



Annual Statement of Accounts 2021/22

Contents

Our 2021/22 Narrative Report	3
Statement of Responsibilities for the Annual Statement of Accounts.....	60
Comprehensive Income and Expenditure Statement	62
Balance Sheet.....	64
Movement in Reserves Statement.....	66
Cashflow.....	67
Notes to the Core Financial Statements	78
Housing Revenue Account (HRA) Income and Expenditure Statement	230
Movement on the Housing Revenue Account statement.....	231
Notes to the Housing Revenue Account	232
Collection Fund	235
Notes to the Collection Fund Statement.....	237
Group Accounts.....	240
Group Comprehensive Income and Expenditure Statement	240
Group Movement In Reserves Statement.....	243
Group Balance Sheet –	245
Group Cash flow statement	247
Notes to the Group Accounts.....	248
Glossary of Financial Terms	270
Annual Governance Statement 2021/22	276
Audit Status.....	312

Our 2021/22 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 2021/22, and how we are planning ahead to respond as effectively as possible to future challenges.

Our thriving and vibrant city

The city's growing population was estimated to be around 587,400 mid-2021, and by 2027 Manchester is forecast to be home to over 639,300 people.¹ The city's growing economy has been crucial to its overall success and resilience. Manchester is the third most visited city in the UK and is renowned both nationally and internationally as a vibrant, inclusive and outward-looking city.

While the city has made great progress, there are significant challenges relating to areas of deprivation, health outcomes for residents, and those residents living in poverty.

We closely monitor the implications of government policy (introduction of Integrated Care Systems (ICSs) from July 2022 for example) so that we are well placed to anticipate and mitigate negative impacts and grasp opportunities.

¹ Estimate based on in-house forecasting model (MCCFM) which accounts for residential building underway in 2021 and is dependent on strong recovery from impacts of COVID-19.

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

Our Council

Our commitment to good governance

We make decisions affecting Manchester and its residents on a daily basis. We are made up of 96 councillors elected by residents across the city's 32 wards. These elected representatives have the authority to make decisions affecting the city. Approximately 7,200 Council staff deliver public services across five directorates: Adult Social Care, Children's Services, Neighbourhoods (including Homelessness), 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, intelligent and open decision making, and accountability and transparency. We have set out our governance standards in our [Code of Corporate Governance](#) (The Code), which forms part of our Constitution. The Code explains how the vision and values of the organisation – the Our Manchester principles - are at the heart of the Council's approach to governance. Our [Annual Governance Statement](#) (AGS) reviews the extent to which we have met the Code's standards, and describes the progress made throughout the year in addressing our key governance challenges.

Our strategy and objectives

Our mission is to support the delivery of the vision for the city set out in the [Our Manchester Strategy](#). 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 include young people, the economy, health, housing, the environment, and infrastructure, with equality and inclusion as a cross-cutting theme. The [Our Manchester Strategy – Forward to 2025](#), resets our priorities to 2025, acknowledging - but looking beyond the current challenges.

Our Corporate Plan sets out how we – as a Council – will help make the Our Manchester vision for 2025 a reality. Our Plan was refreshed in February 2021, in light of the events of 2020, to reflect the importance of delivering on our equality, diversity and inclusion commitments. Our Plan's priorities are aligned to the strategy for the city and the city region and they inform the Council Business Plan and Budget Report. [Our Revenue Budget Strategy](#) and [Capital Budget Strategy](#) are aligned to the Our Manchester Strategy and what Manchester people value most.

Our Council Business Plan is the internal document that sets out the activities we need to complete to deliver the Corporate Plan. The Business Plan is developed from contributions from across all services and departments, through our service-planning process.

Each service plan outlines the successes of the past 12 months, the key priorities for the coming 12 months, and the critical tasks needed to achieve them. Recent changes to the plan template give a stronger focus to embedding zero carbon, a place-based approach and meeting the Council's equality objectives. '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 demonstrates every council officer's role in delivery the priorities for the city.



Our Culture and Values

In support of delivering 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 strength-based and founded on a common set of principles that would be 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.
- We show that we value our differences and treat people fairly

Alongside this are four principles, and together the behaviours and principles guide the workforce in working in an ‘Our Manchester Way’.

- Better lives – it’s about people
- Listening – we listen, learn and respond
- Recognising strengths of individuals and communities – we start from strengths
- Working together – we build relationships and create conversations.

The Our Manchester approach focuses on demonstrating how the values and behaviours apply in real life, ensuring that they are woven through everything we do. From the year of introduction (2016/17), this has involved a journey of testing, learning and embedding the approach. The five Our Manchester behaviours have been adopted by the organisation, but we know that the extent to which the behaviours are adopted varies across individuals, teams and services.

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 recognised the need for the Council, and the City as a whole, to do more to reduce CO2 emissions and mitigate the negative impacts of climate change. It also demonstrated the Council's commitment to be at the forefront of the global response to climate change and to lead by example. The Council had already adopted a science-based carbon budget for Manchester of 15 million tonnes of CO2 between 2018 and 2100 following analysis by the Tyndall Centre for Climate Change Research. This also committed the city to become zero carbon by 2038 at the latest.

The [Council's Climate Change Action Plan 2020-25](#) (CCAP) was developed to ensure that all aspects of the Climate Emergency Declaration were converted into clear actions with tonnes of CO2 savings included where applicable. The Plan builds on over a decade of previous activity which has seen the Council's direct CO2 emissions reduce by 63.4% between 2009/10 and 2020/21.

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

- Analysis by Climate Emergency UK compared climate action plans from 409 UK local authorities. Manchester City Council was placed first amongst single tier authorities, and third overall. Our CCAP 2020-25 was rated one of the strongest in the country.

- A £19.1m Public Sector Decarbonisation Scheme - Phase one has been delivered across eleven Council buildings, with a range of measures to support heat decarbonisation, energy efficiency and renewable energy generation being installed. In collaboration with Greater Manchester Combined Authority, the Council has been successful in securing a further £5.9m investment under Public Sector Decarbonisation Scheme Phase three.
- The Civic Quarter Heat Network is now live and recognisable within the city centre by the Tower of Light installation. Six surrounding buildings are receiving their energy from the network and the Town Hall will be connected once the renovations are complete.

As we are nearly halfway through the Climate Change Action Plan 2020-25, a midpoint refresh is underway to ensure that actions remain relevant, ambitious and in line with our zero-carbon target. The refresh is due to be complete in Autumn 2022.

Our Climate Change Action Plan sits alongside the citywide framework produced by Manchester Climate Change Partnership. The framework sets out what Manchester collectively needs to do to play its full part in limiting the effects of climate change. While we are reducing our direct emissions, we are also 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.

Manchester's economy is now showing strong signs of recovery from the pandemic, although this brings new economic challenges, such as skill shortages in the hospitality industry, and a shortage of materials in construction. There are also high levels of job vacancies, reduced retail spending, and fewer restaurant bookings. There is significant uncertainty about the enduring impact of the pandemic on the visitor economy – 70% of the £9billion value was lost during 2020.

The Manchester [Economic Recovery and Investment Plan](#) was developed to respond to the challenges of the COVID-19 pandemic and is structured around the three pillars of the Industrial Strategy. The Plan sets out several asks for the Government, including four strategic projects to drive an inclusive and sustainable recovery: Zero-Carbon Housing Retrofit, Innovation, City Centre and Urban Realm, and North Manchester.

A highly skilled workforce is essential to ensure Manchester's economy continues to thrive. Over the past 15 years, radical improvements have been seen in the skill levels of residents. In 2020, 48% of Manchester residents had a degree-level qualification, up from 27% in 2004. The proportion of residents with no qualifications fell substantially from 24.7% in 2004 to 7.8% in 2020. Strong graduate retention supports the improving skills base in the city and attracts investment. Of 2018/19 Manchester

graduates, 23% are working in the city, with a further 13% working elsewhere in Greater Manchester.

The [Our Manchester Industrial Strategy](#) sets out Manchester's vision and delivery 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.

Child poverty, in-work poverty and the gap between resident and workplace wages all present challenges to an inclusive economic recovery. 46,700, or 42% of children were estimated, by the End Child Poverty Coalition, to be living in poverty in March 2020. 23.1% of Manchester residents in work were paid less than the Real Living Wage in 2021, compared to 14.6% of employees working in Manchester. 37% of Universal Credit claimants were in work at the end of 2020.

In certain communities there remain concentrations of residents with low or no qualifications, alongside issues of social exclusion and poor health. For example, the proportion of the city's 50-64 year olds claiming out of work benefits in November 2021 was 30.1%. The restrictions and economic lockdowns of the COVID-19 pandemic led to a fall in apprenticeships in 2020/21, for example a 31% decrease for under-19s. The economic impact of COVID-19 has disproportionately hit some communities - particularly those communities experiencing racial inequalities.

² Activities that provide the essential goods and services for everyday life. These include utilities, food production and processing, retail and distribution, and health, education, housing and welfare.

Social Value

Social value continues to be a major priority for the Council through its procurements, its wider influence with external organisations and through its own operations. 2021/22 saw several actions and developments taken forward, including:

- Launch of new initiatives such as Our Year, which has involved diverse parts of the Council, suppliers and partner organisations working together to support children and young people in the city.
- The development of a social value framework for the North Manchester developments, involving several key partners working together – including the Council, NHS, Far East Consortium – as well as suppliers.
- New schemes supported through the Social Value Fund, which are supporting social value priority groups (e.g., schemes to support young people who are not in education, employment or training).
- An additional 10% environmental weighting was introduced to the Council's procurement processes, helping to reduce our consumption-based emissions and supporting local suppliers to reduce their carbon emissions.

An 'Anchors Pilot', launched in September 2021, will deliver a 12-18 month programme, aimed at supporting Manchester to become a Living Wage City. The pilot comprises ten anchor institutions including the statutory, business, and cultural sectors. It will aim to

foster buy in across these sectors to create long term change in relation to sustainable, secure, and well-paid work for residents.

In terms of impact, the latest Centre for Local Economic Strategies (CLES) annual [Spend Analysis 2020/21](#) of the Council's top suppliers, published in February 2022, included analysis of social values. Headlines are as follows:

- The Council spent £461m with its top 300 suppliers in 2020/21. CLES estimates that these organisations re-spent £156m back into the Manchester economy (e.g., through pay to employees and local suppliers)
- 59.3% of the spend was with Manchester-based organisations
- 50.9% of the spend was with small or medium-sized enterprises (SMEs)
- CLES estimates that the suppliers:
 - created an estimated 2,300 jobs in Manchester and 2,700 employment opportunities for 'hard to reach' individuals in Greater Manchester;
 - provided over 140,000 hours of support to the voluntary and community sector in Manchester;
 - created over 600 apprenticeships in Manchester

'Build Back Fairer' - responding to Economic Inequalities

Greater Manchester has been disproportionately negatively impacted by the COVID-19 pandemic. Mortality rates 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.

The Institute of Health Equity's report '[Build Back Fairer in Greater Manchester: Health Equity and Dignified Lives](#)' (2021) highlights how levels of social, environmental and economic inequalities in society are damaging health and wellbeing. It provides a framework for how Greater Manchester can 'Build Back Fairer' in the aftermath of the COVID-19 pandemic.

The scale of the challenge of poverty and unemployment has been further exacerbated in Manchester by the COVID-19 pandemic and its associated lockdowns and restrictions. The claimant count in Manchester (Jobseeker's Allowance (JSA) and unemployed Universal Credit (UC) claimants combined) increased 104% between March 2020 to March 2021 (from 17,740 to 36,100) and has since come down significantly from the peak to be 24,320 in April 2022. However, the total number of people on Universal Credit – both in work and not in work - has fallen less substantially, from 79,197 in April 2021, to 75,226 in April 2022. This highlights ongoing financial challenges for those who are in work, but who also need to claim benefits to supplement their income.

In Manchester residents under 25 were initially the most severely economically impacted by COVID-19, however all age groups saw increases. Unemployment also increased in wards corresponding to areas with higher Black, minority ethnic populations.

Ethnic minority groups also faced disparities long before the onset of the pandemic. In Greater Manchester all Black, Asian and

minority ethnic groups have been found to be less likely to be employed pre-COVID-19 than White people.

Job losses have been greatest in sectors that were most severely impacted by the COVID-19 restrictions and lockdowns including retail, hospitality, accommodation, leisure and tourism, and personal care activities. Generally, these are sectors which employ more young people and people from Black and minority ethnic communities and tend to be lower paid and have a larger number of employees on casual contracts.

A Marmot Task Group made up of leaders from across the public and voluntary sectors is working with organisations, communities, and residents to develop an Action Plan to address these challenges. Eight themes have been identified which we need to take action on:

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

In addition, there are four large groups of people who will have an additional focus to improve health equity across the city. Four 'gamechanger' projects will involve work with these groups to kickstart the plan:

1. Young children from communities that experience racial inequality and their families.
2. Young people whose mental wellbeing has been impacted by the pandemic.
3. Adults, facing multiple disadvantage and barriers to wellbeing, but aren't eligible for any statutory services.
4. People who are out of work or at risk of falling out of work due to ill-health (physical or mental health or long-term conditions).

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 it is vital that we invest in the next generation to build a successful, world class city that is full of opportunities. The Plan highlights how agencies and organisations will work together with children and young people to ensure that they can enjoy a safe, happy, healthy and successful future.

The pandemic has had a big impact on our children and young people. To support our next generation Our Year 2022 has been established to celebrate Manchester's children and young people with a whole-city approach to help them shape a future that's safe, happy, healthy and successful. It will be a year of action together, to create more activities, opportunities, experiences and support for our children and young people.

Manchester is now amongst the top performing local authorities for services to children in the North West after being officially rated 'Good' by Ofsted. The rating follows a full inspection in March 2022 and is the first time the Council has been rated 'Good' since the body first started inspecting local authority services. This shows the substantial improvements that have continued to be made since the Council's rating of 'Requires Improvement' at its last full inspection in 2017.

Evidence has demonstrated the effectiveness of investing in Early Help and prevention in Children's and Health and Social Care services. The most recent evaluation in August 2020 showed that Early Help has developed into a full multi-agency approach, with over 11,000 families and 44,000 individuals receiving support in the past five years. There are signs this has supported lower demand for statutory services and a positive financial position for Children's Services. The introduction of a new way of working at the 'front door' of Children's Services has seen the safe reduction of referrals into Children's Social Care from around 13,250 in 2017/18 to some 7,500 in 2020/21. The Council's Children Services has further consolidated the [Children Services Locality Delivery Model](#),

including continued implementation of the locality social work model and implementation of locality based Front Door (Advice and Guidance Service), a multi-disciplinary, localised and responsive offer for children and their families.

Our approach to promoting and enabling children to live in stable, safe and loving homes has resulted in 75 children de-escalated from pre-proceedings, 82% of cared for children in family-based care, and a reduction in Looked after Children admission rates from 46 to 40.6 per 10,000 during 2021/22.

To ensure a safe and effective transition at all life stages the [Start Well Strategy 2022 – 2025](#) has been launched, and the Council is leading the approach to rolling out the House Project across Greater Manchester, offering more care leavers more support and more choice.

The voices of children and young people are valued in all areas of our work, so that 94% of children and young people now participate in their reviews and influence their support package.

Priorities for 2022/23 include further consolidation of the Children Services Locality Delivery Model, through collaboration and further integration of services with our partners, promoting equality of opportunity, and improving the outcomes for children and young people.

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), underpinned by a section 75 agreement between the Council and Manchester University Hospitals Foundation Trust (MFT), as well as an overarching Partnering Agreement that includes primary care and mental health in the city.

The MLCO vision is working together we can help 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 change programme focused on supporting the people of Manchester to achieve better life outcomes with less dependence on formal care. Embedding strength-based practice across our teams is a key component of this and has already resulted in increased independence for citizens:

- Reduction in homecare demand by 8% through 2021/22
- An average of 54 additional people per month benefitting from reablement in 2021/22 compared to 2020/21, with on average 57% needing no further care

Work is underway and planned for the development of the Manchester Operating Model supporting the introduction of the Integrated Care System at GM Level from July 2022. This includes formalising the Council's Chief Executive as the 'Place-based Lead' as well as the support arrangements and the deployment of key functions formally delivered by the Manchester Clinical Commissioning Group (CCG) – Manchester Health and Care Commissioning (MHCC).

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 development of the Build Back Fairer Action Plan 2022-2027, as outlined earlier in this report.

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 growth in housing across the city and transformation of the city centre has been a feature of the past two decades, including significant investment in affordable housing. Manchester's new Housing Strategy (due to be published in summer 2022) will set out the role of the sector in the context of the Our Manchester Strategy, its contribution to the economic recovery of the city and our ambitions towards zero carbon, 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 Housing Strategy represents a significant change in the scale of our ambitions for delivery of affordable homes, and the ways that we build them. We are setting a target of delivering 10,000 new affordable homes by 2032. This will mean making more innovative use of our land, working with new partners, expanding the ways we can deliver (including via the Council's own vehicle – 'This City') and identifying new sources of funding.

A key contributor to our housing ambitions is the Victoria North redevelopment project. Jointly developed and funded by Far East Consortium (FEC) and the Council, Victoria North is set to create 15,000 new homes across 155 hectares and seven neighbourhoods over the next 20 years. There will also be a renewed focus on our existing stock and how we house our vulnerable residents and support their needs. The impact of longstanding housing inequalities came to the fore during the pandemic and contributed to the unequal impact of COVID-19.

Manchester aims to deliver the homes our residents want and need by increasing the supply of good-quality housing available to rent and buy that is well designed, energy-efficient and affordable. During the pandemic, homes continued to be delivered at scale with 3,792 homes completed in 2021/22 - well above the number of homes built annually between 2010 and 2017. This includes 532 new affordable homes, the highest annual affordable delivery over the past decade.

Following extensive engagement and a test of opinion with residents, the Council brought the city's Arms-Length Management Organisation, Northwards Housing, back in-house in July 2021. The main basis for the decision focused on three key areas:

- Improving housing services for our residents
- Establishing greater financial stability in relation to the Housing Revenue Account (HRA) and the delivery of zero-carbon by 2038

- Better integrating with Council services and delivery of the Our Manchester Strategy, particularly with its increased focus on housing.

Work continues to deliver the first city centre public park in more than 100 years. Set for completion during autumn 2022, Mayfield Park will be a destination in its own right, and it will become the centre of a vibrant 24-acre mixed-use urban neighbourhood.

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.

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. During 2021/22 we embedded the Bringing Services Together for People in Places (BSTPIP) model as well as the roll out of Multi Agency Prevention and Support (MAPS) forums, Teams Around the Neighbourhood (TANs) and Neighbourhood and Ward Co-ordination.

Ward co-ordination is the place-based forum that enables elected members to be a strong voice for residents and communities. It champions local aspirations, sets priorities for wards, and works with Council departments, partner organisations, community

groups and residents to fulfil those priorities. Each of the 32 wards has a ward plan that is refreshed annually.

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 – Neighbourhood Manager, Early Years lead, Health and Social Care lead, Police lead, and Social Housing lead – to address key priorities that span a bigger geographical footprint, ensuring a link back to ward-based activity. MAPS are currently embedded across four neighbourhoods³ and these areas are also pilot areas for a commissioned Early Help for Adults programme, delivered by Shelter, but using the intelligence afforded by the partners who are part of the MAPS discussions. Further MAPS are being rolled out in other areas later in 2022, including one based around the new Gorton Hub (a new learning, health and community hub that will bring together a range of different services under the same roof for the first time), which is due to open in October 2022.

BSTPIP Locality Groups operate across the three area footprints (North, Central and South Manchester) that have been established within the city. The Locality Groups bring together key leads from each TAN to set strategic objectives and priorities and to address issues that are emerging across the locality. These groups have recently undergone a refresh, ensuring a clear focus on key issues that require a holistic look across a wider geographic footprint.

