic objectives as set out in the [Our Manchester Strategy - Forward to 2025](#), and to consider whether those objectives have led to the delivery of appropriate, cost effective services. The Council's Corporate Plan sets out the Council's contribution to the Our Manchester vision. The objectives in Our Manchester and Our Corporate Plan are underpinned by the five Our Manchester behaviours;

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

- 3.2 The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve the Council's aims and objectives and can therefore not provide absolute assurance of effectiveness. The system of internal control identifies and prioritises risks; evaluates the likelihood of those risks being realised and the impact should they be realised; and aims to manage them efficiently, effectively and economically.

4. The Governance Framework

Corporate governance describes how organisations direct and control what they do. The Council operates to a [Code of Corporate Governance](#), updated versions of which are reviewed by Audit Committee. The Code is updated when appropriate, to ensure it reflects the Council's current governance arrangements.

The information below includes key examples of how the Council has adhered to its governance commitments set out in the Code and includes hyperlinks to sources of further information, which include more detail about how the Council has implemented its commitments.

The Council has a broad range of strategies and policies in place, and therefore this is not intended to be an exhaustive list. There is a particular focus in this statement on 'first tier' strategies which deliver on the five key themes of the Our Manchester Strategy (Thriving & Sustainable, Highly Skilled, Progressive & Equitable, Liveable & Zero Carbon, Connected City). More detail about particular areas of interest can be found on the Council's website manchester.gov.uk.

There are seven core principles of good governance in the public sector, which are set out below (principles 'A' through to 'G'). Each core governance principle has a set of sub-principles beneath it with a description of how we meet those principles. Where applicable, hyperlinks are also provided where you can access more information about key examples of governance in action.

Principle A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

A1 - Behaving with Integrity

- The Council's 'Our Manchester' approach included four behaviours that demonstrate the attitude and ways of working to achieve the Our Manchester Strategy, with a new fifth behaviour introduced in 2022:
 1. We are proud and passionate about Manchester
 2. We take time to listen and understand
 3. We own it and are not afraid to try new things

4. We work together and trust each other
5. We show that we value our differences and treat people fairly

These behaviours represent how we should do things, how we should treat others, what we should say, and how we should say it.

- We're prioritising workforce equality and diversity by creating a more inclusive Council, through delivering the Workforce Equalities Strategy 2022 [Equalities Strategy Implementation Update](#)

A2 - Demonstrating Strong Commitment to Ethical Values

- The Standards Committee champion high standards of ethical governance from elected members and the Council as a whole. A summary of its work is included in its Annual Report to Council. [Standards Committee Annual Report](#)

A3 - Respecting the Rule of Law

- The Council's City Solicitor undertakes the role of Monitoring Officer. The Monitoring Officer ensures that Council decisions are taken in a lawful and fair way, correct procedures are followed, and that all applicable laws and regulations are complied with. The City Solicitor is also responsible for reporting any actual or potential breaches of the law or maladministration to the Full Council and/or to the Executive, and for ensuring that procedures for recording and reporting key decisions are operating effectively. [Our Constitution](#) - article 12.3(b)
- The Chief Finance Officer (Deputy Chief Executive and City Treasurer) has statutory reporting duties in respect of unlawful and financially imprudent decision making. [Our Constitution](#) - article 12.4(a)
- The Council ensures that it complies with CIPFA's Statement on the Role of the Chief Finance Officer in Local Government (2016)

Principle B - Ensuring openness and comprehensive stakeholder engagement

B1 - Ensuring Openness

- The Council's website is set out in a clear and easily accessible way, using infographics and plain language. The information which residents use most, such as about Council Tax, and Waste and Recycling can be accessed quickly and easily from the main page. Design of the site has considered and incorporated understanding of the needs of people with accessibility requirements. [Manchester City Council website](#)

All Council and Committee meetings are held in public (other than in limited circumstances where consideration of confidential or exempt information means

- that the public are excluded), with agenda and reports available on the Council's website. Live-streamed webcasts of Council, Executive and Scrutiny committee meetings are available online, as well as in an archive which can be accessed on-demand. [Council Meeting Agendas and Reports](#) [Webcasts of Council Meetings](#)

B2 - Engaging Comprehensively with Institutional Stakeholders

- The Our Manchester Forum supports development of effective relationships across leaders of the city's key private, public, voluntary and community sector organisations and our residents. The Forum benefits the city by driving forward the priorities set out in the Our Manchester Strategy to put Manchester in the top-flight of world class cities by 2025. [Our Manchester Forum Information - The Manchester Partnership](#)
- The Council maintains a list of major partnerships in a Register of Significant Partnerships. This contains an assessment of the level of assurance for the governance arrangements of each partnership, shining a light on areas where improvements may be required - so that these can then be addressed. [Register of Significant Partnerships](#)

B3 - Engaging with Individual Citizens and Service Users Effectively

- Our Manchester Strategy 2016 - 2025 reset was underpinned by a comprehensive engagement exercise in 2020. Approximately 3,800 people were directly engaged with and their views captured, informing [Our Manchester Strategy – Forward to 2025](#)
- To promote transparency and wider engagement with Council decisions, residents can sign up for email e-bulletins and use social media to interact with the Council. [E-bulletins and Social Media](#)
- The Council ensures that community engagement is an integral part of how we work with residents and communities. Engagement activity has been key in the development of recent plans and strategies including [Public Engagement for Manchester Active Travel Strategy](#), [Zero Carbon Focused Communications and Engagement update](#) and the [Children and Young People Participation and Engagement Plan](#).