³ (Old Moat and Withington, Wythenshawe (Baguley, Woodhouse Park and Sharston), Wythenshawe (Brooklands and Northenden) and Harpurhey, Charlestown and Higher Blackley

Post COVID-19 lockdown restrictions, we safely welcomed back residents returning to being active, with our leisure centres reporting close to pre-Covid levels in 2022. We launched www.loadstodo.co.uk a website for residents providing information about creative and recreational opportunities across the city. We delivered pandemic recovery support for cultural organisations with Expanded Additional Restrictions Grants scheme for Cultural, Entertainment and Convention facilities. This supported 88 organisations with grants totaling £2.3m in June 2021, and top-up payments to 59 of those organisations totaling £291,000 in December 2021. Our libraries resumed full services in a Covid-secure manner as soon as Government regulations allowed, and remained open throughout, being categorised by Government as critical services. We developed a blended face to face and Online Libraries cultural programme, including storytimes, cultural activities and more class visits than any recent year.

7. Connections

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. 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.

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. 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. Manchester is delivering walking and cycling infrastructure schemes in Chorlton, the Northern Quarter, Manchester Cycleway, Levenshulme and Burnage, Victoria North, Deansgate and the city centre. In addition, a low traffic neighbourhood scheme was completed in Beswick and walking and cycling improvements have been made at Medlock Street roundabout.

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. There are hundreds of plans which are currently being agreed with government.

Due to the pandemic, there had been a 18% decrease, from 2019 to 2021, in journeys into the city centre by all modes, and a significant reduction in highways usage and patronage of public transport. The extent to which public transport can continue to regain modal share will depend on a range of factors, including confidence in hygiene, and future COVID-19 rates in the community.

The recently launched [Manchester Digital Strategy 2021–2026](#) shows the vision for Manchester’s digital future. It sets out what we need to do, collectively, to ensure we have digitally skilled residents, future-proofed infrastructure, a thriving digital economy and a digitally enabled transition to a zero-carbon economy. Its priorities offer our whole city – including public, private, voluntary and community organisations, and our residents – opportunities to work together to make Manchester one of the world’s leading smart cities and digital economies in the next five years. Alongside the opportunities, there are challenges such as digital exclusion. Initial delivery is focused on: building a new Digital Strategy Team, the creation of an implementation plan, making sure there is clear ownership and collective citywide accountability of action via strong governance and stakeholder engagement, and ensuring strategic alignment across other key inter and external strategies.

We will listen to more residents who have been identified as most likely to be digitally excluded, to gain a better understanding of their challenges and motivations and support community organisations to create stronger pathways into digitally excluded communities, sustain their delivery and enable residents to access further learning and employment opportunities.

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 is an incredibly diverse and welcoming city. The Annual Population Survey 2019 from ONS showed that over 40% of residents are from non-White ethnic groups, with the highest numbers from Pakistani, Black African and Arab ethnic groups. But Manchester still has significant inequalities. The Council has dedicated resources and capacity for taking action to improve workforce equalities and specialist advice on service and citywide equality issues. Leadership is through the Deputy Leader, a series of other Elected Members with portfolio responsibility for different protected characteristics, and the City Solicitor.

In April 2022 the Council launched a new [Workforce Equality Strategy](#). This sets out our objective that by 2025, we will be a place where our workforce fully reflects the diversity of the communities that we serve at all levels. At the heart of this strategy is a clear message: we will not accept discrimination of any kind in our workplace. The strategy has six strands:

- Attract, recruit and select in a way that is inclusive and drives diversity at all levels
- Educate, develop and build talent in our workforce
- Strengthen visibility and voice of staff networks, equality champions and allies
- Be clear in our zero tolerance to discrimination
- Set and monitor targets across a range of measures
- Create policies and processes that feel fair to everyone

In June 2020, a working group was established to oversee and progress the recommendations of the independent race review, which the Council had commissioned the year before. The review's key purpose was to help inform continuous improvements in the

Council's approach to race equality at work. Recommendations were grouped around five main themes:

- Monitoring and Data;
- Development of Black, Asian and minority ethnic staff;
- HR policies;
- Communications and Engagement
- Leadership.

Significant progress has been made, including two development programmes for Black, Asian and minority ethnic staff, improved data and target-setting. Mandatory training is now being delivered and an Inclusive Leadership programme has been designed for our top 400 managers which covers workforce inclusion across the protected characteristics. The Disability Confident Leader accreditation was reinstated in November 2021 at level 2 and this has recently improved to level 3.

The Equality Diversity and Inclusion (EDI) Team provides specialist advice, tools and guidance to support equality and inclusion across our services and communities. The team supports the Council to identify and address barriers and inequalities where they exist within our diverse communities. Our Equality Impact Assessment Framework recognises the additional impacts caused by deprivation on families living in poverty, homelessness, and brings together our duties on Carers and Veterans under our Armed Forces Covenant.

The EDI team enables the Council to fulfil our Public-Sector Equality Duty, including equality monitoring and our Equality Objectives:

Knowing Manchester Better, Improving life Chances, and Celebrating our Diversity.

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

The new Organisation Development Plan 2021-2023 will help to embed the Our Manchester behaviours structurally into teams and ways of working. 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 (WAN and LAN).

The Our Transformation programme was reviewed in 2021 and was developed into the Future Shape of the Council, a whole-Council organisational change programme that will change what we do and how we work from 2021 -2023. Year one of the programme (2021/22) was structured into five workstreams reflecting the major changes that needed to be delivered: A more purposeful and effective core; A Digitally Integrated Council; A new Approach for Housing; Building the Future for Manchester Local Care Organisation; and Embedded place-based working across the Council. These are supported by an enabler 'culture, behaviours

and how we work' which was designed to ensure the council had the right environment for Future Shape to be a success. Future Shape of the council was a key theme within the Council Local Government Association (LGA) Peer Review and received positive feedback.

Key achievements in year one included the successful transition of Northwards Housing back into the Council; the successful Section 75 agreement between the local authority and the NHS to support the pooling of resources through the Manchester Local Care Organisation. These workstreams have now been closed and form part of business as usual. Progress in other areas included new vision and purpose for the Core with continued process improvements and the launch of the ERP replacement programme and the development of the Council's Organisational Development Plan. The new Customer Centre is now in operation and work has commenced on the Resident and Business Digital Experience Programme (RBDXP) which will include the replacement of the CRM system and significantly improve how we digitally interact with residents and business. £5.7m of savings were delivered within the Core.

Good progress is being maintained and the programme is now focused on the work to improve how we interact with customers and businesses; and Digital, Data and Insights including the Council's new ICT Strategy and the work within the Corporate Core.

Our Funding and Spending 2021/22

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 2021/22 to help support the people of Manchester to achieve and enjoy a better quality of life.

Revenue funding and spending 2021/22

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.

	2021/22 £000
Expenditure	
Employee Benefit Expenses	623,217
Other Service Expenses	951,972
Business Rates Tariff	38,334
Capital Charges including Depreciation and impairment	145,947
Interest Payments	35,544
Pensions Interest Costs	91,000
Precepts and Levies	67,209
Payments to Housing Capital Receipts Pool	2,554
Loss on Disposal of Non-current Assets	11,626
Total Expenditure	1,967,403
Income	
Fees, Charges and Other Service Income	(281,968)
Interest and Investment Income	(38,317)
Return on Pension Assets	(69,304)
Capital Charges related income	(47,114)
Council Tax Income	(186,646)
Business Rates Income	(267,535)
Government Grants and Contributions	(1,011,780)
Gain on Disposal of Fixed Assets	(6,069)
Total Income	(1,908,733)
(Surplus)/Deficit on the Provision of Services	58,670

Manchester City Council Annual Statement of Accounts 2021/22

Capital funding and Spending 2021/22

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

The total value of capital funding in 2021/22 was £293.2m. The breakdown of the funding and where it was used is set out in the table below:

Capital Funding and Spending	2021 / 22 £m
Capital Spending	
Children's Services	29.2
Corporate Services	11.7
Neighbourhoods Directorate	31.3
Growth and Development	43.5
ICT	7.4
Town Hall refurbishment	49.7
The Factory	42.6
Housing – Housing Revenue Account	24.2
Housing – Private Sector	16.6
Highways	37.0
Total Capital Spending	293.2
Capital Funding	
Government Grants	82.1
External Contributions	17.7
Revenue Contributions by the Council	7.3
Borrowing	152.8
Capital Receipts	12.2
Housing Revenue Account – Major Repairs Reserve	21.1
Total Resources Available	293.2

Our Performance

The performance of the Council and its partners against the goals of the city's Our Manchester Strategy is reported in detail each year in the [State of the City Report](#) and this analysis will consider the impacts that the COVID-19 pandemic has had on key performance metrics. However, a high-level view of delivery of the shorter-term Council priorities outlined in Our Corporate Plan is summarised below. Many key performance metrics have been impacted by COVID-19 and in instances where this impact has been very significant it is not appropriate to compare to the results of the previous year. The State of the City Report should be referred to for the comprehensive performance narrative.

1. Zero Carbon Manchester

- Total provisional estimated Council emissions⁴ in 2021/22 (23,410 tonnes CO₂) were 13% below the annual budget for 2021/22 (27,056 tonnes CO₂). Total Council emissions in 2020/21 (25,501 tonnes CO₂) were 18% below the annual budget for 2020/21 (31,099 tonnes CO₂)⁵. Source: MCC

2. Growth that Benefits Everyone

⁴ Council emissions are associated with the Council's buildings, streetlights, waste collection, staff travel and operational fleet.

⁵ 2019/20 emissions and annual budget exclude traffic signalling for comparative purposes, these emissions are included by TfGM in their emissions accounting.

- The unemployment rate in March 2022 was 6.51%, which was a desirable decrease from that of March 2021 (9.17%), 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 2022 was 74,884, a small desirable decrease from March 2021 (79,295) but still well above pre-pandemic levels (42,120). Source: DWP.
- The percentage of the Council's procurement spend which was spent with local suppliers in 2020/21 was 59.3%, which was an undesirable decrease from that of 2019/20 (69.2%). The drop in the proportion of spend with Manchester based firms is balanced with an increase in the proportion of spend with suppliers based outside of Manchester but within Greater Manchester, in comparison to 2019/20. Source: CLES.
- The percentage of Manchester residents in work paid less than the Real Living Wage in 2021 was 23.1% compared to 14.6% of the Manchester workforce, a very small undesirable increase from 2020 (23%)
- In 2020, 48% of Manchester residents had a degree-level qualification, up from 27% in 2004. The proportion of residents with no qualifications fell substantially from 24.7% in 2004 to 7.8% in 2020.
- There were 412,000 jobs in the city in 2020, similar to the number of jobs in the city in 2019 (411,000). Source: ONS

3. Young People

Manchester City Council Annual Statement of Accounts 2021/22

- The percentage of the city's primary schools rated good or outstanding in 2021/22 was 92.9%, which was a small desirable increase from that of 2020/21 (92.5%). (There are 135 primary schools, including academies and independents) Source: Ofsted.
- The percentage of the city's secondary schools rated good or outstanding in 2021/22 was 66.7%, which was an undesirable decrease from that of 2020/21 (69.2%). Source: Ofsted. (There are 29 secondary schools, including academies and independents)
- The percentage of primary school sessions attended in HT 1-2 2021/22 was 94.5%, which was an undesirable decrease from that of 2020/21 (95.8%) but was above national levels. Source: MCC.⁶
- The percentage of secondary school sessions attended in HT 1-2 2021/22 was 93.4%, which was an undesirable decrease from 2020/21 (94.8%) but was above national levels. Source: MCC.
- The number of Looked After Children in Manchester in 2021/22 was 1,384 (a rate of 112 per 10,000 children), which was a small undesirable increase from that of 2020/21 (1,371 Looked After Children, a rate of 111 per 10,000 children). Source: MCC.
- The provisional number of Children in Need in Manchester in 2021/22 was 5,190 (a rate of 419 per 10,000 children), which was a desirable decrease to that reported for

2020/21 (5,312 Children in Need, a rate of 429 per 10,000 children). Source: MCC.

4. Healthy, cared-for people

- Life expectancy at birth in Manchester in 2018-20 was 75.5 years for males and 79.9 years for females. This represents a fall of 0.2 years for males but an increase of 0.4 years for females compared with the latest non-overlapping period (2015-17). Source: ONS
- The % of NHS Health Checks received by the total eligible population in 2021/22 was 19%, which was a desirable increase from 2020/21 (11%). Source: Graphnet, NHS Manchester CCG.
- The number of carers receiving carers specific services (per 10,000 population) in 2021/22 was 45.2, which was an undesirable increase from that of 2020/21 (41.1). Source: NHS Digital.
- The proportion of directly provided services which have been rated "Good" or "Outstanding" by the Care Quality Commission (CQC) in 2021/22 was 91.67%, which was a small undesirable decrease from that of 2020/21 (92%). Source: CQC.

5. Housing

⁶ A comparison for the full academic year is not possible as the school year has not finished at the time of writing. Only full-year absence statistics give a definitive view of pupil absence so figures presented in the interim termly publications should be treated with caution

Manchester City Council Annual Statement of Accounts 2021/22

- The number of new homes completed in Manchester in 2021/22 was 3,792, an undesirable decrease of 11% from 2020/21 (4,260). Source: MCC
- The number of new homes completed in Manchester in 2021/22, which were defined as affordable by the government was 532, a desirable increase of 15% from that of 2020/21 (461). Source: MCC.
- The number of new builds which became available for buying or renting in Manchester in 2021/22 was 3,792, which was an undesirable decrease of 11% from that of 2020/21 (4,260). Source: MCC.
- The number of households in temporary accommodation in March 2022 was 3,520, an undesirable increase from March 2021 (3,232). Source: MCC.
- The number of households prevented from becoming homeless via supporting them to stay in existing or alternative accommodation in 2021/22 was 737, which was an undesirable decrease from that of 2020/21 (789). Source: MCC.

6. Neighbourhoods

- The percentage of household waste recycled in 2021/22 was 40.6%, which was a desirable increase from that of 2020/21 (36.6%). Source: DEFRA.
- 13,587 tonnes of waste from street cleansing was collected in 2021/22, which was a desirable increase on the 13,347

tonnes collected in 2020/21. Source: Weighbridge data - Viridor/Suez and Redgate Holdings

- There were 28,521 fly tipping requests completed by Biffa in 2021/22 and these are similar to requests in 2020/21 (28,596). Source: CRM and Biffa outcomes data
- In 2021/22 the total number of recorded visits to Manchester's libraries, galleries and sports and leisure facilities was 3,827,878, increased by 413% from 2020/21. Comparisons to the previous year are not appropriate due to the impact of COVID-19. Source: MCC

7. Connections

- The total amount of resurfacing work delivered in 2021/22 in m² (excluding footways) was 352,337m², which was an undesirable decrease from that of 2020/21 (857,038 m²). With less traffic on the roads due to Covid in 2020/21, Highways' Planned Maintenance teams carried out 231,515 m² in total above that which was programmed before COVID-19. This therefore meant that in 2021/22 there were fewer works required to take place. Source: MCC.
- The percentage of journeys made by private car in 2021 was 49%, an undesirable increase from 2019 (43%). Source: GM TRADS.
- The percentage of journeys made by Public Transport in 2021 was 13%, an undesirable decrease from 2019 (21%). Source: GM TRADS.

Manchester City Council Annual Statement of Accounts 2021/22

- The percentage of journeys into Manchester city centre by bicycle in 2021 was 2.24%, which was a small desirable increase from that of 2020 (2.17%). Source: TfGM
- The percentage of road network (excl. footways) rated as in poor condition in 2021 was 15.9%, which was a desirable decrease from that of 2020 (17.7%). Source: MCC via GAIST.
- The percentage of residents with access to high-speed broadband (>30Mbits/s) in 2022 was 96.9%, which was a desirable small increase from that of 2021 (94.8%). 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 2021/22 the mean percentage difference between the average hourly rate of pay of male and female employees was 8%. The Council's workforce is 65% 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 23.5% of the Council's workforce is Black, Asian or Minority Ethnic (August 2022). At senior grades (above grade 12)

7.1% of the workforce is Black, Asian or Minority Ethnic. (Source: MCC)

9. Well-managed Council

- The percentage of annual due Council Tax collected in 2021/22 was 89.81%, which was an undesirable decrease from that of 2020/21 (90.15%). Source: MCC.
- The percentage of annual due Business Rates collected in 2021/22 was 94.79%, which was a desirable increase from that of 2020/21 (87.91%). Source: MCC.
- The number of Stage 1 and 2 corporate complaints responded to within 10 working days in 2021/22 was 72.7%, which was a desirable increase from that of 2020/21 (60.5%). Source: MCC.
- The days sickness taken per Full Time Equivalent in 2021/22 was 13.34, which was an undesirable increase from 2020/21 (10.08). Source: MCC.

Manchester City Council Annual Statement of Accounts 2021/22

Our Financial Performance 2021/22

Revenue budget 21/22

The Budget and Council Tax for 2021/22 were approved at the Council meeting on 5 March 2021, with a total net budget for Council services of £637.3m and a gross budget of £1,524.7m. This reflected as increase in Council Tax for district purposes of 4.99%, including a 3% Adult Care precept. In setting the revenue budget the Chief Finance Officer also has the responsibility to report formally on the robustness of the budget and the adequacy of general balances and reserves. These balances need to reflect spending requirements, and risks to which the Council might be exposed.

Our 2021/22 budget is summarised in the table below. There are three columns as follows:

- The Gross Budget of £1,524.7m as approved by Council - which includes all our spend including that which we pay out on benefits, funding we passport to schools and social care costs funded directly by residents.
- Our original net budget of £637.3m includes costs funded from the main funding available to the Council, Business Rates, Council Tax, Government Grants, dividends and reserves.
- Our revised net budget is £674.9m at Outturn. This has increased because it includes £34.5m of additional COVID-19 funding allocated and other changes approved by Executive in year.

	Original Gross Budget 2021 / 22 £m	Original Net Budget 2021 / 22 £m	Revised Net Budget 2021 / 22 £m
Resources Available			
Business Rates Related Funding	155.5	155.5	156.4
Council Tax	176.9	176.9	176.9
Grants and other External Funding	769.9	120.2	155.5
Use of Reserves	246.0	184.7	186.1
Sales, Fees and Charges	176.3	0.0	0.0
Total Resources Available	1,524.7	637.3	674.9
Resources Required			
<i>Corporate Costs:</i>			
Levies / Statutory Charge	37.8	37.8	37.8
Contingency	4.7	4.7	0.0
Capital Financing	39.5	39.5	39.5
Transfer to Reserves	1.6	1.6	13.5
<i>Sub Total Corporate Costs</i>	<i>83.6</i>	<i>83.6</i>	<i>90.8</i>
<i>Directorate Costs:</i>			
Additional Allowances and other pension costs	9.1	9.1	8.3
Insurance Costs	2.0	2.0	2.0
Inflationary Pressures and budgets to be allocated	3.2	3.2	1.2
Directorate Budgets	1,426.7	539.4	572.5
<i>Subtotal Directorate Costs</i>	<i>1,441.0</i>	<i>553.7</i>	<i>584.1</i>
Total Resources Required	1,524.7	637.3	674.9
Shortfall / (surplus)	0.0	0.0	0.0

Manchester City Council Annual Statement of Accounts 2021/22

The table below shows the budget per Directorate for 2021/22

	Original Gross Budget 2021 / 22 £m	Original Net Budget 2021 / 22 £m	Revised Net Budget 2021 / 22 £m
Children's Services	509.9	118.8	121.6
Adult Social Care	281.2	223.8	229.1
Neighbourhoods	197.3	93.3	100.5
Homelessness	56.1	27.5	29.0
Growth and Development	58.5	10.6	(8.5)
Corporate Core	323.8	65.5	100.9
Total	1,426.7	539.4	572.5

Manchester City Council Annual Statement of Accounts 2021/22

Revenue position 2021/22

This section provides a high-level analysis of our financial performance within 2021/22 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

	Revised Budget	Outturn	Total Variance
	£m	£m	£m
Total Available Resources	(674.9)	(674.4)	0.5
Total Corporate Budgets	102.3	103.9	1.6
Children's Services	121.6	120.6	(1.0)
Adult Social Care	229.1	226.6	(2.5)
Neighbourhoods	100.5	101.4	0.9
Homelessness	29.0	29.0	0.0
Growth and Development	(8.5)	(8.4)	0.1
Corporate Core	100.9	100.1	(0.8)
Total Directorate Budgets	572.5	569.3	(3.2)
Total Use of Resources	674.9	673.2	(1.6)
Total over / (under) spend	0.0	(1.2)	(1.2)

At the end of the year, we had underspent against our net revenue budget by £1.2m. The main variations are shown in the table above. There was a planned use of reserve of £1.5m, therefore £0.3m was transferred from the General Fund Reserve.