- Community consultation and involvement is delivered in accordance with the [Campaigning and Engagement Framework \(CEF\)](#).

Principle C - Defining outcomes in terms of sustainable economic, social, and environmental benefits

C1 - Defining Outcomes

- An extensive consultation in 2015 led to a 10-year strategy for the city – the Our Manchester Strategy 2016-2025 – which included a new approach to working across the whole organisation and with residents, partners and other key stakeholders. [Our Manchester Strategy – Forward to 2025](#) .Our vision remains for Manchester to be in the top-flight of world class cities by 2025, when the city will be:
 - Thriving and Sustainable – vibrant with a cutting-edge economy involving and fairly rewarding all our people.
 - Highly Skilled – work-ready, well-educated young people and all residents supported to take up opportunities.
 - Progressive and Equitable – so all can thrive, with better joined-up support, care and health services.
 - Liveable and Zero-Carbon – safe, enjoyable neighbourhoods with affordable housing, zero-carbon by 2038 using green growth and design, energy, and more climate-resilience.
 - Connected – more walking, cycling and green transport, and accessible digital technology used by and working for everyone.
- Our Corporate Plan sets out the Council’s contribution to the Our Manchester vision. These priorities align with the Our Manchester Strategy and further strengthen the Council and city-wide focus on the importance of Equality, Diversity, and Inclusion. The priorities are;
 - Zero carbon Manchester
 - Growth that benefits everyone
 - Young People
 - Healthy, Cared for people
 - Housing
 - Neighbourhoods
 - Connections

- Equality
- Well-managed Council
- We will help to deliver these priorities through new ways of working and by demonstrating the Our Manchester Behaviours.

C2 - Sustainable Economic, Social and Environmental Benefits

- The Council declared a Climate Emergency in July 2019 and developed a Climate Change Action Plan which was approved by Executive in March 2020. Quarterly reports are provided on the progress that has been made in delivering the Plan. [Climate Change Action Plan 2020-25 \(item 37\)](#) [Climate Change Action Plan - Progress Report](#)
- Making Manchester Fairer is the city's new action plan to tackle health inequalities – the preventable gaps between people with the worst health and people with the best health – over the next five years (2022-27), and with a view to the long-term. The plan is based on what Manchester's residents and staff from a range of organisations and agencies have told the Council in recent years, as well as the evidence of what works from research and experts on health inequalities. [Making Manchester Fairer Plan](#)
- Our Anti-Poverty Strategy draws upon evidence from residents, organisations, and national research to produce evidenced based recommendations to tackle poverty, its causes, and consequences. [Making Manchester Fairer: Anti-Poverty Strategy 2023-2027](#)
- A new Economic Strategy for the city is being developed during 2023 which will set out Manchester's approach to growth including focussing on developing a strong, competitive, inclusive, and resilient economy which will maximise benefits of the city's residents and businesses. This reflects the fact that the economic context for Manchester and the UK has changed considerably since the Our Manchester Industrial Strategy was developed in 2019, and Powering Recovery: Manchester's Recovery and Investment Plan was published in late 2020. [Economic Strategy Update](#)
- The new Housing Strategy explains how the Council will ensure provision of homes that residents want and need, while also considering the role of housing in the context of the Our Manchester Strategy, its contribution to the economic recovery of the city, and zero-carbon objectives. [Manchester Housing Strategy \(2022-2032\)](#)
- Our Work and Skills Strategy sets out how we will use learning and employment to meet the Our Manchester Strategy vision of being a more highly skilled city, and how we will help to create a more inclusive and low-carbon economy in Manchester, where more of our residents are connected to the city's success. A public

consultation on the new strategy ran until 9 May 2022. [Work and Skills Strategy 2022-27](#)

- The Council's approach to Social Value reflects the impact that COVID-19 has had on the city, and the role that social value can play in supporting the economic recovery. [Refresh of the Social Value Policy \(item 17\)](#)

Principle D - Determining the interventions necessary to optimise the achievement of the intended outcomes

D1 - Determining Interventions

- Decision makers receive accurate, relevant and timely performance and intelligence to support them with objective and rigorous analysis of options, covering intended outcomes, financial impact and associated risks informing efficient service delivery. This can take the form of regular performance reporting, or bespoke reports. [Executive Reports](#)
- The Future Shape of the Council programme has a workstream focussed on Digital, Data and Insights which includes projects on data management to address data quality challenges. This will ensure all data initiatives follow a well-defined approach to enable uniformity and consistency across systems and solutions and improving insights for decision makers. A key part of this is [The Resident and Business Digital Experience Programme \(RBDxP\)](#)

D2 - Planning Interventions

- The Council plans its activity at a strategic level through its budget and business planning cycle and does so in consultation with internal and external stakeholders to ensure services delivered across different parts of the organisations and partners complement each other and avoid duplication. The [Council's Budget 2023/24](#)
- The Council Budget and Business Plan are underpinned by individual service plans which set out the core priorities and activities for each service. The service plans also include a service improvement plan and active contributions to the corporate priorities of Zero-Carbon, Equalities, and a Place-Based approach. Service Plans have been further strengthened for the 2023/24 financial year with the inclusion of sections on Finance, Workforce Planning and Performance.

D3 - Optimising Achievement of Intended Outcomes

- The Council integrates and balances service priorities, affordability, and other resource constraints, supporting it to take into account the full cost of operations over the medium and longer term, including both revenue and capital spend budgets. This includes a medium-term financial plan. The report sets out the Framework for the Our Manchester Strategy and Corporate Plan priorities which provide the strategic context for the 2023/24 Budget. [Medium Term Financial Strategy](#)

Principle E - Developing the entity's capacity, including the capability of its leadership and the individuals within it

E1 - Developing the Organisation's Capacity

- The Council's Organisation Development Plan (2021-23) (OD Plan) is the way in which we embed Our Manchester. It builds on existing work to transform the culture of the organisation to deliver against the Our Manchester Strategy. The six priority areas in the OD Plan are; Purpose, Change, Decision and Risk, Diversity and Inclusion, Performance and Development, and Partnerships.
- The Future Shape of the Council programme is reshaping how Manchester delivers services both internally and externally, by using new technologies, ways of working and new delivery models. It is an organisational wide initiative bringing together several programmes designed to strengthen our ability to deliver the Our Manchester Strategy. [Future Shape of the Council](#)

E2 - Developing the Capability of the Organisation's Leadership and Other Individuals

- Immediately following local elections, new Council Members receive an induction into the work of the Council and their role as local members. The format and content are reviewed annually with members. The induction training is also open for existing members to attend. [Member Development and Training – Item 7](#)
- As part of the former Our People strategy, improved induction and appraisal processes ("About You") were introduced. These ensure all staff understand the part they will play in delivering the vision for the city in Our Manchester.

- The Council delivers a comprehensive programme of leadership and management development, which all managers have access to. Progress and support is monitored through the About You process.
- The Council is committed to promoting the physical and mental health and wellbeing of the workforce through both specific interventions and opportunities and as a central part of the role of all managers, through delivery of [The Health and Wellbeing Strategy](#). There is a dedicated intranet page with a wide range of support and guidance for staff and their managers covering a wide range of health and wellbeing topics and a 24/7 Employee Assistance Programme (phone line) providing a range of support.

Principle F - Managing risks and performance through robust internal control and strong public financial management

F1 – Managing Risk

- The Council operates a risk management framework that aids decision making in pursuit of the organisation's strategic objectives, protects the Council's reputation and other assets and is compliant with statutory and regulatory obligations. The Corporate Risk Register is part of this framework and is an articulation of the key risks impacting the Council. It is used to inform decision making, provide assurance over actions being taken to manage key risks and to inform directorate level risk management planning and mitigation activities. Named risk managers are identified in the Register for its key strategic risks. [Annual Corporate Risk Management Report and Corporate Risk Register](#)
- Staff are appropriately trained to ensure that they manage risk effectively using appropriate methodologies and aligned approaches, for example for Manchester Local Care Organisation. Safeguarding risks are managed in line with professional standards.

F2 – Managing Performance

- The Council puts in place Key Performance Indicators (KPIs) to monitor service delivery whether services are internal or through external providers. An Integrated Monitoring and Corporate Plan report is provided to Strategic Management Team (SMT) every other month. This brings together analysis of performance, finance, workforce intelligence and risk - to support effective resource allocation, and to shine a light on any challenges so that they can be addressed.

F3 – Effective Overview and Scrutiny

- The Council has six scrutiny Committees, which hold decision makers to account and play a key role in ensuring that public services are delivered in the way residents want. The agenda, reports and minutes are publicly available on the Council's website [Scrutiny Committees information](#)

F4 – Robust Internal Control

- The Council has robust internal control processes in place, which support the achievement of its objectives while managing risks. The Council's approach is set out in detail in both the latest Annual Corporate Risk Management report, and its Internal Audit Plan. [Internal Audit Plan 2022/23 - Item 6](#)
- The Council has an Audit Committee, in line with CIPFA's 'Position Statement: Audit Committees in Local Authorities and Police (2018)', which provides an independent and high-level resource to support good governance and strong public financial management. The Committee has two Independent Co-opted Members and provides a mechanism for effective assurance regarding risk management and the internal control environment. [Annual Corporate Risk Management Strategy and Risk Register 2022/23](#)
- The Council maintains clear policies and arrangements in respect of counter fraud and anti-corruption. These are the Anti-Fraud and Anti-Corruption Policy; Whistleblowing Policy; Anti Money Laundering Policy and the Anti Bribery Policy. [Committee details - Audit Committee](#)

F5 – Managing Data

- The processing of personal data is essential to many of the services and functions carried out by local authorities. The Council complies with data protection legislation, which includes UK GDPR (United Kingdom General Data Protection Regulation) and the Data Protection Act 2018 (DPA 2018). This will ensure that such processing is carried out fairly, lawfully, and transparently. [Data Protection](#)
- The Council reviews and supplement its policies, and also keep its processing activities under review, to ensure they remain consistent with the law, and any compliance advice and codes of practice issued from time to time by the Information Commissioner's Office (ICO).