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 below shows our year-end position (spend) compared to this budget.

HRA position

The Council also operates a Housing Revenue Account (HRA), which contains the costs of owning and maintaining properties let to tenants, and rental income from those properties. This is held separately from the net revenue budget position shown in the previous table. The Council was responsible for managing an average of 15,535 dwellings during 2021/22. The budget for the year included a contribution of £16.5m from reserves, but reserves reduced by £5.078m, due to a combination of:

- Significant slippage in the capital programme,
- Reduced PFI costs due to delays in anticipated capital works

General reserves now stand at £78.051m. In addition, there are further HRA reserves relating to other potential liabilities of £28.036m. It is anticipated that as a result of planned capital

expenditure HRA reserves will reduce considerably over the next three years.

Manchester City Council Annual Statement of Accounts 2021/22

Capital position

Our revised capital budget for the 2021/22 year was £503.3m, and the table below shows our year-end position (spend) compared to this budget

Manchester City Council programme	Capital Budget for 2021/22 £m	Capital expenditure in 2021/22 £m	Overspend or (underspend) for 2021/22 £m
Highways	66.0	37.0	(29.0)
Neighbourhoods Directorate	47.3	31.3	(16.0)
Growth and Development	152.7	86.1	(66.6)
Town Hall refurbishment	70.9	49.7	(21.2)
Housing – private sector	17.7	16.6	(1.1)
Housing – HRA	31.2	24.2	(7.0)
Children’s Services	46.4	29.2	(17.2)
ICT	7.1	7.4	0.3
Corporate Services	64.0	11.7	(52.3)
Total	503.3	293.2	(210.1)

At the end of the year, we had underspent against our capital budget by £210.1m. The Council's underspend at outturn is largely due to the timing of spend and will be carried forward into future years. Many variances are due to factors outside of the Council's control, such as the Carbon Reduction Programme and Public Sector Decarbonisation Scheme which has seen delays in designs and contract approvals linked to the supply chains, and the Co-op Academy Belle Vue project where the start on site date was later than originally envisaged meaning that significant elements of the high value work packages will now be delivered in 2022/23. In

addition to this, the second tranche of the pandemic related support for Manchester Airport Group of circa £36m will not be required and has been removed from the programme. Further details on the capital programme can be found in a report to Executive in June 2022. The nature of the capital budget requires flexibility to manage the funding across the life of projects in a transparent manner. As such some variations within the year are to be expected as projects are developed, and budgets are re-profiled on a regular basis and changes are reported to members for approval.

[COVID-19 Grants 2021/22](#)

During the financial year the Council has administered a significant number of COVID-19 grant schemes on behalf of Government to support businesses and residents during the pandemic. The financial impact of these grants is included within the outturn and Statement of Accounts. The grants and Business Rates reliefs were administered by the Council in line with the guidance received from Central Government. These schemes have been a mix of non-discretionary, where schemes and eligibility criteria has been set nationally by Government, and discretionary, where schemes and eligibility criteria have been set locally by the Council. The Council has had to determine whether it was acting as a principal or agent of government when administering the grants. Where the Council was acting as agent the following conditions applied:

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

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

Accounting standards only require the Council to record transactions in its accounts where it is acting as principal and has control of the grants awarded. To provide a complete picture, the tables below provide a full summary of all the COVID-19 grant schemes administered by the

Manchester City Council Annual Statement of Accounts 2021/22

	The Council Acting as Principal			The Council Acting as Agent	Total Grants
	Expenditure as at 31 March 2022	Grant remaining as at 31 March 2022	Total Grant		
	£m	£m	£m		
General Grants:					
COVID-19 Local Authority Support Grant	22.2	0.0	22.2	0.0	22.2
Sales Fees and Charges Support Grant	3.6	0.0	3.6	0.0	3.6
Local Council Tax Support Grant	5.7	0.0	5.7	0.0	5.7
Total Credited to Taxation and Non-Specific Grant Income	31.5	0.0	31.5	0.0	31.5

Council during 2021/22. It also shows how much of each grant was spent in year and how much will be spent in 2022/23, in line with government conditions.

Manchester City Council Annual Statement of Accounts 2021/22

	The Council Acting as Principal			The Council Acting as Agent	Total Grant
	Expenditure as at 31 March 2022	Grant remaining as at 31 March 2022	Total Principal	Total Agency	
	£m	£m	£m	£m	£m
Credited to Services:					
Infection Control Fund (ICF)	0.6	0.0	0.6	1.3	1.9
ICF5 Infection Prevention and Control, Testing and Vaccine Funding	0.6	0.0	0.6	1.5	2.1
Rapid Testing Fund	0.4	0.0	0.4	0.9	1.3
LA Framework / Practical Support for Self-Isolation	1.2	0.0	1.2	0.0	1.2
Workforce Recruitment and Retention	5.1	0.0	5.1	0.0	5.1
Community Vaccine Champions Programme	0.2	0.0	0.2	0.0	0.2
Adult Social Care Omicron Support Fund	0.7	0.0	0.7	0.0	0.7
LA Community Testing Plan	0.7	0.0	0.7	0.0	0.7
Protect and Vaccinate	0.7	0.0	0.7	0.0	0.7
Homelessness Prevention Grant Top Up	0.7	0.0	0.7	0.0	0.7
Contain Outbreak Management Fund (COMF)	0.4	5.3	5.7	0.0	5.7

Manchester City Council Annual Statement of Accounts 2021/22

	The Council Acting as Principal			The Council Acting as Agent	Total Grant
	Expenditure as at 31 March 2022	Grant remaining as at 31 March 2022	Total Principal	Total Agency	
	£m	£m	£m	£m	£m
Cultural Recovery	0.3	0.0	0.3	0.0	0.3
Covid Local Support Grant	3.0	0.0	3.0	0.0	3.0
Reopening High Streets Safely Fund (approved in 2020/21)	0.3	0.0	0.3	0.0	0.3
Welcome Back Fund	0.4	0.0	0.4	0.0	0.4
Test and Trace Support Payments Grant	2.3	0.0	2.3	1.4	3.7
Household Support Fund	6.5	0.0	6.5	0.0	6.5
Test and Trace Self-Isolation Pathfinder Funding	0.2	0.2	0.4	0.0	0.4
Support to Business:					
Restart Grant	0.0	0.0	0.0	32.6	32.6
Section 31 Extended Retail Relief	0.0	0.0	0.0	80.4	80.4
Covid Additional Relief Fund (CARF)	0.0	0.0	0.0	24.0	24.0
Additional Restrictions Grant Top Up	4.3	0.0	4.3	0.0	4.3

Manchester City Council Annual Statement of Accounts 2021/22

	The Council Acting as Principal			The Council Acting as Agent	Total Grant
	Expenditure as at 31 March 2022	Grant remaining as at 31 March 2022	Total Principal	Total Agency	
	£m	£m	£m	£m	£m
Business Support Grant (Omicron Hospitality and Leisure Grant)	0.0	0.0	0.0	5.7	5.7
Additional Restrictions Grant Omicron (ARGO)	1.0	0.0	1.0	0.0	1.0
New Burdens - Business Support Grants	0.4	0.3	0.7	0.0	0.7
Total Service Specific	30.0	5.8	35.8	147.9	183.7
Total All Grants	61.5	5.8	67.3	147.9	215.2

The accounting treatment of these grants is varied. The principal elements of £61.5m are included within note 16 (£31.5m) and note 17 (£30m). The amounts carried forward £5.8m are included in the Balance Sheet usable reserves in Note 40.

The Agency elements of £147.9m are fully spent in 2021/22.

Our Risks and Outlook

At the last refresh, the Corporate Risk Register (CRR) for 2021/22 comprised 5 high, 8 medium and 2 low risks. The highest scored strategic level risks on the register continue to reflect key themes around financial resources; economy of the City; capacity / capability of the workforce to respond to current demands; and climate change. Reliance on ICT and technology increased as we work remotely, and uninterrupted access to IT systems is vital to keep many services operational.

A proposal as part of the revised CRR presented to SMT in March 2022, was to disaggregate the risk caused by external threat actors i.e., cyber risk, from other causes, to focus mitigation on the increased levels of risks posed by state sponsored cyber-attacks. We also consider the impacts and learning from well publicised attacks on other UK Local Authorities.

In the previous year's risk review, several Covid related risks were included. Whilst there are still impacts and issues related to the existence of Covid in the workforce and in communities; and

organisational focus remains in monitoring and addressing longer term impacts of the pandemic, it is proposed that these are removed from the CRR as no longer presenting an acute, short-term risk. Also considered for inclusion is a risk relating to the 'Impact of responding effectively to Government-led programmes of support'.

Risk workshops have continued at a directorate level and registers are now more accessible and allow multiple /simultaneous editing, as they are shared by Risk Co-Ordinators through MS teams. Risk management facilitation has also extended to numerous Boards, including working closely with the Civic Quarter Heat Network and Manchester Active, and ensuring risks from Manchester Local Care Organisation and the integration of Northwards Housing are captured and monitored.

The CRR reflects the ongoing requirement for the Council to deliver local schemes of support for example in relation to the energy rebate and support schemes for Afghan and Ukrainian migrants. It is also cognisant of the wider economic pressure, rising inflation, and the impact this has on procurement and contracts.

Risk Description	Planned Mitigating Actions
<p>Medium Term Financial Resources are insufficient to support achievement of priorities for the Council and the City. Considerable uncertainty over the financial position with a one-year Finance Settlement and inflation predicted to reach 11%. Wider financial / fiscal risks linked to EU Exit and macro-economic factors.</p>	<p>Budget reports 2022/23 approved and budget set based on settlement. Maintenance of reserves and the availability to support the budget. Engagement and lobbying of national decision makers including direct to Government and via Core Cities and the LGA. Work starting to prepare for 2023/24 budget strategy ready to engage members early in the municipal year. Ongoing intelligence and lobbying alongside robust future financial planning and budget proposals and savings / income generation options based on prudent assumptions – linked to Future Shape programmes across all aspects of the Council.</p>
<p>As a result of Covid19 and wider macro-economic factors the Economy of the City continues to present a challenge and impacts on the health, wellbeing and economic independence of residents. Further compounded by increased inflation (especially energy prices), national insurance and interest rates in Q1 2022.</p>	<p>Signposting business support via City Centre Regen and Work and Skills teams as well as via GMCA, Local Economic Partnership, Chamber of Commerce, Business Growth Hub and other networks. Council leadership with partners to support activity in dealing with the labour market issues, as a result of Covid. Homelessness strategy and risks / response around Council provision tracked via Homeless Service risk register. Anti-poverty strategy and work to support vulnerable residents.</p>

Manchester City Council Annual Statement of Accounts 2021/22

Risk Description	Planned Mitigating Actions
<p>Climate Change: The Council does not produce, or deliver on, a sufficiently ambitious plan to become a zero carbon Council by 2038 or earlier if possible.</p> <p>The Council does not undertake its leadership role effectively for Manchester to become a zero-carbon city by this date and stay within the science-based budget for the City.</p> <p>The Council does not plan or implement measures effectively to adapt to the impacts of climate change on Manchester in the longer term (e.g., increased risks of extreme weather, flooding and heat)</p> <p>Changes to the Clean Air Zone following the pause may have an adverse impact on the Manchester Economy.</p>	<p>Climate Change Action Plan 2020-25</p> <p>Governance through Zero Carbon Coordination Group and the CAZ group.</p> <p>Regular reporting to the Executive.</p> <p>Scrutiny Committee established with focus on carbon reduction</p> <p>Very high level of ambition on this agenda will require fundamental changes to how we operate and significant investment across all aspects of the Council, and for many partners in the City. This is impacted by City Wide and Council financial resources and this is reflected in the risk score.</p>
<p>Failure to achieve the desired and intended outcomes of health and social care reform increases further pressure on Council and health budgets; and impacts on the ability to achieve improved health outcomes for Manchester residents.</p> <p>Risk rating reflects the delivery of integration as part of the 'Supercharging of the LCO' alongside the breadth of activity to be delivered in adult social care as part of the new arrangements including delivery of Better Outcomes Better Lives, stabilisation of the care market, new care models, embedding of casework management system and delivery of priorities.</p> <p>Also reflects the volume of work required to ensure that the Manchester system are adequately prepared for the move to the ICS arrangements in July.</p>	<p>H&SC workstream established as part of Future Council to track supercharging of the LCO activity.</p> <p>Council and NHS leadership.</p> <p>GM ICS and Manchester Place based partnerships well advanced and reported through to SMT and Executive and Scrutiny Committees.</p> <p>Pre-existing health and care partnerships in the City are well established as basis for further reform.</p> <p>Better Outcomes Better Lives programme in place to embedded service change and improvement across Adults Services.</p> <p>Risk managed at SMT level.</p>

Risk Description	Planned Mitigating Actions
<p>Cyber Security - 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.</p> <p>Regular vulnerability assessments and ongoing security patch management to all managed devices.</p> <p>Completion of data centre project, implementation of replacement endpoint malware/Anti-Virus solution, stronger password requirements, M365 implemented and end user device programme underway in ICT to refresh desktop estate.</p> <p>Cyber risk management remains a key element in ICT resilience, and this requires both technical and behavioural capability and assurance. This must be reflected in the risk rating.</p> <p>Communications and mandatory training reminders issued to all staff and members.</p>

Medium Term Financial Plan

Our [MTFS](#) was refreshed and approved in March 2022. 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 2022/23.

In line with the one-year finance settlement the report set out a balanced one-year budget for 2022/23 along with the forecast position for 2023/24 and 2024/25. 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 2022/23 financial settlement was at the positive end of expectations. It provided additional un-ringfenced funding, increased Social Care Grant and additional one-off resources through the continuation of New Homes Bonus. The additional funding announced, alongside approved savings and mitigations of £7.7m enabled a balanced budget to be approved for 2022/23. The budget savings are detailed in the directorate [budget reports](#).

The budget also included approval to increase Manchester's Council Tax by 2.99% in 2022/23; 1.99% attributable to the Council element and 1% 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 adult 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 commercial dividend income at least a year in arrears and smoothing the budget investment in social care. 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. In addition to the COVID legacy we are experiencing significant additional costs due to inflation and pay awards. Considerable uncertainty remains beyond 2022/23. In particular, the fact the current Finance Settlement is for 2022/23 only, the main sources of local authority funding in business rates and council tax are volatile and there are considerable 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 £37m in 2023/24 increasing to £58m in 2024/25. The focus will now be on identifying savings and mitigations to keep the council on a sustainable financial footing. Budget cuts and savings of £60m are under development for member consideration.

Financial Statements

The Statement of Accounts provide an overview of the Council's financial position for 2021/22.

It is important to note that the deadline for the production of the Annual Accounts has again been changed for 2021/22. The Department of Levelling Up, Housing and Communities (DLUHC) have introduced the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 which have amended the Accounts and Audit Regulations 2015. This is following consultation with all key stake holders and in recognition of the impact of COVID-19.

The publication date for audited accounts has again moved from 31 July to 30 November 2022 for all local authority bodies.

As a result of the revised statutory deadlines, the requirement for the public inspection period to include the first 10 working days of June has been removed. Instead, local authorities must start the public inspection period on or before the first working day of August 2022.

This means that draft accounts should be confirmed by the Responsible Finance Officer (RFO) and published by 31 July 2022. A revised timetable has been discussed with the External Auditors

with publication by the end of September and the audit due to complete by the end of January 2023. This takes into account the delays in signing off the 2020/21 accounts linked to national issues for accounting for infrastructure assets and the asset valuation information required.

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

The accounts that follow have been prepared to be:

- a) Relevant: The accounts provide information about the Council's performance and position that is useful for assessing the stewardship of public funds and for making economic decisions.
- b) Reliable: The financial information:
Has been prepared so as to reflect the reality or substance of the transaction and 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

2021/22 ('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 accounts have been prepared on the assumption that the Council will continue in existence for the foreseeable future. This position will not change with the impact of COVID-19. However, unless support from central government significantly increases the budget gap for future years is significant. The Council is working on a range of budget options that will assist with closing the budget gap and will be reviewing its financial position again after the Spending Review and Finance Settlement. Further information on going concern is shown within the accounting policies.

Primacy of Legislation Requirements

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

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

[The Financial Statements: Purpose and Summary](#)

Manchester City Council Annual Statement of Accounts 2021/22

The annual statement of accounts has been prepared in accordance with the 2021/22 CIPFA Code of Practice on Local Authority Accounting (The Code) and International Financial Reporting Standards (IFRS). Changes in accounting requirements over the past few years have led to an increase in complexity of the accounts and the level of detail they contain.

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

The financial statements are:

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

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

These statements are followed by three further statements:

- The Housing Revenue Account (HRA) sets out the costs and income of owning and maintaining council properties which

are let to tenants. The costs and income are also shown within the main statements.

- The Collection Fund includes the collection of local taxes (council tax and business rates) and their distribution to the Council, the Greater Manchester Combined Authority (Police and Crime Commissioner) and Greater Manchester Combined Authority (Fire and Rescue).
- The Group Accounts show the full extent of the Council's economic activities by including the Council's involvement with its group companies and organisations. The Group Accounts are of equal prominence to the Council in compiling the financial statements.

These are also followed by notes explaining these statements.

Accounting Changes

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

The intended adoption of IFRS16 Leases for the 2021/22 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.

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.

Manchester City Council Annual Statement of Accounts 2021/22

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 11 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 £724.253m.

Other Operating Expenditure includes costs such as levies paid and payments made in relation to the pooling of HRA capital receipts (capital receipts relating to right to buy sales council dwellings are pooled between the Council and central government) as well as

technical adjustments such as the gain / loss on the disposal of non-current assets. These total £75.321m.

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 £14.220m)
- general income due to the Council from Council taxpayers, National Non-Domestic ratepayers (NNDR) and general government grants) totalling £726.684m

These three sections are totalled to produce an overall accounting deficit on the provision of services of £58.670m.

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

Manchester City Council Annual Statement of Accounts 2021/22

	General Fund £m	HRA £m	Total £m
Over / (Under)spend	(1.164)	(11.416)	(12.580)
Budgeted transfer (to) / from general reserves	1.470	16.494	17.964
Net transfer (to) / from general reserves	0.306	5.078	5.384
Transfers (to) / from earmarked reserves	77.043	0	77.043
Other income and expenditure classification	40.926	(40.926)	0
Notional accounting adjustments	(78.046)	28.452	(49.594)
Deficit / (Surplus) per CIES	40.329	(7.396)	32.833

Note 12 to the accounts shows the notional accounting adjustments that do not affect the Council's 'bottom line' i.e., the level of council tax or housing rents.

The Council's Movement in Reserves Statement (MIRS)

This statement sets out the movements in the main reserves and balances of the Council from 1 April 2020 to 31 March 2022.

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. 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 16 February 2022 Executive meeting. This showed earmarked reserves were expected to reduce from £482m in April 2021 to £156m by April 2025. This incorporates an indicative use of a further £30m in 2023/24 which is available to support the future budget position. The only unearmarked reserve is the General Fund reserve at £26m.

Manchester City Council Annual Statement of Accounts 2021/22

The reserves appear artificially high due to the accounting treatment of business rates reliefs and losses, and the government funding provided to reimburse such losses. Reserves for this purpose total £117.3m. In addition, government funding received to support the response to the COVID-19 pandemic is being used over several years in line with the grant conditions, the carried forward amounts total £7.1m.

The annual reduction in usable reserves, excluding those held for COVID-19, is £7.9m. The usable reserves (as reported at Note 40 to the financial statements) are held for the following purposes:

Manchester City Council Annual Statement of Accounts 2021/22

Type of Reserve	31 March 2021 £m	31 March 2022 £m
Capital (cannot be applied to revenue spend):		
Reserves held for capital purposes including capital receipts and capital grants unapplied	194.0	201.0
Sub Total	194.0	201.0
Revenue:		
Statutory reserves that have to be set aside e.g. On street parking reserve, bus lane enforcement	20.3	22.6
Reserves held for PFIs to meet contracted future costs	2.2	2.2
Reserves held to smooth risk or for assurance including the insurance reserve of £20.8m and airport dividend reserve of £39.0m	128.2	138.1
Business Rates Reserve	29.1	15.7
Revenue reserves held to support capital including the Capital Fund	135.2	135.6
Reserves held to encourage economic growth or for public sector reform e.g. Our Manchester reserve, Town Hall reserve	25.8	16.6
Small specific reserves	4.3	4.1
Grants and contributions held to meet expenditure commitments over more than one year	21.0	23.1
COVID-19 related grants and contributions held to meet expenditure commitments over more than one year	192.0	124.4
Sub Total Earmarked Revenue Reserves	557.9	482.4
Housing Revenue Account reserve	111.2	106.1
General Fund reserve	26.8	26.5
Schools' reserves (these belong to schools and are for their use only)	21.5	20.1
Total usable reserves	911.5	836.1
Amounts relating to the carry forward of COVID-19 related funding	(192.0)	(124.4)
Total excluding COVID-19 carry forward	719.5	711.7

Reserves to support capital schemes have increased by £7m 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 £7m of the increase relates to the smoothing reserve. The 2021/22 budget included allowance for the ongoing impact of the pandemic. A number of these risks continue to exist; however, demand growth has not been seen in the way initially expected. COVID 19 related budgets and pressures were reviewed throughout the year. Where costs were lower than anticipated or the income collection was higher it was agreed that the additional support was removed from the budget. These amounts were reported to Executive in the Revenue monitoring throughout 2021/22 and transferred to the budget smoothing reserve to support the large budget gap that remains for the next three years.

In addition, the Adults reserve has increased by £5m. This relates to reductions in the number of care packages required and difficulties in recruiting staff resulting in underspends. The reduced level of spend allowed for £5.5m of systems support funding to be removed which will support the re-phasing of Adult's budget savings in 2022/23.

These large increases are partly offset by planned use of these reserves in years resulting in a net increase in risk-based reserves of £9.8m.

COVID-19 related grants - As detailed earlier in this report the Council has administered a considerable number of COVID-19 grant schemes over the last two years on behalf of Government to support businesses and residents during the pandemic. The most significant being the Business Rates Relief awarded to retail hospitality and leisure properties in the city. The collection fund deficit resulting from the lost income comes through a year in arrears due to the accounting rules of the Collection Fund. The income loss was reimbursed by government via a Section 31 grant of £142.7m in 2020/21 and £80.4m in 2021/22. The discount was 100% in 2021/22 reducing to 66% in 2022/23. In addition, the government as provided a Taxation Income Guarantee Scheme which reimburses the council for 75% of losses in 2020/21 Business Rates Income. The collection fund deficit resulting from the lost income will be spread over three years as mandated by government. This reserve will be drawn down over the three years to partly mitigate the budget impact. There was a reserve balance of £19.2m as at 31 March 2021, reducing to £9.2m by 31 March 2022. In addition, Covid Additional Relief Fund (CARF) grant of £24m was received in 2021/22, to be held in reserve and used to fund business grant awards in 2023/24.

The remaining unspent COVID-19 grants totalled £30m as at 31 March 2021, reducing to £16.4m by 31 March 2022. The balance will be spent in 2021/22.

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

The budget for 2021/22 assumed a transfer from general reserves of £1.470m to fund carry forwards approved in 2020/21. The

Manchester City Council Annual Statement of Accounts 2021/22

general fund revenue outturn resulted in an underspend across all budgets, of £1.164m, with the total transfer from general reserves being £306k. The general fund reserve, after this transfer, stands at £26.497m.

Unusable Reserves

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

The unusable reserves are shown in the following table:

Unusable Reserve	31 March	31 March
	2021	2022
	£m	£m
Revaluation Reserve	1,397.9	1,626.9
Financial Instruments Revaluation Reserve	10.3	13.4
Pensions Reserve	(1,035.9)	(583.8)
Capital Adjustment Account	1,377.8	1,441.7
Deferred Capital Receipts Reserve	3.9	4.3
Financial Instruments Adjustment Account	(4.9)	(4.7)
Collection Fund Adjustment Account	(177.0)	(63.8)
Short-term Accumulated Absences Account	(6.7)	(6.6)
Dedicated Schools Grant Reserve	(2.3)	(2.7)
Total	1,563.1	2,424.7

Manchester City Council Annual Statement of Accounts 2021/22

The negative pension reserve of £583.8m has decreased by £452.1m 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 £786.2m during 2021/22, made up of an increase in unusable reserves £861.6m and a decrease in usable reserves £75.4m.

The total increase in unusable reserves of £861.6m is mainly due to:

- £229.0m increase in the revaluation reserve from the revaluations of non-current assets, during 2021/22 mainly in relation to council dwellings and other land and buildings.
- £63.9m 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
- £452.1m increase in the pension reserve due to changes in financial assumptions

- £113.2m increase in the Collection Fund Adjustment Account due to the accounting treatment of business support grants

The decrease in usable reserves of £75.4m is mainly due to:

- £67.6m decrease due to the use of COVID-19 government funding. The remaining grants of £124.4m will be applied in 2022/23 and are not available to support other council spending.
- £9.2m reduction in reserves held for economic growth and public sector reform, relating to planned use of Children's Social Care reserve, Our Manchester reserve and the Town Hall reserve.
- £13.5m decrease in Business Rates reserve due to planned withdrawals to support the budget and the timing of grant receipts and spend.
- £7m Increase in reserves held for capital purposes
- £9.8m increase in reserves to smooth risk, this mainly relates to the smoothing reserve which will support the budget over the medium term.

The increase in the net worth is matched by an increase in value of net assets of the Council of £861.6m.

The Council's Cash Flow Statement

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

Manchester City Council Annual Statement of Accounts 2021/22

bank balance during the year. The cash balance at 31 March 2022 had increased by £94m from 31 March 2021.

The Council’s Balance Sheet

The Balance Sheet shows a summary of the Council’s financial position as at the 31 March 2022, 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 £3,260,794m. This is split between usable reserves of £836.098m and unusable reserves of £2,424,697m.

Assets	£000	Liabilities	£000
Council Dwellings	744,477	Borrowing	840,282
Other Property and Equipment	2,386,325	Provisions for Future Liabilities	268,259
Heritage Assets	637,312	Liability for Pension Scheme	540,599
Investment Properties	493,722	Capital Grant received in Advance	9,505
Other Assets	149,720	Money owed by the Council	302,128
Investments	154,780		
Money owed to the Council	655,232		
Total	5,221,567	Total	1,960,772
		Net Worth of the Council	3,260,795

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.

The land and building assets of Destination Manchester Limited are included in DML's accounts at cost less accumulated depreciation

Manchester City Council Annual Statement of Accounts 2021/22

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	744,477	Borrowing	840,282
Other Property and Equipment	2,422,475	Provisions for Future Liabilities	270,283
Heritage Assets	637,312	Liability for Pension Scheme	540,599
Investment Properties	493,722	Capital Grants Received in Advance	9,505
Other Assets	165,728	Money owed by the Group	311,655
Investments	448,734		
Money owed to the Council	641,927		
Total	5,554,35	Total	1,972,324
	Net Worth of the Council's Group		3,582,051

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 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 2021/22. In addition, for business rates the introduction of Expanded Retail and Nursery Discount, which offered 100% relief to retail, hospitality and leisure businesses for 3 months followed by 66% with national caps resulted in an additional relief award of £77.209m.

Manchester City Council Annual Statement of Accounts 2021/22

The Taxation Income Guarantee (TIG) scheme was announced in the Provisional Settlement for 2020/21 and aimed to fund billing authorities for 75% of losses in collection when compared to budget in that financial year. Government released calculators for authorities to determine if any funding was due. TIG was calculated at £19.219m for business rates in 2020/21 and there was no TIG due for council tax. A further £276k was received in 2021/22 relating to a formula correction.

Government's council tax hardship scheme, totalling £6.576m, included a deduction of £150 from annual council tax bills for the most vulnerable residents in the city, and was applied in 2021/22. This scheme was fully funded and credited to the Collection Fund.

Collection rates of both council tax and business rates remain below pre-pandemic levels in 2021/22. Council tax was 89.81% down 0.34% from 90.15% in 2020/21 and down 2.99% from 92.80% in 2019/20. Business rates was 94.79% up 6.88% from 87.91% in 2020/21 and down 2.98% from 97.77% in 2019/20.

Borrowing Limit

In 2021/22 the Council had an authorised limit for borrowing of £1,901.6m (£1,711.6m 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 2022 is £840.3m. 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 2021/22 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	2020/21 £m	2021/22 £m
Long-term Borrowing	578.5	819.7
Short-term Borrowing	184.7	20.6
Total	763.2	840.3

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

Whilst the 2021/22 Capital Programme was funded notionally by borrowing of £152.8m, the debt outstanding on the balance sheet at 31 March 2022 has increased by £77.1m as the Council's Treasury Management Strategy is to use cash backed reserves, i.e., internal borrowing, in lieu of external borrowing where possible.

Due to historic low interest rates the Council retains minimal cash balances and reduces the use of external borrowing as borrowing rates are substantially higher than investment returns.

Major Acquisitions and Disposals

There were no significant acquisitions of non-current assets during 2021/22.

Significant disposals in 2021/22 included the former Bootle Street Police Station site (value £3.5m) and land at First Street (value £3.0m)

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 £4.8m.

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.

Manchester City Council Annual Statement of Accounts 2021/22

As at 31 March 2022, 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 13.

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 2021/22

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) 2021/22.

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.

Manchester City Council Annual Statement of Accounts 2021/22

The statement of accounts gives a true and fair view of the financial position of the Council and Group as at 31 March 2022 and their income and expenditure for the year ended 31 March 2022.

Carol Culley

Deputy Chief Executive and City Treasurer

September 2023

Manchester City Council Annual Statement of Accounts 2021/22

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.

2020/21 Gross Expenditure £'000s	2020/21 Gross Income £'000's	2020/21 Net Expenditure £'000's		Notes	2021/22 Gross Expenditure £'000's	2021/22 Gross Income £'000's	2021/22 Net Expenditure £'000's
284,455	(81,530)	202,925	Continuing operations		300,869	(74,350)	226,519
48,438	(31,574)	16,864	Adults Social Care		60,202	(40,867)	19,335
553,971	(399,577)	154,394	Homelessness		596,956	(407,674)	189,282
367,616	(246,089)	121,527	Children's Services		361,054	(231,733)	129,321
180,527	(61,433)	119,094	Corporate Core		195,720	(79,878)	115,842
40,031	(36,565)	3,467	Neighbourhoods and Highways				
			Growth and Development		58,470	(35,962)	22,508
7,001	(10,629)	(3,628)	Corporate Items		7,354	(10,333)	(2,979)
4,775	0	4,775	Council - Wide Costs		5,823	0	5,823
70,459	(86,436)	(15,977)	Housing Revenue Account		78,978	(86,331)	(7,353)
1,557,274	(953,833)	603,441	Net cost of services		1,665,425	(967,128)	698,296
			Other operating expenditure				
0	(10,483)	(10,483)	Gains / (Losses) on disposal of non-current assets	20	11,626	(6,069)	5,557
69,166	0	69,166	Levies		67,210	0	67,210
2,566	0	2,566	Payments to government housing capital receipts pool	9	2,554	0	2,554
71,732	(10,483)	61,249	Total other operating expenditure		81,390	(6,069)	75,321
154,828	(160,085)	(5,257)	Financing and investment income and expenditure	13	156,008	(170,108)	(14,100)
40,757	(734,531)	(693,774)	Taxation and non-specific grant income and expenditure	14	38,734	(765,418)	(726,684)

Manchester City Council Annual Statement of Accounts 2021/22

2020/21 Gross Expenditure £'000s	2020/21 Gross Income £'000's	2020/21 Net Expenditure £'000's		Notes	2021/22 Gross Expenditure £'000's	2021/22 Gross Income £'000's	2021/22 Net Expenditure £'000's
1,824,591	(1,858,932)	(34,341)	(Surplus) or Deficit on provision of services		1,941,556	(1,908,723)	32,833
			Items that will not be subsequently classified in the (Surplus) / Deficit on Provision of Services				
		(151,827)	(Surplus) / deficit on revaluation of property, plant and equipment assets	39a			(274,388)
		7,996	Impairment losses on non-current assets charged to the Revaluation Reserve	39a			11,826
		297,623	Re-measurements of the net defined benefit liability	41			(553,321)
			Items that will be subsequently classified in (Surplus) / Deficit on Provision of Services				
		2,734	(Surplus) / deficit from investments in equity instruments designated at fair value through other comprehensive income	39b			(3,115)
		156,525	Total other comprehensive income and expenditure				(818,997)
		122,184	Total comprehensive income and expenditure				(786,164)

Carol Culley

Deputy Chief Executive and City Treasurer

September 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 2021 £000's		Note	31 March 2022 £000's
	Non-current assets		
2,200,602	Property, plant and equipment	19a	2,578,070
538,992	Infrastructure	19b	552,732
635,802	Heritage assets	22	637,312
476,130	Investment properties	28	493,722
260	Intangible non-current assets		196
138,964	Long-term investment in subsidiaries, associates and joint ventures	31	141,512
12,403	Other long-term investments	31	13,269
446,633	Long-term debtors	32	486,233
4,449,786	Total non-current assets		4,903,045
	Current assets		
541	Inventories and long-term contracts		604
213,410	Short-term debtors	32	168,999
49,265	Cash and cash equivalents	46	143,350
6,339	Short-term assets held for sale	24	5,569
269,555	Total current assets		318,522
4,719,341	Total assets		5,221,567
	Current liabilities		
(184,675)	Short-term borrowing	37	(20,610)
(234,867)	Short-term creditors	33	(301,236)
(19,992)	Short-term provisions	36	(23,250)
(12,143)	Short-term deferred liabilities	35	(9,954)
(451,677)	Total current liabilities		(355,050)
4,267,664	Total assets less current liabilities		4,866,517
	Long-term liabilities		
(1,026)	Long-term creditors	33	(893)
(110,306)	Long-term provisions	36	(99,939)
(578,556)	Long-term borrowing	34	(819,672)
(144,269)	Long-term deferred liabilities	35	(135,115)
(9,420)	Capital grants receipts in advance	33	(9,505)
(949,456)	Pensions liability	41	(540,599)
(1,793,033)	Total long-term liabilities		(1,605,722)
2,474,631	Net assets		3,260,795
	Financed by:		
(911,537)	Usable reserves	38	(836,098)
(1,563,094)	Unusable reserves	39	(2,424,697)
(2,474,631)	Total reserves		(3,260,795)

Carol Culley
Deputy Chief Executive and City Treasurer

September 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 2020		(386,076)	(109,445)	(96,849)	(104,055)	(2,427)	(698,852)	(1,897,963)	(2,596,815)
Movement in reserves during 2020/21									
Total comprehensive income and expenditure	CIES	(26,372)	(7,968)	0	0	0	(34,341)	156,525	122,184
Adjustments between accounting basis and funding basis under regulations	2b and 10	(193,893)	6,247	2,893	10,050	(3,642)	(178,344)	178,344	0
(Increase) or decrease in year		(220,265)	(1,721)	2,893	10,050	(3,642)	(212,685)	334,869	122,184
Balance at 31 March 2021		(606,341)	(111,166)	(93,956)	(94,005)	(6,069)	(911,537)	(1,563,094)	(2,474,631)
Movement in reserves during 2021/22									
Total comprehensive income and expenditure	CIES	37,227	(4,394)	0	0	0	32,833	(818,997)	(786,164)
Adjustments between accounting basis and funding basis under regulations	2b and 10	40,123	9,472	(20,418)	15,633	(2,205)	42,606	(42,606)	0
(Increase) or decrease in year		77,351	5,077	(20,418)	15,633	(2,205)	75,439	(861,603)	(786,164)
Balance at 31 March 2022		(528,990)	(106,089)	(114,374)	(78,371)	(8,274)	(836,098)	(2,424,697)	(3,260,795)

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).

2020/21 £000s		Note	2021/22 £000s
34,341	Net (deficit) / surplus on the provision of services		(32,833)
61,016	Adjustments to net (deficit) / surplus on the provision of services for non-cash movements	47	292,714
(106,246)	Adjustments for items included in the net (deficit) / surplus on the provision of services that are investing and financing activities	48	(108,796)
(10,889)	Net cash flows from operating activities		151,085
(205,308)	Investing activities	50	(121,321)
131,478	Financing Activities	51	64,321
(84,719)	Net increase or (decrease) in cash and cash equivalents		94,085
133,984	Cash and cash equivalents at the beginning of the reporting period		49,265
49,265	Cash and cash equivalents at the end of the reporting period	46	143,350

Notes to the Core Financial Statements

Note 1. Expenditure and Funding Analysis	74
Note 2. Note to the Expenditure and Funding Analysis	77
Note 3. Prior Period Reclassification	81
Note 4. Impact of Accounting Changes Issued but Not Yet Adopted	83
Note 5. Accounting Concepts and Policies	84
Note 6. Critical Accounting Judgements	106
Note 7. Key Sources of Estimation Uncertainty	108
Note 8. Significant items warranting additional disclosure	111
Note 9. Expenditure and Income Analysis	112
Note 10. Adjustments between accounting and funding basis under regulations	113
Note 11. Private Finance Initiatives and Service Concessions	117
Note 12. National Health Services Act 2006 Pooled Funds.....	124
Note 13. Financing and investment income and expenditure	127
Note 14. Taxation and non-specific grant income	128
Note 15. Revenue grants credited to the Comprehensive Income and Expenditure Statement	131
Note 16. Officers' Emoluments and Senior Employees' Remuneration.....	133
Note 17. Exit Packages	139
Note 18. Audit Fees.....	140
Note 19a. Property, Plant and Equipment.....	140
Note 19b. Infrastructure assets	144
Note 20. Disposal of Assets.....	144
Note 21. Accounting for Local Government Schools	146
Note 22. Heritage Assets.....	148
Note 23. Valuation of Property, Plant and Equipment	154
Note 24. Assets Held for Sale	158
Note 25. Assets Recognised Under PFI and Similar Arrangements.....	160
Note 26. Assets Held as Lessee	162
Note 27. Assets Held as Lessor.....	163
Note 28. Investment Properties.....	164
Note 29. Capital Expenditure and Capital Financing.....	166

Manchester City Council Annual Statement of Accounts 2021/22

Note 30. Contracted Capital Commitments	167
Note 31. Investments	168
Note 32. Debtors and Payments in Advance	169
Note 33. Creditors and Receipts in Advance	172
Note 34. Analysis of Long-term Borrowing	174
Note 35. Deferred Liabilities	175
Note 36. Provisions	176
Note 37. Financial Instruments	178
Note 38. Usable Reserves	187
Note 39. Unusable Reserves	201
Note 40. Dedicated Schools Grant -	207
Note 41. Local Government Pension Scheme	208
Note 42. Teachers' Pension Scheme	217
Note 43. National Health Service Pension Scheme	217
Note 44. Contingent Assets and Liabilities	217
Note 45. Related Party Transactions	218
Note 46. Analysis of Cash and Cash Equivalents	221
Note 47. Cash Flow Statement - Adjustments to net surplus / deficit on the provision of services for non-cash movements	222
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	222
Note 49. Cash Flow Statement - Operating Activities	222
Note 50. Cash Flow Statement - Investing Activities	223
Note 51. Cash Flow Statement - Financing Activities	224
Note 52. Cash Flow Statement - Reconciliation of liabilities arising from Financing Activities	224
Note 53. Events after the Balance Sheet Date	225
Note 54. Authorisation for Issue of the Statement of Accounts	225

Manchester City Council Annual Statement of Accounts 2021/22

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.