- The Council ensures that officers handling personal data are trained to an appropriate level in the use and control of personal data. It is made clear that all staff and Members are personally accountable for using the Council's information responsibly and appropriately. All staff must undertake protecting information e-learning training, and this forms part of the induction process for new staff. Data protection forms part of the training offer for existing Members to access. It is also part of the induction programme for new Members and is included in the Council's new starters induction pack.
- Information Governance is overseen by the Corporate Information Assurance and Risk Group (CIARG) chaired by the City Solicitor who is the Senior Information Risk Officer for the Council (SIRO).
- The Council makes information available to the public via the information access regimes provided for by the Freedom of Information Act 2000 and the Environmental Information Regulations 2004. Data protection legislation, including the Data Protection Act 2018, provides individuals with various rights. The Council ensures that all valid requests from individuals to exercise those rights are dealt with as quickly as possible, and by no later than the timescales allowed in the legislation. [Freedom of Information](#) [Environmental Information Regulations](#)

F6 – Strong Public Financial Management

- The Council's approach to Financial Management ensures that public money is safeguarded at all times, ensuring value for money. Its approach supports both long-term achievement of objectives, and shorter term financial and operational performance.
- The Chief Finance Officer (Deputy Chief Executive and City Treasurer) ensures that appropriate advice is given on all financial matters, proper financial records and accounts are kept, and oversees an effective system of internal financial control. The Deputy Chief Executive and City Treasurer ensures well developed financial management is integrated at all levels of planning and control including management of financial risks, systems and processes. The Constitution (Part 5) details the financial regulations which underpin the financial arrangements. [Our Constitution \(Part 5\)](#)
- The Financial Management Code (FM Code) sets out the standards of financial management expected for local authorities and is designed to support good practice and to assist local authorities in demonstrating their financial sustainability. The FM Code was launched in 2019, with the first full year of compliance being 2021/22.

Information about the financial resilience assessment which the Council has carried out is set out in Section 5 of this AGS document – ‘Annual review of effectiveness of the governance framework’. [Medium Term Financial Strategy](#)

- Section 25 of the Local Government Act 2003 requires that when a local authority is making its budget calculations, the Chief Finance Officer (‘CFO’) of the authority must report to the Council on the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves. [Medium Term Financial Strategy](#)
- The performance and outcomes delivered through the companies, Joint Ventures and charities which the Council is a party to is monitored through the Commercial Board (chaired by the Deputy Chief Executive and City Treasurer) and Shareholder Panel (chaired by the Deputy City Treasurer). In addition, the Council’s loan and equity investments are also tracked through these routes to ensure that expected returns and repayments are in line with contractual agreements and forecasts. Furthermore, the [Register of Significant Partnerships](#) provides additional assurance through the detailed review of a number of entities which is reported to Audit Committee on a bi-annual basis.
- CIPFA’s Prudential Code of Practice and Treasury Management Code of Practice sets out the risk framework through which the Council manages its balance sheet and makes capital investment decisions. Alongside the Department for Levelling Up, Housing and Communities (DLUHC) guidance on minimum revenue provision, and the guidance on borrowing from the Public Works Loan Board (PWLB) which seeks to limit borrowing solely for yield, the Council has a strong regulatory framework that it adheres to. The Capital Strategy and capital approval process detail the approach to decision making on capital investments, and the Treasury Management Strategy details the approach for debt management and cash investing, both of which contribute to strong, ongoing financial management of the Council’s balance sheet. [Capital Strategy and Budget 2023/24 to 2025/26](#) [Treasury Management Strategy Statement 2023/24](#)

Principle G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability

G1 – Implementing Good Practice in Transparency

- The Council follows the Local Government Transparency Code 2015, which includes requirements and recommendations for local authorities to publish certain types of data. [Local Government Transparency Code](#)
- The Council's website is set out in a clear and easily accessible way, using infographics and plain language. Information on expenditure, performance and decision making is sited together in one place and can be accessed quickly and easily from the homepage. [Manchester City Council website](#)

G2 – Implementing Good Practices in Reporting

- The Council produces a detailed annual State of the City publication, which charts the city's progress towards its vision and priorities in the Our Manchester Strategy. [State of the City Report 2022](#)
- An integrated monitoring and Corporate Plan report is provided to Strategic Management Team (SMT) every other month. This brings together analysis of performance, finance, Corporate Plan delivery highlights and risk - to support effective resource allocation, and to shine a light on any challenges so that they can be addressed.
- A Communities of Identity report will be produced working with communities, Voluntary Community and Social Enterprise (VCSE) organisations, and partners to identify the different experiences of diverse communities in Manchester (due to be taken to Communities and Equalities Scrutiny Committee in July 2023).

G3 - Assurance and Effective Accountability

- The Council welcomes peer challenge, internal and external review and audit, and inspections from regulatory bodies and gives thorough consideration to arising recommendations. The outcome letter of the Inspection of Local Authority Children's Services for Manchester was published on the Ofsted website in May 2022. This grades the overall effectiveness of children's services as 'Good'. The report notes that services for children in Manchester have significantly improved since the last inspection in 2017, and that many areas of service provide consistent practice for most children and their families. This includes when children first need support, come into care, and leave care. [Inspection of Manchester local authority children's services](#)
- The Council monitors the implementation of internal and external audit recommendations. Assurance reports are presented to Audit Committee and Mazars (the Council's external auditors), summarising the Council's performance in

implementing recommendations effectively and within agreed timescales. [Audit Committee meetings](#)

- Public Sector Internal Audit Standards (PSIAS) set out the standards for internal audit and have been adopted by the Council. This process includes the development of an Emergent Audit Plan designed to invite comment from management and the Audit Committee.
- The Council requested a Corporate Peer Review from the Local Government Association (LGA) which took place from 30 November to 3 December 2021. The overall feedback from the peer reviewers was very positive for both the Council and the city. [Manchester City Council Peer Review and Action Plan](#) [LGA Corporate Peer Review](#)

5. Annual review of effectiveness of the governance framework

5.1 The Council has a legal responsibility to conduct an annual review of the effectiveness of its governance framework, including the systems of internal control. After conducting this review, the Council has assurance that its governance arrangements and systems of control are robust and reflect the principles of the Code of Corporate Governance.

5.2 The effectiveness of governance arrangements is monitored and evaluated throughout the year, with activity undertaken including:

- **Strategic Management Team (SMT)** - Responsibility for governance and internal control lies with the Chief Executive and the Strategic Management Team (SMT), which meets on a weekly basis to steer the organisation's activity.
- **Scrutiny and challenge by Council and its Committees** - The Council has four bodies responsible for monitoring and reviewing the Council's governance:
 - 1) **The Executive** - Proposes the budget and policy framework to Council and makes decisions on resources and priorities relating to the budget and policy framework
 - 2) **Audit Committee** - Approves the Council's Annual Accounts, oversees External Audit activity and oversees the effectiveness of the Council's Governance, risk management and internal control arrangements
 - 3) **Resources and Governance Scrutiny Committee** - Considers the implications of financial decisions and changes to corporate, partnership and city region governance arrangements
 - 4) **Standards Committee** - Promotes high standards of ethical conduct, advising on the revision of the Codes of Corporate Governance and Conduct for Members

- **Consideration of evidence sources to identify the Council's key governance challenges looking ahead to 2023/24 (see Action Plan at Section 7)** - These sources include:
 - Heads of Service online annual governance questionnaires, which provide a self-assessment of compliance with the Code of Corporate Governance. The questionnaire was sent to 52 different service areas, and the response rate was 97%.
 - Significant governance challenges in Partnerships as identified by the Council's Register of Significant Partnerships assessment process.
 - A meeting of key Senior Officers with responsibility for Governance, to identify and discuss emerging governance issues
 - Consideration of risks identified in the Corporate Risk Register
 - Emergent challenges identified by the work of Internal Audit
 - Where appropriate, carrying forward elements of action points from 2022/23 if substantial further challenges remain, and ongoing monitoring is required.
- **Head of Audit and Risk Management Annual Opinion 2022/23** - In terms of the year to March 2023, the Head of Audit and Risk Management can provide **reasonable** assurance that the Council's governance, risk, and control framework was generally sound and operated reasonably consistently in the year. The full opinion detail is set out in the Annual Audit Opinion 2022/23 report which was taken to June 2023 Audit Committee.
- **External Auditor's Review of the Effectiveness of Governance Arrangements** - The Council's external auditor is Mazars. They submit progress reports and their Annual Audit Letter to Audit Committee.
- **CIPFA Financial Management Code 2019 (FM Code)** - The authority has carried out a credible and transparent financial resilience assessment. This includes consideration of the CIPFA Financial Resilience Index which shows the Council to be relatively well placed on earmarked reserves and in a reasonably comfortable mid position on the other indicators. The only ratio classed as high risk relates to the low council tax base which is well understood and has mitigations in place. The index is not intended to represent the entire story on the financial sustainability of a Local Authority but provides some indicators of potential risk. In addition, the Chief Finance Officer has examined the major assumptions used within the budget calculations and associated risks. The Medium-Term Financial Plan and Capital Strategy have been updated to reflect the 2023/24 budget position including the current and anticipated financial impacts of continuing high levels of inflation.
- **Annual Report of the Standards Committee** - The Council is committed to promoting the highest standards of conduct by members and has adopted a Code of Conduct for all members as part of its constitution. The Annual Report of the Standards Committee is one of the Council's sources of governance assurance.

- **Governance of Significant Partnerships** – Assurance relating to governance arrangements of the Council’s significant partnerships is recorded on the Register of Significant Partnerships. Each partnership is self-assessed annually to provide assurance that effective arrangements are in place, and to highlight any governance challenges which need to be addressed.
- **Commercial Governance** – the Council has oversight and assurance for governance in relation to its companies, loans and equity investments via the Commercial Board and Shareholder Panel. Regular performance reporting is reviewed via these forums to ensure that the expected governance standards are met both in terms of the Seven Principles of Public Life and embedding the delivery of zero carbon and social value through organisational approaches.

6. Strategic oversight of actions to address the Council’s governance challenges in 2021/22

This section provides a concise high-level summary of strategic actions taken to address the Council’s governance challenges for the 2022/23 financial year, and the arrangements for oversight of delivery. The seven challenges were set out in the Action Plan at the end of last year’s AGS (2021/22). Where relevant, separate detailed progress updates are provided to Project and Programme Boards, and where applicable reports and information are taken to Committees.