2020/21 Service	As reported to Members £000's	Adjustments to arrive at net amount chargeable to the general fund and HRA balances £000's Note 2a	Net expenditure chargeable to the general fund and HRA balances £000's	Adjustments between funding and accounting basis £000's Note 2b	Net expenditure in the Comprehensive Income and Expenditure Statement £000's
Adult Social Care	239,729	(43,938)	195,791	7,134	202,925
Homelessness	25,292	(9,563)	15,730	1,135	16,865
Children's Services	134,383	(13,914)	120,469	33,925	154,394
Corporate Core	121,232	(25,006)	96,226	25,303	121,528
Neighbourhoods and Highways	128,072	(64,628)	63,443	55,650	119,093
Growth and Development	(4,930)	5,738	808	2,658	3,466
Corporate Items	7,685	(3,152)	4,533	(8,161)	(3,628)
Council-Wide Costs	0	0	0	4,775	4,775
Housing Revenue Account	(1,723)	(8,008)	(9,731)	(6,246)	(15,977)
Net Cost of Services	649,741	(162,471)	487,271	116,173	603,441
Other Income and Expenditure	(655,317)	(53,939)	(709,256)	71,474	(637,782)
Deficit / (surplus) on Provision of Services	(5,576)	(216,410)	(221,986)	187,644	(34,341)

Manchester City Council Annual Statement of Accounts 2021/22

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	226,576	(14,997)	211,579	14,940	226,519
Homelessness	28,958	(11,989)	16,969	2,366	19,335
Children's Services	120,649	7,633	128,283	61,000	189,282
Corporate Core	100,132	2,459	102,591	26,730	129,321
Neighbourhoods and Highways	101,401	(29,887)	71,514	44,328	115,842
Growth and Development	(8,395)	16,012	7,617	14,891	22,508
Corporate Items	7,326	(2,410)	4,916	(7,895)	(2,979)
Council-Wide Costs	0	0	0	5,823	5,823
Housing Revenue Account	5,078	(2,945)	2,133	(9,487)	(7,354)
Net Cost of Services	581,725	(36,124)	545,602	152,696	698,296
Other Income and Expenditure	(576,341)	113,170	(463,172)	(202,290)	(665,463)
Deficit / (surplus) on Provision of Services	5,383	77,046	82,429	(49,592)	32,833

Movement in General Fund and HRA Balance	2020/21	2021/22
Opening General Fund and HRA Reserves	495,521	717,507
Surplus on General Fund and HRA Reserves in year	221,986	(82,430)
Closing General Fund and HRA Reserves at 31 March	717,507	635,077

Manchester City Council Annual Statement of Accounts 2021/22

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 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 2021/22

Note 2. Note to the Expenditure and Funding Analysis

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

2020/21	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	(2,158)	(25,799)	(1,584)	(14,397)	(43,938)
Homelessness	(1,094)	22	(6,422)	(2,068)	(9,563)
Children's Services	414	(9,647)	(1,202)	(3,479)	(13,914)
Corporate Core	(2,522)	(13,080)	15,229	(24,633)	(25,006)
Neighbourhoods and Highways	(29,249)	(14,249)	(2,474)	(18,656)	(64,628)
Growth and Development	9,878	2,431	(3,788)	(2,783)	5,738
Corporate Items	(4,127)	525	451	0	(3,152)
Housing Revenue Account	(8,008)	0	0	0	(8,008)
Net Cost of Services	(36,866)	(59,797)	209	(66,017)	(162,471)
Other Income and Expenditure from the Expenditure and Funding Analysis	36,866	(156,612)	(209)	66,016	(53,939)
Difference between General Fund and HRA Surplus / Deficit and Comprehensive Income and Expenditure Statement Surplus / Deficit on the Provision of Services	0	(216,409)	0	(0)	(216,410)

Manchester City Council Annual Statement of Accounts 2021/22

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	Total Adjustments £000's
Adults Social Care	(1,479)	(2,674)	(1,349)	(9,495)	(14,997)
Homelessness	(431)	(1,814)	(8,327)	(1,418)	(11,989)
Children's Services	1,821	9,590	(741)	(3,037)	7,633
Corporate Core	(3,425)	5,398	15,710	(15,223)	2,459
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)
Council-Wide	0	0	0	0	0
Housing Revenue Account	(2,945)	0	0	0	(2,945)
Net Cost of Services	(17,573)	16,661	0	(35,212)	(36,124)
Other Income and Expenditure from the Expenditure and Funding Analysis	17,573	60,385	0	35,212	113,170
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

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

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

Manchester City Council Annual Statement of Accounts 2021/22

(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

2020/21	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	1,564	5,567	0	1	7,134
Homelessness	0	1,131	0	4	1,135
Children's Services	16,989	15,643	0	1,293	33,925
Corporate Core	16,612	8,608	0	83	25,303
Neighbourhoods and Highways	50,122	5,516	0	13	55,651
Growth and Development	794	1,980	0	(115)	2,658
Corporate Items	(354)	(7,434)	0	(373)	(8,161)
Council-Wide Costs	4,100	675	0	0	4,775
Housing Revenue Account	(6,576)	330	0	0	(6,246)
Net Cost of Services	83,252	32,016	0	907	116,173
Other Income and Expenditure from the Expenditure and Funding Analysis	(140,567)	16,673	192,802	2,566	71,474
Difference between General Fund and HRA Surplus / Deficit and Comprehensive Income and Expenditure Statement Surplus / Deficit on the Provision of Services	(57,315)	48,689	192,802	3,473	187,644

Manchester City Council Annual Statement of Accounts 2021/22

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	13,216	0	7	14,940
Homelessness	37	2,327	0	2	2,366
Children's Services	26,175	34,572	0	253	61,000
Corporate Core	7,728	18,993	0	9	26,729
Neighbourhoods and Highways	30,880	13,433	0	16	44,329
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	(402)	0	0	5,823
Housing Revenue Account	(9,838)	353	0		(9,486)
Net Cost of Services	73,356	79,503	0	(163)	152,696
Other Income and Expenditure from the Expenditure and Funding Analysis	(114,437)	21,747	(113,265)	3,665	(202,290)
Difference between General Fund and HRA Surplus / Deficit and Comprehensive Income and Expenditure Statement Surplus / Deficit on the Provision of Services	(41,080)	101,250	(113,265)	3,502	(49,593)

(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 2020/21 is presented in a comparable way to 2021/22. The reclassification is due to the movement of the Facilities Management and Corporate Property service from Growth and Development to Corporate Core and the movement of COVID welfare and food response grant from Growth and Development to Neighbourhoods.

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 2020/21 CIES £000	Transfer of services between directorates £000	As restated 2020/21 £000
Net Expenditure			
Adults Social Care	202,925	0	202,925
Homelessness	16,864	0	16,864
Children's Services	154,394	0	154,394
Corporate Core	84,246	37,281	121,527
Neighbourhoods and Highways	119,094	0	119,094
Growth and Development	40,748	(37,281)	3,467
Corporate Items	(3,628)	0	(3,628)
Council Wide Costs	4,775	0	4,775
Housing Revenue Account	(15,977)	0	(15,977)
Total Net Cost of Services	603,441	0	603,441

Manchester City Council Annual Statement of Accounts 2021/22

	As reported in the 2020/21 CIES £000	Transfer of services between directorates £000	As restated 2020/21 £000
Gross Expenditure			
Adults Social Care	284,455	0	284,455
Homelessness	48,438	0	48,438
Children's Services	553,971	0	553,971
Corporate Core	328,269	39,347	367,616
Neighbourhoods and Highways	178,980	1,548	180,527
Growth and Development	80,926	(40,895)	40,031
Corporate Items	7,001	0	7,001
Council Wide Costs	4,775	0	4,775
Housing Revenue Account	70,459	0	70,459
Total Net Cost of Services Gross Expenditure	1,557,274	0	1,557,274

	As reported in the 2020/21 CIES £000	Transfer of services between directorates £000	As restated 2020/21 £000
Gross Income			
Adults Social Care	(81,530)	0	(81,530)
Homelessness	(31,574)	0	(31,574)
Children's Services	(399,577)	0	(399,577)
Corporate Core	(244,023)	(2,066)	(246,089)
Neighbourhoods and Highways	(59,886)	(1,548)	(61,433)
Growth and Development	(40,178)	3,613	(36,565)
Corporate Items	(10,629)	0	(10,629)
Council Wide Costs	0	0	0
Housing Revenue Account	(86,436)	0	(86,436)
Total Net Cost of Services Gross Income	(953,833)	0	(953,833)

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 the Council to disclose information relating to the expected impact of an accounting change that will be required by a new standard which has been issued but is yet to be adopted by the 2021/22 Code.

The accounting changes that are introduced by the 2022/23 Code that will be adopted by the Council and its Group are:

Annual improvements to IFRS Standards 2018-2020. The annual IFRS improvement programme notes three changed standards:

- IFRS1 (First-time adoption) - amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS
- IAS 37 (Onerous contracts) - clarifies the intention of the standard
- IAS 41 (Agriculture) - one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances.

Property, plant and equipment (proceeds before intended use) – amendments to IAS16

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 2021/22 financial year and its position at the year-end 31 March 2022. 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 2021/22 (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 2022 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.

5.2.5 Highways Infrastructure Assets

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

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

Recognition

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

Measurement

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

Depreciation

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

Part of the highways network	Useful life
Carriageways	21 years
Footways and cycle track	40 years
Structures (bridges, tunnels and underpasses)	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

5.2.6 Private Finance Initiatives (PFIs) and Similar Contracts

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

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

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

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

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

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

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

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

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

5.2.7 Heritage Assets

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

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

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

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

Any impairment is recognised and measured in accordance with the Council's general policies on impairment (note 5.2.8). The proceeds of any disposals are accounted for in accordance with the Council's general provisions relating to the de-recognition of property, plant and equipment (note 5.2.3).

5.2.8 Investment Properties

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

Investment Properties are initially measured at cost. After initial recognition they are measured at fair value - highest and best use. The fair value reflects market conditions at the balance sheet date. A gain or loss arising from a change in the fair value of investment property is recognised in the Financing and Investment Income and Expenditure line within the Comprehensive Income and Expenditure Statement.

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

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

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

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

5.2.9 Schools

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

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

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

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

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

The Dedicated Schools Grant (DSG) is allocated between the central council budgets and budgets allocated to individual schools (delegated school budgets). Expenditure from central council budgets and delegated schools' budgets is charged to the Comprehensive Income and Expenditure Statement as part of the Children's Services line.

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

5.2.8 Impairment

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

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

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

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

5.2.10 Provision for Redemption of Debt

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

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

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

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

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
- unitised securities – current bid price
- property – market value.

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

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

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

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

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

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

Re-measurements comprising:

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

are shown within Other Comprehensive Income and Expenditure.

In relation to retirement benefits, statutory provisions require the General Fund and HRA balance to be charged with the amount payable by the Council to the pension fund or directly

to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at 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 6 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 £261.071m (£227.849m in 2020/21) 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 £493.722m (£476.130m in 2020/21) 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 £311.75m 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 2022 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 £2,588.276m 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 £21,612m.

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 £6.985m 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 £493.722m would increase by £4.937m 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 £113.0m 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 2022. This provision includes the estimated impact on 2021/22 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. Appeals raised against hereditaments with larger RVs have been considered separately. The percentage used for the reduction in the 2017 valuation list is based on the percentage that the 2010 list has fallen by adjusted by the reduction in value that has already occurred as a result of the check, challenge, and appeal process.

An increase of 1% in the percentage reduction would have the effect of adding £2.958m to the total provision required (Council's share £2.929m at 99%).

7.5 Pensions Liability

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the expected rate of price inflation, the rate at which

salaries and pensions are expected to increase, mortality rates and 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 liability as £476.4m.

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 £81.268m, a 1-year increase in member life expectancy being £174.889m, a 0.1% increase in the salary increase rate would result in a £7.418m increase in the pension liability and a 0.1% increase in the pension rate increase would result in a £73.208m increase in the pension liability.

Manchester City Council Annual Statement of Accounts 2021/22

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 £27.878m (£67.402m in 2020/21) has been included within the surplus / deficit on provision of services:

	2020/21 £000s	2021/22 £000s
Adults Social Care	36	62
Children's Services	1,768	606
Corporate Core	450	0
Neighbourhoods and Highways	23,391	1,415
Growth and Development	11,800	0
Council Wide Costs	3,394	5,829
Housing Revenue Account	674	1,952
Investment properties	25,889	18,014
Total	67,402	27,878

Manchester City Council Annual Statement of Accounts 2021/22

Note 9. Expenditure and Income Analysis

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

	2020/21 £000	2021/22 £000
Expenditure		
Employee Benefit Expenses	541,625	597,261
Other Service Expenses	898,908	951,972
Business Rates Tariff	39,534	38,334
Capital Charges including Depreciation and impairment	157,145	145,947
Interest Payments	34,738	35,544
Pensions Interest Costs	80,909	91,110
Precepts and Levies	69,166	67,210
Payments to Housing Capital Receipts Pool	2,566	2,554
Loss on Disposal of Non-current Assets	0	11,626
Total Expenditure	1,824,591	1,941,556
Income		
Fees, Charges and Other Service Income	(228,848)	(281,969)
Interest and Investment Income	(35,053)	(38,317)
Return on Pension Assets	(64,178)	(69,294)
Capital Charges related income	(52,652)	(47,114)
Council Tax Income	(172,577)	(186,646)
Business Rates Income	(161,520)	(267,535)
Government Grants and Contributions	(1,133,622)	(1,011,780)
Gain on Disposal of Fixed Assets	(10,483)	(6,069)
Total Income	(1,858,932)	(1,908,723)
Deficit / (Surplus) on the Provision of Services	(34,341)	32,833

Manchester City Council Annual Statement of Accounts 2021/22

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 2020/21

	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	(57,954)	0	0	0	(19,558)	(77,512)	77,512
Amortisation of intangible assets	(64)	0	0	0	0	(64)	64
Impairment / revaluation losses charged to the comprehensive income and expenditure statement	(40,839)	(674)	0	0	0	(41,513)	41,513
Movement in fair value of investment property	13,878	0	0	0	0	13,878	(13,878)
Financing of capital expenditure on council dwellings	0	0	0	0	15,916	15,916	(15,916)
Capital grants and contributions	74,213	1,207	0	23,411	0	98,831	(98,831)
Revenue expenditure funded from capital under statute	1,194	(2)	0	(13,360)	0	(12,168)	12,168
Gain / (loss) on disposal of non-current assets	7,989	2,494	0	0	0	10,483	(10,483)
Reversal of items relating to retirement benefits debited or credited to the CIES	(103,552)	(704)	0	0	0	(104,256)	104,256

Manchester City Council Annual Statement of Accounts 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
Employer's pension contributions and direct payments to pensioners payable in year	55,193	375	0	0	0	55,568	(55,568)
Private finance initiative charges to the HRA	0	3,397	0	0	0	3,397	(3,397)
Differences between statutory accounting and amounts recognised as income and expenditure in relation to financial instruments	(1,049)	0	0	0	0	(1,049)	1,049
Amount by which council tax and business rates income adjustment included in the comprehensive income and expenditure statement is different from the amount taken to the general fund in accordance with regulation	(192,802)	0	0	0	0	(192,802)	192,802
Statutory provision for the repayment of debt - minimum revenue provision	25,662	0	0	0	0	25,662	(25,662)
Statutory provision for the repayment of debt - private finance initiatives	4,022	0	0	0	0	4,022	(4,022)
HRA capital receipts to housing central pool	(2,566)	0	2,566	0	0	0	0
Revenue contribution to finance capital	18,636	154	0	0	0	18,790	(18,790)
Premiums and discounts charged to revenue	533	0	0	0	0	533	(533)
Principal repayment of ex-GMC debt	2,516	0	0	0	0	2,516	(2,516)
Capital receipts received	0	0	(18,278)	0	0	(18,278)	18,278
Use of capital receipts reserve to finance capital expenditure	0	0	21,449	0	0	21,449	(21,449)
Write down of long-term debtor	(24)	0	0	0	0	(24)	24
Capital receipts for long-term debtors	0	0	(2,844)	0	0	(2,844)	2,844

Manchester City Council Annual Statement of Accounts 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
Transfer to short term accumulated absences account	(903)	0	0	0	0	(903)	903
Reclassification of Dedicated School Grant (DSG)	2,024	0	0	0	0	2,024	(2,024)
Total adjustments	(193,893)	6,246	2,893	10,051	(3,642)	(178,344)	178,344

The table below shows the adjustments made in 2021/22

	Usable Reserves £000's						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)

Manchester City Council Annual Statement of Accounts 2021/22

	Usable Reserves £000's						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
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)	(574)	0	0	0	(157,540)	157,540
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)
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

Manchester City Council Annual Statement of Accounts 2021/22

	Usable Reserves £000's						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
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)
Dedicated Schools Grant	(445)	0	0	0	0	(445)	445
Total adjustments	40,123	9,472	(20,418)	15,633	(2,205)	42,606	(42,607)

Note 11. Private Finance Initiatives and Service Concessions

Undischarged obligations arising from PFI and service concession transactions as at 31 March 2022 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, 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
Payments within 1 year	1,996	3,476	2,464	8,699	16,634	
Payments within 2 to 5 years	8,870	13,902	8,597	37,865	69,235	
Payments within 6 to 10 years	13,075	17,378	7,508	55,179	93,140	

Manchester City Council Annual Statement of Accounts 2021/22

Payments/ Scheme	Liability Repayment £000	Lifecycle Costs £000	Interest Charges £000	Service Charges £000	Total £000	Scheme Details
Payments within 11 to 15 years	16,837	17,378	3,316	63,259	100,790	Contract expiry - 2037
Sub total	40,779	52,133	21,886	165,001	279,799	
Plymouth Grove Housing						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
Payments within 1 year	709	730	1,391	2,770	5,600	
Payments within 2 to 5 years	3,670	2,918	4,741	11,833	23,163	
Payments within 6 to 10 years	6,764	3,648	3,345	17,055	30,812	
Payments within 11 to 15 years	2,081	730	219	3,437	6,467	
Sub total	13,225	8,026	9,696	35,096	66,042	
Temple School						Temple School – design, build and maintenance of Temple Primary School – services commenced in 2001/02. Total obligation as at start of contract of £14,617,000 to be met from PFI Special Grant and Dedicated Schools Grant (DSG). Indexation – RPI Contract expiry - 2026
Payments within 1 year	320		152	309	780	
Payments within 2 to 5 years	1,222		250	973	2,444	
Sub total	1,541	0	401	1,281	3,224	
Wright Robinson Sports College						Wright Robinson Sports College - design, build and maintenance of sports college -

Manchester City Council Annual Statement of Accounts 2021/22

Payments/ Scheme	Liability Repayment £000	Lifecycle Costs £000	Interest Charges £000	Service Charges £000	Total £000	Scheme Details
Payments within 1 year	1,303	461	1,142	1,831	4,737	services commenced in 2007/08. Total obligation as at start of contract of £116,428,000 to be met from PFI Special Grant and Dedicated Schools Grant (DSG).
Payments within 2 to 5 years	6,111	1,844	3,670	7,912	19,537	
Payments within 6 to 10 years	10,137	2,305	2,090	11,327	25,859	
Payments within 11 to 15 years	139	27	9	150	325	
Sub total	17,689	4,638	6,911	21,221	50,459	
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 - 2032
Payments within 1 year	2,331	620	1,126	2,794	6,871	
Payments within 2 to 5 years	10,794	2,479	3,162	11,939	28,374	
Payments within 6 to 10 years	7,657	1,394	680	7,511	17,242	
Sub total	20,783	4,493	4,968	22,244	52,488	
Brunswick Housing						Brunswick – housing refurbishment, maintenance and estate management - services commenced in 2013/14. Total obligation as at start of contract of £258,236,000 to be met from PFI Grant and the Housing Revenue Account.
Payments within 1 year	1,594	0	4,080	2,480	8,155	
Payments within 2 to 5 years	7,564	0	14,780	10,602	32,947	
Payments within 6 to 10 years	8,791	0	15,590	14,635	39,016	

Manchester City Council Annual Statement of Accounts 2021/22

Payments/ Scheme	Liability Repayment £000	Lifecycle Costs £000	Interest Charges £000	Service Charges £000	Total £000	Scheme Details
Payments within 11 to 15 years	17,531	0	9,978	16,804	44,314	Indexation – RPIX Contract expiry - 2038
Payments within 16 to 20 years	11,525	0	1,306	6,336	19,167	
Sub total	47,005	0	45,734	50,857	143,597	
Refuse Vehicles Service Concession						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 – RPIX Contract expiry – 2032
Payments within 1 year	766	0	55	14,698	15,518	
Payments within 2 to 5 years	2,681	0	107	59,286	62,073	
Payments within 6 to 10 years	601	0	10	30,425	31,036	
Sub total	4,047	0	172	104,409	108,628	
Total	145,069	69,289	89,768	400,110	704,237	

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, Children's Services PFI Scheme
- Street Lighting, Neighbourhood Services PFI Scheme
- Brunswick, HRA (Housing) Services PFI Scheme
- Refuse Vehicles Service Concession

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

HRA (Housing) PFI Schemes

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

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

Children's Services PFI Schemes

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

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

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

Refuse Vehicles Service Concession

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

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 £290m.