Governance of actions taken and planned

- Activity continues to be delivered as part of the Organisation Development Plan with includes how we manage change, decision making and our approach to risk. This is underpinned by a renewed focus on ensuring we have good quality support in place, with fit-for-purpose processes and policies for staff and managers across the Council. The OD Plan supports the embedding of the Our Manchester behaviours and involves a continuous programme of activity.
- A [HROD Update report](#) to Resources and Governance Scrutiny Committee in July 2022 provided an overview on HROD activity within the Council, including updates on Our Ways of Working, Service Design and the Performance Management framework and approach.
- HRODT (Human Resources, Organisational Development and Transformation) have implemented an employee led user-centred design approach called Service Design which builds on the insights and experience of staff. The approach reflects the voice of the workforce and sets out activity across six key priorities:
 - Building a sense of purpose and belonging
 - Decision making and risk
 - Improving our approach to performance and development
 - A new approach to change
 - Diverse and inclusive (in conjunction with the Workforce Equality Strategy)
 - Partnerships and relationships

Next steps include a review of the OD Plan with refreshed priorities for 2023-25.

Is this governance challenge carrying forward to 2023/24?

Yes

Officer Leads: Director of HRODT, Deputy Chief Executive & City Treasurer, City Solicitor

How this is monitored: Resources and Governance Scrutiny Committee

Action 2 - Future Shape of the Council – Ensure effective governance of the coordination of, and interdependencies between the work programmes which will deliver the next steps to reshape how Manchester City Council operates, including using new technologies, ways of working and new delivery models.

Governance of actions taken and planned

- The Future Shape of the Council programme continues to reshape how Manchester delivers services both internally and externally. It is an organisational wide initiative bringing together several programmes designed to strengthen our ability to deliver the Our Manchester Strategy.
- To integrate and align service changes and internal transformations within the functions of HROD, the remit of the HROD Director was extended to include Transformation in November 2022. The Future Shape programme team moved to be within the remit of the Director of HRODT.
- The Deputy Chief Executive and City Treasurer is the Executive sponsor for the programme. The Director of HRODT is the SRO and the programme updates are accountable to SMT. The strategic board for Future Shape schedule to meet quarterly with the four main workstream leads meeting every six weeks.
- The Resident and Business Digital Experience Programme (RBDxP) sits under the Future Shape: Digital by Default, Customer Access and Front Door workstreams. Three core user groups have been devised, made up of service users, residents and businesses, to help design digital services, support implementation and ensure that solutions meet user requirements and accessibility needs.

Is this governance challenge carrying forward to 2023/24?

Yes

Officer Leads: Director of HRODT, Deputy Chief Executive & City Treasurer

How this is monitored: The Executive, Scrutiny Committees

Action 3 - Governance of the coordination of delivery of our commitments on equality, diversity, and inclusion in relation to Manchester's citizens, and to our workforce. This includes delivery of both the Workforce Equality Strategy and the Race Equality programme. Also in scope is co-ordination of work to mitigate the negative impacts of health inequalities

exacerbated by the COVID-19 pandemic, highlighted by the Marmot report (Building Back Fairer, 2020).

Governance of actions taken and planned

Equality, Diversity, and Inclusion:

- The Corporate Equality Diversity and Inclusion Leadership Group (CEDILG) which is chaired by the City Solicitor (the SMT lead for equalities) provides corporate leadership, assurance and direction on equalities diversity and inclusion. They work with staff network chairs in respect of issues raised and provide regular reporting regarding workforce and development.
- Equality, Diversity, and Inclusion work continues to have high visibility across the Council. Reflecting the corporate priority of their work, the Equality, Diversity, and Inclusion (EDI) team has moved to be within the remit of the new Joint Director of Equality, Inclusion and Engagement for the Council and the NHS. The work programme of the EDI team is being aligned with wider work addressing health inequalities highlighted by the Marmot report, and engagement work. The postholder reports into the Director of Population Health.
- The Communities and Equalities Scrutiny committee have considered reports over the past year on: [Safety of Women and Girls](#), the [Armed Forces Covenant Annual report](#), and the [Public Sector Equality Duty \(PSED\) Annual Report 2022](#).
- The [Workforce Equality Strategy Implementation Update](#) was taken to Resources and Governance Scrutiny committee in November 2022. Staff Equality Networks continue to operate, and a new network has been established for Neurodiversity. A training programme called “Let’s Talk About Race” is now embedded as part of the mandatory training package for all staff.
- The Council has procured a new recruitment system, implemented in January 2023, capturing for the first time the protected characteristics data of applicants, which will facilitate the analysis of shortlisted and appointable candidates, and help identify where recruitment procedures may need further development and improvement.

Coordination of work to mitigate health inequalities:

- An [Update on Making Manchester Fairer Task Group](#) was reported to Health Scrutiny Committee in October 2022. The Task Group and Network have oversight of the collective development and delivery of the Making Manchester Fairer Action Plan, and include representatives of the Council, Manchester Local Care Organisation (MLCO), Housing Providers, Police, VCSE, and Health.
- An [Anti-Poverty strategy update](#) was taken to Economy Scrutiny Committee in November 2022 which included the outcome of an Equality Impact Assessment on the strategy, confirming that all communities of identity were more likely to live in or experience poverty. Poverty is a known factor linked to inequality in health outcomes and increased use of health services.

Further work planned for 2023/24 includes a report on Communities of Identity to be taken to Communities and Equalities Scrutiny in July 2023.