MHCC and MFT Pooled funding and Expenditure:	2020/21 £000's	2019/20 £000's
Funding		
Manchester City Council	(230,449)	(184,046)
Manchester CCG	(1,400,968)	0
Manchester University NHS Foundation Trust	0	(105,899)
Total Funding	(1,631,417)	(289,945)
Expenditure		
Manchester City Council	225,383	181,615
Manchester CCG	1,400,888	0
Manchester University NHS Foundation Trust	0	108,357
Total Funding	1,626,271	289,972
Overspend / (Underspend)	(5,146)	27

Better Care Fund

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

	2020/21 £000's	2021/22 £000's
Funding		
Manchester City Council	(50,613)	(39,299)
Manchester CCG	(80,064)	(81,915)
Total Funding	(130,677)	(121,214)

Manchester City Council Annual Statement of Accounts 2021/22

	2020/21 £000's	2021/22 £000's
Expenditure		
New Delivery Models of Integrated Care	87,317	81,840
Protection of Adult Social Care	14,424	15,100
Reablement	18,550	13,788
Care Act Responsibilities	1,902	2,003
Capital Expenditure	3,921	8,164
Total Expenditure	126,114	120,895
Overspend / (Underspend)	(4,563)	(319)

The underspend of £319k is due to Covid restrictions and the impact of the delivery of disabled adaptations against the Disabled Facilities Grant (DFG) of £8.483m. Protocols were put in place during the year to ensure disabled adaptations could still be delivered to those in need, with full protective and social distancing measures and the most vulnerable were supported in their own homes.

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

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

Further detail can be found in the report to the Manchester Health and Wellbeing Board dated 25 March 2015. The Manchester Health and Wellbeing Board adopted a refreshed version of the Locality Plan on 14 March 2018 and received an update on 31 October 2018 for the Better Care Fund guidance released in July 2018.

The Better Care Fund plan continues to align to the Manchester Locality Plan which has been supported previously by the Health and Wellbeing Board. The locality plan describes the core schemes Local Care Organisation (LCO), Single Commissioning Function and Single Hospital Services which together will bring major transformational change in how the needs of people of Manchester are met.

The Improved Better Care Fund (IBCF) is subject to national conditions. The IBCF will have a focus on the following key areas for the Manchester system:

- The development of new models of home care, residential and nursing care homes, acknowledging the pressures upon the care market, and the development of reformed models of care that deliver a step change in outcomes and experience for citizens, which offers attractive employment opportunities and scope for career development; and supports the delivery of wider system benefits
- Review and reform (where applicable) adult social care direct provision in readiness for a safe transfer of services to the LCO, recognising the phased approach of services therefore conducting a review of those services that will be retained but transfer to the LCO in later phases.
- Develop an appropriate and effective finance, performance and contract management system infrastructure required to support the delivery of new models of social care delivery
- Short term improvements/here and now pressures, focussing upon high-cost provision, and addressing the system pressures and demand challenges resulting in delayed transfers of care (DTC);

The fundamental ambition behind pooling of resources is to support transformational change. Financial arrangements will support integration and be very different from previous experience, in particular: -

- access to the GM transformation fund, together with pooled resources, will enable investment in the initial phase of implementing new care models for the future.
- investment into the new care models will be tracked in terms of impact on activity levels particularly in the acute sector and in residential care.
- a transition will happen over a four-year period so that existing models of care are gradually replaced with the new integrated models of care.

Note 13. Financing and investment income and expenditure

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

	Gross Expenditure 2020/21 £000's	Gross Income 2020/21 £000's	Gross Expenditure 2021/22 £000's	Gross Income 2021/22 £000's
Interest payable on debt	23,241	0	24,581	0
Interest payable on PFI unitary payments	11,497	0	10,963	0
Interest income / expense on the defined benefit pension scheme	80,909	(64,178)	91,110	(69,294)
Investment interest income	0	(34,673)	0	(37,816)
Rentals received on investment properties	0	(21,125)	0	(25,658)
Expenses incurred on investment properties	2,779	0	3,920	0
Change in fair value of investment properties	25,888	(39,766)	18,014	(36,856)
Dividends receivable	0	(380)	0	(501)
Impairment loss on debtors	10,286	0	6,709	0
Impairment of financial assets	228	0	711	0
(Gain)/Loss on trading accounts	0	37	0	17
Total	154,828	(160,085)	156,008	(170,108)

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.

	2020/21 £000	2021/22 £000	
Council Tax Income	(172,577)	(186,646)	(a)
Business Rates Income	(161,520)	(267,514)	(b)
Business Rates Tariff	39,534	38,334	(c)
Business Rates Section 31 Grants	(172,117)	(128,544)	(d)
Enterprise Zone Relief Grant	(911)	(860)	(e)
Tax Income Guarantee	(19,219)	(276)	(f)
Education Services Grant	(1,251)	(1,200)	
New Homes Bonus Grant	(8,864)	(8,330)	(g)
Housing Benefit and Council Tax Support Administration Grant	(4,283)	(3,999)	
Local Council Tax Support Grant	0	(5,711)	(h)
Returned Business Rates Growth from GMCA	(3,831)	0	(i)
Private Finance Initiative Grant (General Fund)	(6,580)	(6,580)	
Improved Better Care Fund	(30,816)	(30,816)	(j)
Lower Tiers Services Grant	0	(1,237)	(k)
Children's and Adults Social Care Grant	(17,564)	(23,877)	(l)
COVID-19 Emergency Funding	(46,582)	(22,229)	(m)
COVID-19 Sales, Fees and Charges	(12,422)	(3,595)	(n)
COVID New Burdens Grant	(396)	(233)	(o)
Other Revenue Grants	(179)	(179)	
Adjustment on concessionary interest loan	1,223	400	(p)
Capital Grants and contributions	(75,420)	(73,592)	(q)
Total taxation and non-specific grant income	(693,774)	(726,684)	

a. Council Tax Income has increased by £14m due to an increase in the Council Tax Base of 2.5% and Council Tax Rate increase of 3.99%.

b. The continuation of Expanded Retail and Nursery Discount in 2021/22 offered 100% relief for 3 months, followed by 66% for 9 months with national caps to retail, hospitality, leisure and nurseries businesses, resulted in an additional relief award of £77.209m in 2021/22 which reduced collection. In addition, the 2021/22 collection rate increased by 6.88% to 94.79%, from 87.91% in 2020/21 and 97.77% in 2019/20.

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 introduction of Expanded Retail and Nursery Discount from 2020/21 has resulted in an additional Section 31 grants being received.

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

f. The Tax Income Guarantee scheme was introduced in 2020/21, where Government fund 75% of council tax and business rates losses by comparing budgeted collection to actual collection with adjustments. In 2021/22 £276k was received following a change to the prescribed calculation.

g. New Homes Bonus (NHB) grant included three years legacy payments in 2020/21 reducing to two years in 2021/22 as part of the government plan to wind down this funding incentive. The government has consulted on a replacement for New Homes Bonus

h. Local Tax Support Grant, a new grant announced in the Spending Review, was provided by government toward recognition of the additional cost of providing local council tax support in 2021/22, at a time when more households faced financial difficulties as a result of the pandemic.

i. Returned Business Rates growth from Greater Manchester Combined Authority (GMCA). A share of the 100% rates retention benefit is passed to GMCA each year of the pilot. The receipt in 2020/21 represents the return of unspent funds from the prior year. There is no receipt in 2021/22 because there was no growth share in the prior year, due to the impact of the pandemic on collection.

j. The Improved Better Care Fund is allocated to local authorities to fund social care. From 2017 the Spending Review made available social care funds for local government. The Council's allocation in 2021/22 was unchanged at £30.816m

k. Lower Tier Services Grant a new government grant in 2021/22 to lower tier authorities with a minimum one-off funding floor.

l. The Children's and Adults Social Care Grant was announced in the October 2018 budget with the stated aim of reducing demand on the NHS and improving the social care offer for older people, people with disabilities and children. In 2021/22 £1.710bn of additional grant was made available for both adult and children's social care giving the Council an allocation of £23.877m.

m. COVID Emergency Funding to support local authorities in responding to the COVID19 pandemic. The Council's allocation was £46.582m in 2020/21, and £22.229m in 2021/22 received in one allocation in May 2021.

n. COVID Sales, Fees and Charges income loss funding was provided by Government to cover 71.25% of estimated income lost (75% grant to cover 95% of estimated income loss due to the pandemic). £12.422m was received in 2020/21 and £3.595m in 2021/22.

o. New Burdens funding to implement, administer and reconcile business support grants of £233k.

p. 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 write back of the total saving recorded at the time the interest free loan was taken out.

q. 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

	2020/21 £000s	2021/22 £000s	
Dedicated Schools Grant	(320,642)	(328,019)	
Pupil Premium	(23,735)	(23,783)	
Housing and Council Tax Support	(180,009)	(169,755)	(a)
Private Finance Initiative Grant (Housing Revenue Account)	(23,374)	(23,374)	
Learning and Skills Council Grants	(7,796)	(7,825)	
Asylum Seekers Grant	(7,670)	(9,827)	(b)
Universal Free School Meals Grant	(4,866)	(3,157)	(c)
Troubled Families Grant	(3,044)	(3,090)	
Independent Living Fund	(1,984)	(1,984)	
Youth Justice Board Grants	(1,257)	(1,291)	
Department for Education - (Inherited Staff Liabilities)	(966)	(861)	
Homelessness Grants	(4,090)	(11,666)	(d)
Home Office Grant – Prevent Strategy	(856)	(1,158)	(e)
PE and Sports Grant	(2,092)	(2,138)	
Teachers Pay Grant	(2,552)	(194)	(f)
Additional School Grant including Teacher Pension grant for maintained schools and COVID emergency support for schools	(11,177)	(7,174)	(g)
Public Health Grants	0	(1,383)	(h)
COVID 19 Grants	(38,710)	(30,338)	(i)
Business Support Grant	(22,041)	(5,310)	(j)
Other Grants	(4,804)	(4,473)	(k)
Total revenue grants credited to the Comprehensive Income and Expenditure Statement	(661,665)	(636,801)	

(a) Housing and Council Tax Support grants have reduced in line with lower expenditure as more residents have moved to Universal Credit.

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

(c) Universal Free School Meals grant is formula driven using number of pupils in reception to year 2 and reduced by any pupils eligible for free school meals (FSM). Numbers enrolled for reception to year 2 have fallen, plus the number of FSM across the City has increased.

(d) Homelessness grants have increased due to additional, one off ringfenced grants received in 2021/22. This included Protect and Vaccinate, Rough Sleepers Accommodation

Programme, Community Accommodation Services, Ex-Offenders and Rough Sleeper Initiative and Domestic Abuse new burdens funding.

(e) 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.

(f) Teacher pay grant for schools was incorporated into the base funding 2021/22. The grant that remains relates to the school nursery element only

(g) Additional School Grants have reduced as 2020/21 included almost £3m of COVID catch up funding which has now ended; and teachers' pension grant was incorporated into the base funding 2021/22 excluding the school nursery element.

(h) New Public Health Grants totalling £1.383m includes new Universal Public Health Grant, Adult Weight Management Grant and Prevention and Promotion of Better Mental Health Grant.

(i) COVID 19 grants - a breakdown of these grants is shown in the narrative report.

(j) Business Support Grant to provide support to businesses impacted by local restrictions, national lockdowns and to support recovery. These have reduced in 2021/22 in line with the withdrawal of restrictions with £5.310m received in 2021/22 for the fourth tranche of Additional Restriction Grant (£4.311m) and Additional Restriction Grant Omicron (£0.999m).

(k) Other Grants includes Community voices, Staying Put, Home Office grant for elections, Talk English Grant, Sixth Form Funding Grant and Department of Transport

Note 16. Officers' Emoluments and Senior Employees' Remuneration

Employee Remuneration

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

Non schools-based staff

The 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.

Manchester City Council Annual Statement of Accounts 2021/22

	Staff Who Have Not Received Severance or Other Related Payments 2020/21	Staff Who Have Received Severance or Other Related Payments 2020/21	Total 2020/21	Staff Who Have Not Received Severance or Other Related Payments 2021/22	Staff Who Have Received Severance or Other Related Payments 2021/22	Total 2021/22
£50,000 - £54,999	104	0	104	140	0	140
£55,000 - £59,999	53	1	54	65	0	65
£60,000 - £64,999	20	0	20	19	0	19
£65,000 - £69,999	19	0	19	24	0	24
£70,000 - £74,999	24	0	24	14	0	14
£75,000 - £79,999	10	0	10	18	0	18
£80,000 - £84,999	20	0	20	10	0	10
£85,000 - £89,999	7	0	7	11	0	11
£90,000 - £94,999	3	0	3	10	0	10
£95,000 - £99,999	5	0	5	2	0	2
£100,000 - £104,999	5	1	6	5	0	5
£105,000 - £109,999	4	0	4	4	0	4
£110,000 - £114,999	0	0	0	2	0	2
£115,000 - £119,999	1	0	1	0	0	0
£120,000 - £124,999	0	0	0	2	0	2
£130,000 - £134,999	1	0	1	0	0	0
£135,000 - £139,999	0	0	0	1	0	1
£145,000 - £149,999	1	0	1	1	0	1
£155,000 - £159,999	0	1	1	0	0	0
£165,000 - £169,999	0	1	1	0	0	0
Total	277	4	281	328	0	328

Manchester City Council Annual Statement of Accounts 2021/22

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.

	2020/21 Staff Who Have Not Received Severance or Other Related Payments	2020/21 Staff Who Have Received Severance or Other Related Payments	2020/21 Total	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
£50,000 - £54,999	76	0	76	87	0	87
£55,000 - £59,999	41	0	41	51	0	51
£60,000 - £64,999	24	0	24	31	0	31
£65,000 - £69,999	16	0	16	16	0	16
£70,000 - £74,999	12	0	12	15	0	15
£75,000 - £79,999	15	1	16	16	0	16
£80,000 - £84,999	2	0	2	4	0	4
£85,000 - £89,999	10	0	10	7	0	7
£90,000 - £94,999	4	0	4	9	0	9
£95,000 - £99,999	1	0	1	1	0	1
£100,000 - £104,999	0	0	0	1	0	1
£105,000 - £109,999	3	0	3	2	0	2
£110,000 - £114,999	1	0	1	0	0	0
£115,000 - £119,999	0	0	0	2	0	2
£130,000 - £134,999	1	0	1	1	0	1
Total	206	1	207	243	0	243

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)

Manchester City Council Annual Statement of Accounts 2021/22

Senior Employees' Remuneration	Salary, Fees or Allowances		Employer's Contribution to Pension	
	2020/21 £	2021/22 £	2020/21 £	2021/22 £
Chief Executive, Joanne Roney	208,457	211,584	38,565	39,143
Deputy Chief Executive and City Treasurer (Section 151 Officer), Carol Culley	157,208	159,566	29,083	29,520
City Solicitor (Monitoring Officer)	136,312	148,701	25,218	27,510
Strategic Director (Neighbourhoods)	130,859	138,357	24,209	25,596
Strategic Director of Children and Education Services	146,503	148,701	27,103	27,510
Executive Director of Adult Social Services	130,859	138,357	24,209	25,596
Director of Education	123,769	120,486	22,897	22,290
Director of Population, Health and Wellbeing (Director of Public Health)	108,853	110,486	15,653	15,888
Strategic Director (Development) (a)	46,393	0	0	0
Strategic Director (Development) (b)	113,540	41,572	21,005	7,691
Strategic Director (Development) (c)	0	58,810	0	10,880
Total	1,302,753	1,276,620	227,942	231,624

(a) The post holder left the Council on 31 August 2020

Manchester City Council Annual Statement of Accounts 2021/22

(b) The post holder commenced on 22 June 2020 and left the Council on 11 July 2021

(c) The current post holder commenced on 18 October 2021

There were no expenses allowances, severance payments or employer contributions to early retirement costs in relation to any of the officers disclosed above in 2020/21 and 2021/22

Manchester City Council Annual Statement of Accounts 2021/22

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. There were no compulsory redundancies during the financial years 2020/21 and 2021/22.

The figures include both schools and non-schools' staff.

	2020/21 Number of Staff Departures Agreed	2020/21 Total Cost of Exit Packages £000s	2021/22 Number of Staff Departures Agreed	2021/22 Total Cost of Exit Packages £000s
£0 - £20,000	95	879	108	851
£20,001 - £40,000	47	1,316	22	572
£40,001 - £60,000	23	1,142	2	102
£60,001 - £80,000	9	597	0	0
£80,001 - £100,000	6	525	0	0
Total	180	4,459	132	1,525

Manchester City Council Annual Statement of Accounts 2021/22

Note 18. Audit Fees

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

	2020/21 £000	2021/22 £000
Fees payable to Mazars with regard to external audit services carried out by the appointed auditor	159	159

Note 19a. Property, Plant and Equipment

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

	Property, Plant and Equipment						Total £000s
	Council Dwellings £000s	Other Land and Buildings £000s	Vehicles, Plant, and Equipment £000s	Comm- unity Assets £000s	Assets Under Construction £000s	Surplus Assets £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

Manchester City Council Annual Statement of Accounts 2021/22

	Property, Plant and Equipment						
	Council Dwellings £000s	Other Land and Buildings £000s	Vehicles, Plant, and Equipment £000s	Comm-unity Assets £000s	Assets Under Construction £000s	Surplus Assets £000s	Total £000s
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 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
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

Manchester City Council Annual Statement of Accounts 2021/22

Movements on property, plant and equipment during 2020/21 were as follows:

	Property, Plant and Equipment						
	Council Dwellings £000s	Other Land and Buildings £000s	Vehicles, Plant, and Equipment £000s	Comm-unity Assets £000s	Assets Under Constructi on £000s	Surplus Assets £000s	Total £000s
Movement in 2020/21							
Gross book value brought forward	568,262	1,149,582	113,242	33,814	114,256	138,909	2,118,065
Accumulated depreciation and impairment brought forward	(101)	(48,749)	(53,205)	(853)	0	(4,043)	(106,951)
Net book value carried forward as at 1 April 2020	568,161	1,100,833	60,037	32,961	114,256	134,866	2,011.114
Additions	13,576	16,757	6,419	259	109,568	14,423	161,002
Revaluations recognised in revaluation reserve	83,610	35,869	0	0	0	11,623	131,102
Downward Revaluations recognised in deficit / surplus on the provision of services	(675)	(37,408)	0	0	0	(3,393)	(41,476)
Derecognition – disposals	0	(2,812)	0	0	0	0	(2,812)
Transferred (to) held for sale assets	(2,950)	0	0	0	0	2,045	(905)
Other transfers	159	10,586	(95)	4	(7,062)	1,326	4,918
Other movements in cost or valuation - newly recognised leased / PFI assets	(11,416)	0	100	0	12,558	0	1,242
Depreciation	(19,274)	(25,423)	(10,148)	0	0	(706)	(55,551)
Impairments charged to the deficit / surplus on the provision of services	0	0	(36)	0	0	0	(36)
Impairments covered by the revaluation reserve	(7,996)	0	0	0	0	0	(7,996)

Manchester City Council Annual Statement of Accounts 2021/22

	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
Net book value carried forward as at 31 March 2021	623,195	1,098,402	56,277	33,224	229,320	160,184	2,200,602
Gross book value carried forward	623,171	1,157,178	119,666	34,077	229,320	163,044	2,326,456
Accumulated depreciation and Impairment carried forward as at 31 March 2021	24	(58,776)	(63,389)	(853)	0	(2,860)	(125,854)
Net book value carried forward as at 31 March 2021	623,195	1,098,402	56,277	33,224	229,320	160,184	2,200,602

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 2021	538,992
Movement in 2021/22	
Additions	38,244
Other transfers	(1,935)
Depreciation	(22,549)
Net book value carried forward at 31 March 2022	552,729

	£000s
Net book value as at 1 April 2020	517,529
Movement in 2020/21	
Additions	45,542
Transfer (to) held for sale assets	(628)
Other transfers	(1,488)
Depreciation	(21,959)
Net book value carried forward at 31 March 2021	538,992

Note 20. Disposal of Assets

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

Manchester City Council Annual Statement of Accounts 2021/22

	2020/21 £000	2021/22 £000
Disposals of Assets		
Held for Sale - Council dwellings (right to buy)	2,950	8,302
Held for Sale - General Fund	1,646	9,132
Academy Disposals	2,812	0
Other General Fund Disposals	0	13,285
Total	7,408	30,719

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

	2020/21 £000	2021/22 £000
Held for Sale - Council dwellings (right to buy)	(1,656)	(4,725)
HRA Other	(838)	(1,344)
Held for Sale General Fund	408	1,611
Academy Disposals	2,812	0
Other General Fund Disposals and other Capital Receipts	(11,209)	10,015
Total	(10,483)	5,557

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 2022	54	11	43	2
Value of land and buildings at 31 March 2022	£384,121,000	N/A	N/A	£18,883,000
Value of land and buildings at 31 March 2021	£324,167,000	N/A	N/A	£16,893,000

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.