Is this governance challenge carrying forward to 2023/24?

Yes

Officer Leads: Director of HRODT, Director of Inclusive Economy, Director of Public Health, Head of Reform and Inclusion, Chief Executive, City Solicitor, Strategic Director – Development

How this is monitored: Resources and Governance Scrutiny Committee, Communities and Equalities Scrutiny Committee

Action 4 - Governance of the response to national and international demands, including emergency responses. This includes responding effectively to Government-led programmes of support, for example the energy rebate, and support schemes for Afghan and Ukrainian migrants.

Governance of actions taken and planned

- Response to national and international demands entail financial expenditure for the Council and as a result receive scrutiny and governance through the established budget monitoring processes. Responses which incur significant expenditure (that of over £500k) are required by the Council's Constitution to be published on the [Register of Key Decisions](#), to keep Members informed of decisions being made and where appropriate, included in the work programme of the Committee.
- The [Our Manchester Progress Update](#) to Council Executive, provided an overview on the support to Ukrainian evacuees.
- Council Executive meeting in February 2023 reviewed the [Revenue Budget Monitoring Report](#) which included the Energy Rebate Scheme arrangements, the responsibility for which were delegated to the Deputy Chief Executive and City Treasurer, in consultation with the Executive Member for Finance and Human Resources. The design of any discretionary elements of the scheme were subject to agreement by the Council's Anti-Poverty Group – chaired by the Deputy Leader and reported back to the Executive.

Is this governance challenge carrying forward to 2023/24?

No

Officer Leads: Chief Executive, Deputy Chief Executive and City Treasurer, Strategic Director - Neighbourhoods

How this is monitored: Scrutiny Committees

Action 5 - Ensure effective governance of the next phase of health and social care integration. This includes the next steps in the development of Manchester Local Care Organisation (MLCO) as the delivery vehicle to reduce health inequalities and improve the health and well-being of the people of Manchester, and work to develop the Manchester Operating Model supporting the introduction of the Integrated Care System (ICS) at Greater Manchester (GM) Level from July 2022.

Governance of actions taken and planned

Executive, in October 2022, considered the report on [The Establishment of the GM Integrated Care Partnership Board](#), (GM ICP) and approved the proposal of establishing it as a joint committee, with the proposed terms of reference. The Council's representative on the GM ICP will be the Leader of the Council with the Executive Member for Healthy Manchester and Adult Social Care acting as deputy.

The Integrated Care Board (ICB) for Greater Manchester (NHS GM) was established with effect from 1 July 2022 replacing ten CCGs in Greater Manchester. The existing Section 75 partnership agreement between the Council and the CCG was transferred to NHS GM on that date.

Council Executive February 2023 considered a report of the Chief Executive on [Health and Care Integration: Establishment of Manchester Partnership Board \(MPB\) as the Locality Board of Manchester](#) bringing together responsibility for the pooled budget with the exercise of NHS GM functions delegated to place level.

Health and Wellbeing Boards will continue to play a key role within integrated care systems. MPB's decisions will be informed by the Joint Strategic Needs Assessment and Health and Care Strategy that were produced by the Health and Wellbeing Board, and decisions will be reported to the Health and Wellbeing Board in Manchester.

Is this governance challenge carrying forward to 2023/24?

Yes, and amalgamated with Action 6

Officer Leads: Director of Adult Social Services, Deputy Chief Executive & City Treasurer, Assistant Chief Executive, Deputy Director of Adult Social Services

How this is monitored: Health Scrutiny Committee

Action 6 - Effective governance with MLCO in preparation for the significant reforms facing Adult Social Care (ASC). This includes the work to move to a Fair Cost of Care, the implementation of the Care Cap, and the planned changes to the Care Quality Commission (CQC) inspection regime.

Governance of actions taken and planned

Fair Cost of Care and Care Cap:

A report on [Charging Reforms and the Fair Cost of Care](#) was taken to Health Scrutiny in November 2022, confirming that a Fair Cost of Care programme has been undertaken in accordance with government requirements and the returns submitted accordingly including:

- Cost of care report for Residential and nursing care for people aged 65+, and Home care for people aged 18+
- Provisional Market Sustainability Plan
- Spend report – containing a breakdown of how funding has been allocated to support 65+ care homes and 18+ domiciliary care markets, and specifies how much funding has been used for implementation activities and funding fees increase

CQC Reforms:

The Health and Care Act 2022 gave the CQC new regulatory powers to undertake independent assessment of local authorities' delivery of regulated care functions and an [Adult Social Care Assurance Report – Care Quality Commission](#) was provided to Health Scrutiny Committee in January 2023.

Is this governance challenge carrying forward to 2023/24?

Yes, and amalgamated with Action 5

Officer Leads: Director of Adult Social Services, Deputy Chief Executive & City Treasurer, Deputy Director of Adult Social Services

How this is monitored: Health Scrutiny Committee

Action 7 - Responding to the recommendations from the LGA Peer Review, including developing the next 3–5-year Medium Term Financial Plan and Capital Strategy. This will involve early planning to address challenges including financial risks (for example inflation and ASC reforms), uncertainty about our future resources with the one-year Finance

Settlement, potential delays to the proposed funding reforms, and restraints on the capital programme including increased borrowing costs.

Governance of actions taken and planned

The initial [Peer Review Report and Action Plan](#) was taken to Resources and Governance Scrutiny in March 2022 with the delivery of actions being overseen through SMT and by Executive Members.

A follow-up visit for the Peer Review team to check in on progress was held in September 2022.

[A report on the Medium-Term Financial Strategy](#) was taken to Council Executive in February 2023.

Is this governance challenge carrying forward to 2023/24?

No

Officer Leads: Deputy Chief Executive & City Treasurer, Assistant Chief Executive

How this is monitored: Resources and Governance Scrutiny Committee, The Executive

7. Action Plan: Governance Challenges for 2023/24 Onwards

The review of governance arrangements has identified five main areas where the Council will need to focus its efforts during 2023/24, to address changing circumstances and challenges identified. These are set out in the section below. Completion or substantial progress against these objectives is due by the end of the financial year, in March 2024.

Action 1 – Continuing to embed and deliver the Organisation Development (OD) Plan 2021-23 to further improve Council wide governance arrangements.

- Responsible officers (SMT): Deputy Chief Executive & City Treasurer, City Solicitor
- Responsible officers (Directors or Heads of Service): Director of HRODT

- How this is monitored: Resources and Governance Scrutiny Committee

Action 2 – Effective updating, communication, and accessibility of key policies, including assurance over policy being put into practice. Effectively support the continued development of manager capabilities, to ensure policies are consistently implemented and adhered to.

- Responsible officers (SMT): Deputy Chief Executive & City Treasurer
- Responsible officers (Directors or Heads of Service): Director of HRODT
- How this is monitored: Resources and Governance Scrutiny Committee

Action 3 – Future Shape of the Council – Ensure effective governance of the coordination of, and interdependencies between the work programmes which will deliver the next steps to reshape how the Council operates, including using new technologies, ways of working and new delivery models.

- Responsible officers (SMT): Deputy Chief Executive & City Treasurer
- Responsible officers (Directors or Heads of Service): Director of HRODT, Director of ICT
- How this is monitored: The Executive, Scrutiny Committees

Action 4 – Ensure effective governance of the next phase of health and social care integration and reform. This includes:

- The next steps in the development of Manchester Local Care Organisation (MLCO) as the delivery vehicle to reduce health inequalities and improve the health and well-being of the people of Manchester;
- Deliver work to develop the Manchester Operating Model embedding effective delivery of the Integrated Care System (ICS)
- Partnership arrangements to deliver the Making Manchester Fairer Strategy.
- Ensuring alignment with GM of systems and working culture.

Effective governance with MLCO in preparation for the significant reforms facing Adult Social Care (ASC). This includes the work to move to a Fair Cost of Care, the implementation of the Care Cap, and the planned changes to the Care Quality Commission (CQC) inspection regime.

- Responsible officers (SMT): Director of Adult Social Services, Deputy Chief Executive & City Treasurer, Assistant Chief Executive

- Responsible officers (Directors or Heads of Service): Deputy Director of Adult Social Services
- How this is monitored: Health Scrutiny Committee

Action 5 - Governance of the coordination of delivery of our commitments on equality, diversity, and inclusion in relation to work with communities, our partners, and our workforce. This includes delivery of both the Workforce Equality Strategy and the Race Equality programme. Also in scope is co-ordination of work to mitigate the negative impacts of health inequalities exacerbated by the COVID-19 pandemic, highlighted by the Marmot report (Building Back Fairer, 2020).

- Responsible officers (SMT): Chief Executive, City Solicitor
- Responsible officers (Directors or Heads of Service): Director of HRODT, Joint Director of Equality, Inclusion and Engagement
- How this is monitored: Resources and Governance Scrutiny Committee, Communities and Equalities Scrutiny Committee

Action 6 - Effective governance of the Housing Services Improvement Plan to ensure the Council delivers improvements to housing for tenants and meets the requirements of the Social Housing Regulator including safe housing. This requires corporate support from different services and directorates to support the insourced Housing Operations service within the Neighbourhoods Directorate.

- Responsible officers (SMT): Strategic Director - Neighbourhoods
- Responsible officers (Directors or Heads of Service): Director of Housing Operations
- How this is monitored: Resources and Governance Scrutiny Committee

Action 7 – Embedding of new capital governance arrangements to maximise the benefit that can be gained from more limited capital resources. This includes building into the process a stronger approach to planning for place, and a greater focus on neighbourhoods and communities.

- Responsible officers (SMT): Deputy Chief Executive and City Treasurer, Deputy City Treasurer
- How this is monitored: Executive, Resources and Governance Scrutiny Committee

Conclusion

The governance arrangements as described above have been applied throughout the year, and up to the date of the approval of the Annual Accounts, providing an effective framework for identifying governance issues and taking mitigating action. Over the coming year the Council will continue the operation of its governance framework and take steps to carry out the actions for improvement identified in the review of effectiveness to further strengthen its governance arrangements.

Signed Councillor Bev Craig (Leader of the Council):

A handwritten signature in black ink, appearing to read 'BA Craig', written in a cursive style.

Signed Joanne Roney (Chief Executive):

A handwritten signature in black ink, appearing to read 'Joanne Roney', written in a cursive style.

Audit Status

The City Council's accounts are subject to audit in accordance with the Local Audit and Accountability Act 2014 and the National Audit Office's Code of Audit Practice.