Manchester City Council Annual Statement of Accounts 2021/22

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	12,172	2,576	5,871	859	21,478
Funding, including DSG	168,007	33,271	93,787	6,797	301,862
Net expenditure incurred by schools	(168,012)	(33,765)	(94,597)	(6,880)	(303,254)
Closing schools' reserves	12,167	2,082	5,061	776	20,086

Manchester City Council Annual Statement of Accounts 2021/22

Note 22. Heritage Assets

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

	Fine Art Works	Civic Plate	Town Hall Sculptures	Monuments, Statues, Fountains, Buildings and other Civic Regalia	Total
	£000's	£000's	£000's		£000's
Cost or valuation				£000's	
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

Movements on heritage assets during 2020/21 were as follows:

	Fine Art Works	Civic Plate	Town Hall Sculptures	Monuments, Statues, Fountains, Buildings and Civic Regalia	Total
	£000's	£000's	£000's		£000's
Cost or valuation				£000's	
Balance at 1 April 2020	594,788	2,959	2,962	4,112	604,821

Manchester City Council Annual Statement of Accounts 2021/22

Additions/ Donations	0	0	0	40	40
Revaluations	17,170	0	0	3,629	20,799
Reclassifications	0	0	0	10,142	10,142
Balance at 31 March 2021	611,958	2,959	2,962	17,923	635,802

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 46,800 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.

Manchester City Galleries' (MCG) collections are covered by the Greater Manchester Act 1981 whereby financially motivated disposal is prohibited by the Act.

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

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

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, Senior Registrar and Senior Conservator.

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

- Gallery displays and temporary exhibitions at Manchester Art Gallery.
- 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 2020-2022
- 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 2021/22 resulted in an increase in value of £1,476,000 (2020/21 £17,170,000 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.

Manchester City Council Annual Statement of Accounts 2021/22

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 have been valued at historical cost net of depreciation
- Infrastructure assets are carried at depreciated historical cost
- assets under construction are held at historical cost until brought into use.
- surplus assets have been valued on the basis of market value for the highest or best use

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

Council dwellings are valued annually. All other assets, with the exception of those valued at historic cost net of depreciation, are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their value at year end, but as a minimum every five years. Valuations have been undertaken during the year by internal Council valuers, Jacobs and Capita, for council dwellings, external valuers commissioned by the Council. Jacobs have provided indexation factors for the percentage increase in value from the date of the last valuation to 31 March 2022 for each category 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 2021/22 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 £273.547m reflecting the revaluation movement since the last revaluation of these assets.

Manchester City Council Annual Statement of Accounts 2021/22

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 £ 7,572,000 in relation to PPE being charged to the Comprehensive Income and Expenditure Statement.

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

	Council Dwellings £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	67,453	40,180	329,963	0	437,596
Valuation in Year							
2017/18	0	5,378	0	0	0	1,978	7,356
2018/19	0	82,004	117	0	0	19,448	101,569
2019/20	0	657,090	262	0	0	9,289	666,641
2020/21	0	149,641	0	0	0	41,485	191,126
2021/22	744,477	347,624	0	0	0	81,681	1,173,782
Total	744,477	1,241,737	67,832	40,180	329,963	153,881	2,578,070

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 2021 £000s	31 March 2022 £000s
Other significant inputs*	Level 2	13,249	5,891
Significant unobservable inputs*	Level 3	146,935	147,990
Total		160,184	153,881

*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 observable inputs (these are inputs where market data is not available and are developed using the best information available about the assumptions market participants would use when pricing the asset such as comparable land or property values. Where such evidence is not available the use of sales values and cost of development to produce a residual value has been used).

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

There have been no transfers between levels of fair value hierarchy during 2021/22.

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

	2020/21 £000	2021/22 £000
Balance at 1 April	112,949	146,935
Transfers to surplus assets	3,373	2,164
Transfers between levels	11,017	0
Total (losses) included in deficit / surplus on provision of services resulting from changes in the fair value	(3,154)	(3,585)
Total gains / (losses) included in other comprehensive income and expenditure	11,623	4,370
	135,808	149,884
Additions	11,833	258
Disposals	0	(1,756)
Depreciation	(706)	(396)
Balance at 31 March	146,935	147,990

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 2020	9,474
Movement in 2020/21	
Reclassifications	1,534
Disposals	(4,596)

Manchester City Council Annual Statement of Accounts 2021/22

	Assets Held For Sale £000s
Revaluations	(73)
Net book value carried forward 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

Manchester City Council Annual Statement of Accounts 2021/22

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 2020	71	28,336	63,147	53,496	66,521	5,506	217,077
Movement in 2020/21							
Expenditure	0	240	0	0	726	0	966
Newly recognised assets	0	0	0	1,142	0	0	1,142
Reclassifications	0	(41)	(190)	(223)	0	0	(454)
Depreciation	(8)	(1,036)	(2,206)	(1,455)	(2,690)	(782)	(8,177)
Revaluations	0	1,920	11,719	3,556	0	100	17,295
Net book value carried forward 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 as at 31 March 2022	55	34,660	99,535	60,666	62,108	4,047	261,071

Manchester City Council Annual Statement of Accounts 2021/22

	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 2020	2,073	14,661	44,491	49,627	25,081	20,064	5,506	161,503
Movement in 2020/21								
Additional liability	0	0	0	1,142	0	0	100	1,242
Write down of liability	(249)	(690)	(1,822)	(2,208)	(2,086)	(1,150)	(782)	(8,987)
Deferred liability carried forward as at March 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

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 2021 £000s	31 March 2022 £000s
Not later than one year	5,391	4,650
Later than one year and not later than five years	17,461	16,127
Later than five years	68,542	65,182
Total	91,394	85,959

Lease payments made:

	2020/21 £000s	2021/22 £000s
Minimum lease payments	5,246	4,729
Total	5,246	4,729

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

	2020/21 £000s	2021/22 £000s
Corporate Core	430	361
Growth and Development	4,816	4,368
Total minimum lease payments	5,246	4,729

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 2021 £000s	31 March 2022 £000s
Not later than one year	16,071	16,057
Later than one year and not later than five years	60,038	61,919
Later than five years	931,273	930,920
Total minimum lease payments	1,007,382	1,008,896

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 £493,479,000 (£474,469,000 in 2020/21). The balance of investment properties is held for capital appreciation purposes.

These assets are classed as investment properties because they are held to solely earn rentals during the year and are not used by the Council in delivering its services. As these assets are classed as investment properties no depreciation charge has been made in 2020/21 or 2021/22.

	2020/21 £000s	2021/22 £000s
Rental income from investment property	(21,125)	(25,658)
Direct operating expenses arising from investment property	2,779	3,920
Net (gain)	(18,346)	(21,738)

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 2020	475,227
Movement in 2020/21	
Expenditure	599
Reclassifications	(13,574)
Movement in fair value of investment property	13,878
Net book value carried forward as at 31 March 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

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 Jacobs, external valuers engaged by the Council.

Note 29. Capital Expenditure and Capital Financing

	2020/21 £000s	2021/22 £000s
Opening Capital Financing Requirement	1,496,477	1,648,796
Expenditure		
Property, plant and equipment	161,002	213,132
Infrastructure	45,542	38,224
Investment properties	599	1,188
Heritage assets	40	34
Revenue expenditure funded from capital under statute*	12,168	33,355
Long term debtors	112,166	7,114
Investment in share capital	4,230	164
	335,747	293,211
Assets acquired under finance lease / PFI arrangements	1,242	1,009
Funding Resources		
Revenue contributions	(18,791)	(7,248)
Capital Receipts	(21,449)	(12,286)
Major Repairs Reserve	(15,916)	(21,054)
Government grants	(63,340)	(82,124)
External contributions	(35,490)	(17,699)
Minimum Revenue Provision	(29,684)	(34,353)
Closing Capital Financing Requirement	1,648,796	1,768,251
HRA	299,237	300,048
Non HRA	1,349,559	1,468,203
Closing Capital Financing Requirement	1,648,796	1,768,033
Explanation of Movement in Year		
Minimum Revenue Provision	(29,684)	(34,353)
Increase in underlying need to borrow	180,761	152,800
Assets acquired under finance lease / PFI arrangements	1,242	1,009
	152,319	119,456

* 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 2021 £000s	31 March 2022 £000s
Housing	14,919	308
Education	8,933	13,362
Indoor Leisure	19,475	28,691
The Factory	41,470	36,684
Our Town Hall	210,462	156,470
Street Lighting	380	0
Alexandra House	385	0
Highways Investment Programme	3,535	0
Gorton Health Hub	20	8,919
Carbon Reduction Programme	1,953	0
Public Sector Decarbonisation	0	6,586
Housing Investment Fund	0	969
Hammerstone Road Depot	0	3,234
Civic Quarter Heat Network	159	0
Total	301,691	255,223

Note 31. Investments

The Council has the following long-term investments:

	31 March 2021 £000s	31 March 2022 £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	142	136
Investments in associates and joint ventures not included in the group statements		
Manchester Airports Holdings Ltd (C Shares)	5,700	4,800
Eastlands Development Company Limited	1,155	1,279
Matrix Homes Ltd	5,413	5,655
Mayfield Developments	4,000	7,087
	138,964	141,512
Total other long-term investments	12,403	13,269
Total Long-Term Investments	151,367	154,780

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

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

The table below shows summarised financial information for the Council's joint venture for 2020/21 and 2021/22. These figures show the Council's share of the joint venture's results:

Council's share of Manchester Airports Holdings Ltd	2020/21 £000s	2021/22 £000s
Total current assets as at 31 March	219,994	206,610
Total long-term assets as at 31 March	1,534,275	1,508,040
Total current liabilities as at 31 March	86,052	99,507
Total long-term liabilities at 31 March	1,312,897	1,357,804
Total income	63,403	164,046
Total expenditure	203,025	278,107

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 2021 £000s	31 March 2022 £000s
Short term debtors and payments in advance		
Debtors included in the Financial Instruments note		
Government departments	69,210	25,128
Other local authorities	27,833	28,351
NHS bodies	8,795	10,324
Housing rents	8,450	8,444
Destination Manchester Ltd / Manchester Central Ltd	750	750
All other bodies (external to government) - trade organisations and individuals	133,408	127,019
	248,446	200,016
Impairment of Debt		
Housing rents	(6,663)	(6,970)
Other	(71,709)	(75,031)
	170,074	118,015
Debtors not included in the Financial Instruments note		
HM Revenue and Customs	8,103	20,685
Government departments payments in advance	117	0
Financial institutions payments in advance	0	94
Council tax	72,993	77,526
Business rates	56,367	51,002
All other bodies (external to government) payments in advance	6,324	7,748
Impairment of Debt		
Council tax	(55,119)	(60,574)
Business rates	(45,450)	(45,497)
Total	213,410	168,999

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 2021 £000s	31 March 2022 £000s	
Amounts falling due after one year			
Debtors included in the Financial Instruments note			
Private Sector Housing Loans	11,349	11,698	(a)
Equity Mortgages	2,163	1,611	(b)
Matrix Homes	9,561	10,145	(c)
Biffa Municipal	3,974	3,247	(d)
Manchester Quays Riverside	4,287	4,288	(e)
Manchester College	19,378	18,987	(f)
Manchester Airports Holdings Ltd	356,098	390,706	(g)
Destination Manchester Ltd / Manchester Central Ltd	15,657	14,157	(h)
Northern Gateway (Far East Consortium)	0	6,670	(i)
Advertising Debtors	0	1,183	(j)
Other	2,766	2,649	(k)
	425,233	465,342	
Debtors not included in the Financial Instruments note			
PFI prepayments	21,400	20,892	(l)
Total	446,633	486,233	

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 £106.451m 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 £76.836m.

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 loans made to other organisations.

l - 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 2021 £000s	31 March 2022 £000s
Short Term Creditors and Receipts in Advance		
Creditors classed as Financial Instruments		
Government departments	49,838	60,709
Other local authorities	12,350	14,356
NHS bodies	2,486	3,591
Public corporations	128	47
Financial institutions	643	911
Housing rents	2,783	2,922
Other bodies (external to government) - trade organisations and individuals	126,952	121,810
	195,180	204,345
Creditors not classed as Financial Instruments		
Government departments receipts in advance (a)	2,572	36,263
Other local authorities' receipts in advance	815	972
NHS bodies receipts in advance	218	1,261
Other public bodies receipts in advance	0	30
Other bodies (external to Government) receipts in advance	4,601	7,592
HM Revenue and Customs	10,071	12,016
Council tax	10,316	10,896
Business rates	11,094	27,861
Total	234,867	301,236

(a) The increase in government department receipts in advance mainly relates to the 2022/23 £150 one-off residents Council Tax Energy Rebate Funding and discretionary payments that were received within financial year 2021/22 but payable to residents in 2022/23.

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.

Manchester City Council Annual Statement of Accounts 2021/22

	31 March 2021 £000s	31 March 2022 £000s
Amounts falling due after one year		
Creditors classed as Financial Instruments		
Equity mortgages - share of proceeds	736	548
Homes and Communities Agency re Matrix Homes	290	345
Total	1,026	893

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 2021 £000s	Range of Interest Rates Payable		Average Interest %	31 March 2022 £000s
		From %	To %		
Analysis of loans by type					
Public Works Loans Board	150,000	1.3400	2.4700	1.9970	400,000
Market Loans	408,990	0.1000	6.7000	4.3571	403,874
Government Debt	18,708	0.0000	0.0000	0.0000	14,940
Stocks	858	4.0000	4.0000	4.0000	858
Total Outstanding	578,556				819,672
Analysis of loans by maturity					
1-2 years	11,884				6,571
2-5 years	15,319				11,886
5-10 years	749				782
after 10 years	550,604				800,433
Total by maturity	578,556				819,672

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 2021 £000s	Range of Interest Rates Payable		Average Interest %	31 March 2022 £000s
		From %	To %		
Analysis of loans by type					
Public Works Loans Board	285,437	1.3400	2.4700	1.9970	720,261
Market Loans	1,098,497	0.1000	6.7000	4.3571	1,075,806
Government Debt	18,707	0.0000	0.0000	0.0000	14,940
Stocks	1,856	4.0000	4.0000	4.0000	1,821
Total Outstanding	1,404,497				1,812,828
Analysis of loans by maturity					
1-2 years	33,133				31,964
2-5 years	78,409				87,857
5-10 years	105,860				127,539
after 10 years	1,187,095				1,565,468
Total by maturity	1,404,497				1,812,828

Manchester City Council Annual Statement of Accounts 2021/22

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 2021 £000s	Short Term 31 March 2021 £000s	Long Term 31 March 2021 £000s	Repaid in year £000s	Disposals and Derecognitions in year £000s	Additions in year £000s	31 March 2022 £000s	Short Term 31 March 2022 £000s	Long Term 31 March 2022 £000s
Ex GMC debt	2,654	2,654	0	(2,654)	0	0	0	0	0
Private Finance Initiatives	148,934	8,723	140,211	(8,723)	0	811	141,022	9,189	131,834
Service Concession	4,824	766	4,058	(755)	(220)	198	4,047	766	3,282
Total	156,412	12,143	144,269	(12,132)	(220)	1,009	145,069	9,954	135,115

Manchester City Council Annual Statement of Accounts 2021/22

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 2021 £000s	Short Term 31 March 2021 £000s	Long Term 31 March 2021 £000s	Contributions in year £000s	Amounts released/used in year £000s	31 March 2022 £000s	Short Term 31 March 2022 £000s	Long Term 31 March 2022 £000s	
Compensation provisions	10,273	6,194	4,079	2,869	(6,122)	7,020	5,145	1,875	a
Insurance provision (including HRA)	3,242	2,682	560	151	(993)	2,400	1,768	632	b
Provision for business rate appeals	115,911	10,377	105,534	15,671	(18,614)	112,970	15,671	97,299	c
Various other provisions	872	739	133	223	(295)	799	666	133	
Total	130,298	19,992	110,306	18,914	(26,024)	123,189	23,250	99,939	

a - The compensation provisions have been set up to compensate claimants for claims received by the Council as at 31 March 2022. 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. The Council cannot be certain as to when these appeals will be settled as it is dependent on the timing of their settlement by the VOA. This provision has been determined on the assumption that current outstanding appeals will be settled in line with previous experience. The Council's share of the provision is 99% as a result of the Council participating in the 100% rates retention pilot (the remaining 1% is attributable to the GMCA fire and rescue element). Settled appeals will be charged to the provision once determined by the VOA.

Note 37. Financial Instruments

The Council's treasury management policy complies with the CIPFA Code of Practice on Treasury Management (Revised November 2009). This was adopted by the Council on 7 March 2012. In accordance with best practice, the 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 2021/22 the average net rate of interest paid and received was 3.23% (3.02% in 2020/21).

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 2021 £000s	31 March 2022 £000s	31 March 2021 £000s	31 March 2022 £000s	31 March 2021 £000s	31 March 2022 £000s
Financial Liabilities at Amortised Cost:						
Borrowings	578,556	819,672	184,675	20,610	763,231	840,282
Deferred Liabilities	144,269	135,115	12,143	9,954	156,412	145,069
Creditors	1,026	893	195,180	204,345	196,205	205,238
Total Financial Liabilities	723,851	955,680	391,998	234,909	1,115,848	1,190,589
Financial Assets						
Amortised cost	425,233	462,816	219,338	261,365	644,572	724,181
Designated Fair value through other comprehensive income	26,859	31,480	0	0	26,859	31,480
Fair value through profit and loss	1,954	3,272	0	0	1,954	3,272
Total Financial Assets	454,046	497,568	219,338	261,365	673,384	758,933

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 2021 £000s	31 March 2022 £000s	31 March 2021 £000s	31 March 2022 £000s
Liabilities				
Public Work Loans Board	150,604	401,878	164,471	352,040
Market debt	589,355	418,829	837,393	607,397
Government debt	22,403	18,707	21,712	17,885
Stocks	867	867	1,204	1,104
Total Borrowings	763,229	840,281	1,024,780	978,426
Ex GMC debt	2,654	0	2,654	0
PFI and service concessions liabilities	153,758	145,069	153,758	145,069
Trade creditors	196,206	205,238	196,205	205,238
Total Financial Liabilities	1,115,847	1,190,588	1,377,397	1,328,733
	Carrying Amount		Fair Value	
	31 March 2021 £000s	31 March 2022 £000s	31 March 2021 £000s	31 March 2022 £000s
Assets				
Cash and cash equivalents	49,265	143,350	49,265	143,350
Long term investments	28,813	34,752	28,813	34,752
Trade debtors	595,307	580,831	623,922	614,171
Total Financial Assets	673,385	758,933	702,000	792,273

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 £456.5m for PWLB debt, £18.3m for Government debt and £750.4m 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

	2020/21		2021/22	
	Surplus / Deficit on the provision of services £000s	Other comprehensive income and expenditure £000s	Surplus / Deficit on the provision of services £000s	Other comprehensive income and expenditure £000s
Net (gains)/losses on:				
Financial assets measured at fair value through profit or loss	(384)	0	3,272	0
Financial assets measured at amortised cost	228	0	711	0
Investments in equity instruments designated at fair value through other comprehensive income	0	2,734	0	(3,115)
Total net (gains)/losses	(156)	2,734	3,983	(3,115)
Interest income	(34,673)	0	(37,816)	0
Interest expense	34,738	0	35,544	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 5 March 2021. The strategy is available on the Council's website.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. This risk is managed through the Annual Investment Strategy which was approved by full Council on 5 March 2021. This strategy is available on the Council's website. Some of the key areas of the strategy are as follows:

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	6,002	0.02%	1
NatWest Bank	F1	P-1	A-1	1	0.02%	0
Barclays Bank	F1	P-1	A-2	7,686	0.02%	2

The Council does not expect any losses from these investments.

Monitoring of credit ratings

A - All credit ratings will be monitored on a continual basis and reviewed weekly. The Council is alerted by Link Asset Services, 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 £357,069,000 and the estimated exposure to default is £82,001,000.

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 2021 £000	31 March 2022 £000
Less than 1 year	218,589	266,941
Between 1 year and 2 years	2,318	22,424
Between 2 and 3 years	6,618	2,810
More than 3 years	445,859	466,758
Total	673,385	758,933

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 2021 £000	31 March 2022 £000
Less than 1 year	391,187	233,975
Between 1 year and 2 years	20,914	16,302
Between 2 and 5 years	46,186	43,066
Between 5 and 10 years	48,218	47,806
More than 10 years	609,340	849,439
Total	1,115,846	1,190,588

Market Risk

Interest Rate Risk

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

- borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise.

- borrowings at fixed rates – the fair value of the borrowing liability will fall.
- investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise.
- investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Comprehensive Income and Expenditure Statement and effect the General Fund Balance.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy, a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure. The central treasury management team will monitor market and forecast interest rates within the year, to adjust exposures appropriately. For instance, during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long-term returns. Similarly, the drawing of longer-term fixed rate borrowing would be postponed.

The Council tries to maximise its income on temporary investment and minimise its interest costs on temporary and long-term borrowing.

The maximum interest rate increase that could be expected in the current climate is assessed at 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 £100,000,000 @ 1%) = £1,000,000.

Price Risk

The Council, excluding the pension fund, does not generally invest in equity shares but does have shareholdings at a cost of £154,781,000 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.

Manchester City Council Annual Statement of Accounts 2021/22

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 2020/21 were as follows:

	31 March 2020 £000s	Transfer DSG to Unusable £000s	Re-stated 1 April 2020 £000s	Transfers between reserves £000s	Transfers to reserves £000s	Transfers from reserves £000s	31 March 2021 £000s	
a) Reserves Held for Capital Purposes								
Capital Receipts Reserve	(96,849)	0	(96,849)	0	(21,122)	24,015	(93,956)	a(1)
Major Repairs Reserve	(2,427)	0	(2,427)	0	(19,557)	15,916	(6,069)	a(2)
Capital Grants Unapplied Reserve	(104,055)	0	(104,055)	0	(88,780)	98,830	(94,005)	a(3)
Total Reserves Held for Capital Purposes	(203,331)	0	(203,331)	0	(129,459)	138,761	(194,030)	
Reserves Held for Revenue Purposes								
b) Schools Reserves								
Local Management of Schools	(11,712)	(4,281)	(15,993)	0	(5,486)	(0)	(21,479)	b(1)
Total reserves held for schools	(11,712)	(4,281)	(15,993)	0	(5,486)	(0)	(21,479)	
c) Statutory Reserves								
Bus Lane Enforcement Reserve	(12,598)	0	(12,598)	0	(2,035)	4,172	(10,461)	c(1)
On-street Parking Reserve	(4,257)	0	(4,257)	0	(2,007)	4,731	(1,533)	c(2)
Ancoats Square Reserve	(2,827)	0	(2,827)	0	0	60	(2,767)	c(3)
Highways Commuted Sums Reserve	(2,722)	0	(2,722)	0	(425)	104	(3,043)	c(4)
Other smaller reserves under £1.0m	(2,603)	0	(2,603)	0	(294)	448	(2,449)	
Total Statutory Reserves	(25,007)	0	(25,007)	0	(4,761)	9,515	(20,253)	
d) Reserves held for PFIs								
Public Lighting PFI Reserve	(144)	0	(144)	0	(66)	0	(210)	d(1)
Temple School PFI Reserve	(624)	0	(624)	0	(10)	76	(558)	d(2)

Manchester City Council Annual Statement of Accounts 2021/22

	31 March 2020 £000s	Transfer DSG to Unusable £000s	Re-stated 1 April 2020 £000s	Transfers between reserves £000s	Transfers to reserves £000s	Transfers from reserves £000s	31 March 2021 £000s	
Wright Robinson Sports College PFI Reserve	(1,351)	0	(1,351)	0	(85)	0	(1,436)	d(3)
Total Reserves held for PFIs	(2,119)	0	(2,119)	0	(161)	75	(2,204)	
e) Small specific reserves								
Other smaller reserves under £1.0m	(4,269)	0	(4,269)	0	(405)	409	(4,265)	e(1)
Total small specific reserves	(4,269)	0	(4,269)	0	(405)	409	(4,265)	
f) Reserves held to smooth risk / assurance								
Insurance Fund Reserve	(18,588)	0	(18,588)	0	0	524	(18,064)	f(1)
Crime and Disorder Reserve	(1,080)	0	(1,080)	0	0	247	(833)	f(2)
Investment Estate Reserve	(1,233)	0	(1,233)	0	0	0	(1,233)	f(3)
Collections Initiative Reserve	(1,535)	0	(1,535)	0	(1,499)	48	(2,986)	f(4)
Manchester International Festival Reserve	(1,493)	0	(1,493)	0	(10,667)	0	(12,160)	f(5)
Adult Social Care Reserve	(11,095)	0	(11,095)	1,500	(13,778)	6,874	(16,499)	f(6)
Transformation Reserve	(9,483)	0	(9,483)	0	(63)	333	(9,213)	f(7)
Airport Dividend Reserve	(55,806)	0	(55,806)	0	0	11,853	(43,953)	f(8)
Planning Income Reserve	(3,186)	0	(3,186)	0	(589)	196	(3,579)	f(9)
Budget Smoothing Reserve	(10,651)	0	(10,651)	0	(7,655)	3,585	(14,721)	f(10)
Children's Services Reserve	(451)	0	(451)	0	(1,967)	141	(2,277)	f(11)
Other smaller reserves under £1.0m	(3,227)	0	(3,227)	0	(12)	551	(2,688)	f(12)
Total reserves held to smooth risk / assurance	(117,828)	0	(117,828)	1,500	(36,230)	24,352	(128,206)	
g) Business Rates Reserve								
Business Rates Reserve	(25,460)	0	(25,460)	0	(10,500)	6,785	(29,175)	g(1)
Total Business Rates Reserve	(25,460)	0	(25,460)	0	(10,500)	6,785	(29,175)	
h) Revenue reserves held to support capital schemes								
Capital Fund Reserve	(67,099)	0	(67,099)	0	(24,671)	4,106	(87,664)	h(1)

Manchester City Council Annual Statement of Accounts 2021/22

	31 March 2020 £000s	Transfer DSG to Unusable £000s	Re-stated 1 April 2020 £000s	Transfers between reserves £000s	Transfers to reserves £000s	Transfers from reserves £000s	31 March 2021 £000s	
Capital Financing Reserve	(34,730)	0	(34,730)	0	0	0	(34,730)	h(2)
English Institute of Sport Reserve	(2,084)	0	(2,084)	0	(4,615)	5,690	(1,009)	h(3)
Investment Reserve	(12,927)	0	(12,927)	0	(14)	1,159	(11,782)	h(4)
Total revenue reserves held to support capital schemes	(116,840)	0	(116,840)	0	(29,300)	10,955	(135,185)	
i) Reserves held for economic growth and public sector reform								
Clean and Green Places Reserve	(434)	0	(434)	0	0	44	(390)	i(1)
Social Care Reserve	(14,231)	0	(14,231)	0	(920)	7,167	(7,984)	i(2)
Our Manchester Reserve	(3,676)	0	(3,676)	0	(111)	730	(3,057)	i(3)
Town Hall Reserve	(11,331)	0	(11,331)	0	(2,400)	1,335	(12,396)	i(4)
Supporting Families Reserve	(1,150)	0	(1,150)	0	(841)	64	(1,927)	i(5)
Total reserves held for economic growth and public sector reform	(30,822)	0	(30,822)	0	(4,272)	9,340	(25,754)	
j) Grants and contributions used to meet commitments over more than one year (shown as reserves due to the required accountancy treatment)								
English Partnership Reserve	(1,034)	0	(1,034)	0	(339)	584	(789)	
Other Grants and Contributions Reserve	(558)	0	(558)	0	(888)	346	(1,100)	
Integration Reserve	(2,652)	0	(2,652)	0	(13,608)	1,283	(14,977)	
Manchester Adult Education Service Reserve	(2,613)	0	(2,613)	0	0	1,164	(1,449)	
Supporting People Reserve	(448)	0	(448)	(1,500)	(143)	166	(1,925)	
Other smaller reserves under £1.0m	(880)	0	(880)	0	0	110	(770)	
Total grants and contributions used to meet commitments over more than one year	(8,185)	0	(8,185)	(1,500)	(14,978)	3,653	(21,010)	j(1)
k) COVID-19 Grants and contributions used to meet commitments over more than one year (shown as reserves due to the required accountancy treatment)								

Manchester City Council Annual Statement of Accounts 2021/22

	31 March 2020 £000s	Transfer DSG to Unusable £000s	Re-stated 1 April 2020 £000s	Transfers between reserves £000s	Transfers to reserves £000s	Transfers from reserves £000s	31 March 2021 £000s	
COVID 19 Reserve	(18,200)	0	(18,200)	0	0	18,200	0	k(1)
COVID 19- Contain Outbreak Management Fund	0	0	0	0	(18,302)	0	(18,302)	k(2)
COVID 19- Additional Restriction Grant	0	0	0	0	(7,680)	0	(7,680)	k(3)
COVID 19- Clinically Extremely Vulnerable	0	0	0	0	(1,599)	0	(1,599)	k(4)
COVID 19- other under £1.0m	0	0	0	0	(2,467)	0	(2,467)	k(5)
Business Rates S31 Grant - Taxation Income Guarantee Scheme	0	0	0	0	(19,219)	0	(19,219)	k(6)
Business Rates S31 Grant - Extended Retail Relief	0	0	0	0	(142,740)	0	(142,740)	k(7)
Total COVID-19 grants and contributions used to meet commitments over more than one year	(18,200)	0	(18,200)	0	(192,007)	18,200	(192,007)	
Total reserves held for revenue purposes	(360,442)	(4,281)	(364,723)	0	(298,100)	83,285	(579,538)	
l) General Fund Reserve								
General Fund Reserve	(21,353)	0	(21,353)	0	(5,450)	0	(26,803)	l(1)
Total all general fund reserves	(381,795)	(4,281)	(386,076)	0	(303,550)	83,285	(606,341)	
m) Housing Revenue Account Reserve								
Housing Revenue Account Reserve	(109,445)	0	(109,445)	0	(1,722)	0	(111,167)	m(1)
Total All Usable Reserves	(694,570)	(4,281)	(698,852)	0	(434,731)	222,046	(911,537)	

Manchester City Council Annual Statement of Accounts 2021/22

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)	a(1)
Major Repairs Reserve	(6,069)	0	(23,259)	21,054	(8,274)	a(2)
Capital Grants Unapplied Reserve	(94,005)	0	(84,189)	99,824	(78,370)	a(3)
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)	b(1)
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)	c(1)
On-street Parking Reserve	(1,533)	0	(6,405)	3,745	(4,194)	c(2)
Ancoats Square Reserve	(2,767)	0	0	69	(2,698)	c(3)
Highways Commuted Sums Reserve	(3,043)	0	(1,439)	89	(4,393)	c(4)
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						

Manchester City Council Annual Statement of Accounts 2021/22

	Balance 31 March 2021 £000s	Transfers between reserves £000s	Transfers to reserves £000s	Transfers from reserves £000s	31 March 2022 £000s	
Public Lighting PFI Reserve	(210)	0	(45)	0	(255)	d(1)
Temple School PFI Reserve	(558)	0	(9)	84	(483)	d(2)
Wright Robinson Sports College PFI Reserve	(1,436)	0	(40)	0	(1,476)	d(3)
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)	e(1)
Total small specific reserves	(4,265)	0	(751)	917	(4,099)	
f) Reserves held to smooth risk / assurance						
Insurance Fund Reserve	(18,064)	0	(2,770)	0	(20,834)	f(1)
Crime and Disorder Reserve	(833)	0	0	412	(421)	f(2)
Investment Estate Reserve	(1,233)	0	(466)	700	(999)	f(3)
Collections Initiative Reserve	(2,986)	0	(1,261)	234	(4,013)	f(4)
Manchester International Festival Reserve	(12,160)	0	0	1,060	(11,100)	f(5)
Adult Social Care Reserve	(16,499)	0	(9,065)	4,082	(21,482)	f(6)
Transformation Reserve	(9,213)	0	0	271	(8,942)	f(7)
Airport Dividend Reserve	(43,953)	0	0	4,913	(39,040)	f(8)
Planning Income Reserve	(3,579)	0	(129)	206	(3,502)	f(9)
Budget Smoothing Reserve	(14,721)	0	(20,477)	13,234	(21,965)	f(10)
Children's Services Reserve	(2,277)	0	(854)	300	(2,831)	f(11)

Manchester City Council Annual Statement of Accounts 2021/22

	Balance 31 March 2021 £000s	Transfers between reserves £000s	Transfers to reserves £000s	Transfers from reserves £000s	31 March 2022 £000s	
Other smaller reserves under £1.0m	(2,688)	0	(435)	216	(2,907)	f(12)
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)	g(1)
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)	h(1)
Capital Financing Reserve	(34,730)	0	0	0	(34,730)	h(2)
English Institute of Sport Reserve	(1,009)	0	(5,613)	6,615	(7)	h(3)
Investment Reserve	(11,782)	0	0	1,066	(10,716)	h(4)
Total revenue reserves held to support capital schemes	(135,185)	0	(20,171)	19,710	(135,646)	

	Balance 31 March 2021 £000s	Transfers between reserves £000s	Transfers to reserves £000s	Transfers from reserves £000s	31 March 2022 £000s	
i) Reserves held for economic growth and public sector reform						
Clean and Green Places Reserve	(390)	0	0	63	(327)	i(1)

Manchester City Council Annual Statement of Accounts 2021/22

	Balance 31 March 2021 £000s	Transfers between reserves £000s	Transfers to reserves £000s	Transfers from reserves £000s	31 March 2022 £000s	
Social Care Reserve	(7,984)	0	(1,557)	7,476	(2,065)	i(2)
Our Manchester Reserve	(3,057)	0	(240)	1,488	(1,808)	i(3)
Town Hall Reserve	(12,396)	0	0	2,023	(10,374)	i(4)
Supporting Families Reserve	(1,927)	0	0	237	(1,690)	i(5)
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)						
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)	j(1)
k) COVID-19 Grants and contributions used to meet commitments over more than one year (shown as reserves due to the required accountancy treatment)						
COVID 19- Contain Outbreak Management Fund	(18,302)	0	(5,333)	18,302	(5,333)	k(1)

Manchester City Council Annual Statement of Accounts 2021/22

	Balance 31 March 2021 £000s	Transfers between reserves £000s	Transfers to reserves £000s	Transfers from reserves £000s	31 March 2022 £000s	
COVID 19- Additional Restriction Grant	(7,680)	0	0	7,680	0	k(2)
COVID 19- Clinically Extremely Vulnerable	(1,599)	0	0	1,599	0	k(3)
COVID 19- other under £1.0m	(2,467)	0	(436)	1,087	(1,816)	k(4)
Business Rates S31 Grant - Taxation Income Guarantee Scheme	(19,219)	0	(276)	10,288	(9,207)	k(5)
Business Rates S31 Grant - Extended Retail Relief	(142,740)	0	(80,426)	139,075	(84,091)	k(6)
Business Rates S31 Grant – Covid Additional Relief Fund (CARF)	0	0	(23,993)	0	(23,993)	k(7)
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)	l(1)
Total all general fund reserves	(606,341)	0	(192,050)	269,401	(528,991)	
m) Housing Revenue Account Reserve						
Housing Revenue Account Reserve	(111,167)	0	0	5,078	(106,088)	m(1)
Total All Usable Reserves	(911,537)	0	(334,755)	410,196	(836,098)	

Manchester City Council Annual Statement of Accounts 2021/22

a(1) - Capital Receipts Reserve

Proceeds of non-current assets sales available to meet future capital investment.

	2020/21 £000s	2021/22 £000s
Balance at 1 April	(96,849)	(93,956)
Capital receipts received in year	(21,122)	(35,257)
Paid to housing national pool	2,566	2,554
Applied to fund capital expenditure	21,449	12,286
Balance at 31 March	(93,956)	(114,374)

a(2) - Major Repairs Reserve

Resources available to meet capital investment in council housing.

	2020/21 £000s	2021/22 £000s
Balance at 1 April	(2,427)	(6,068)
HRA depreciation	(19,558)	(23,259)
Financing of capital expenditure on council dwellings	15,916	21,053
Balance at 31 March	(6,069)	(8,274)

a(3) - Capital Grants Unapplied Reserve

Capital grants and contributions available to meet future capital expenditure.

	2020/21 £000s	2021/22 £000s
Balance at 1 April	(104,055)	(94,004)
Grants received in year	(88,779)	(84,190)
Transferred to Capital Adjustment Account: General Grants and Contributions	85,470	89,226
Transferred to Capital Adjustment Account: Revenue Expenditure Funded from Capital Under Statute (REFCUS) Grants and Contributions	13,360	10,599
Balance at 31 March	(94,004)	(78,370)

Of the balance above £50.7m 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. The transfer in of £0.6m in 2021/22 is reflective of the actual income less the cost of the service. It will be used in accordance with the requirements to fund the Council's contribution to the cost of 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.

c(3) Commuted sum received from the Homes England to fund maintenance in future years.

c(4) Funds received as part of development agreements that will be utilised for highways schemes in future years.

d(1) The Public Lighting PFI Reserve has been established to fund future expenditure on the scheme.

d(2) The Temple School PFI Reserve has been established to fund future expenditure on the scheme.

d(3) The Wright Robinson Sports College PFI Reserve has been established to fund future expenditure on the scheme.

e(1) Small reserves under £1m of £4.2m includes Housing Compliance (£0.6m), Brexit (£0.5m), Community Safety (£0.5m), Cemeteries Replacement (£0.5m), End User Device (£0.5m), Great Ancoats Management Improvement (£0.2m), Climate Innovation (£0.2m), and the Social Value Fund (£0.3m), Contributions from Other Local Authorities (£0.1m) Trading Standards (£0.1m) and Fixed Penalty Notices Litter (£0.1m). The remainder are each under £0.1m and total £0.6m.

f(1) The Insurance Fund has been established to fund risks that are self-insured, such as those that fall below the insurance policy deductible amounts and historic claims where the period of exposure predates when the commercial liability policies were procured.

f(2) A Crime and Disorder Reserve of £1.5m was created in 2018/19 to increase the capacity of the City Council to tackle anti-social behaviour in our neighbourhoods. £420k was utilised in 2019/20, £0.540m in 2020/21 and £421k in 2021/22.

f(3) The Investment Estate Reserve was created in 2018/19 to manage budget pressures due to the volatility and known future risks around investment income.

f(4) The Collection Initiatives Reserve contains funding for discretionary housing payments.

f(5) Manchester International Festival - business rates growth in that area of £12.160m has been held in a reserve to fund the grant agreement to Manchester International Festival for the next 10 years once the Factory opens. This is important as it means the long-term funding agreement required for the opening of a venue of this size is not now a call on the revenue budget.

f(6) The Adult Social Care Reserve was established as part of a wider funding strategy to smooth resources to enable system wide improvements to be embedded. In 2021/22 this included the implementation of the Better Outcome, Better Lives (BOBL) programme. This reserve was increased at year end to mitigate the anticipated costs of supporting individuals released from hospital, due to COVID-19, awaiting an assessment of needs.

f(7) The Transformation Reserve has been set up to fund future service transformation costs.

f(8) The Airport Dividend Reserve is used to mitigate risk by using the majority of dividend receipts a year in arrears. No dividend was receivable in 2021/22 due to the impact of COVID-19. The majority of the reserve will be applied to the budget to meet the anticipated budget shortfall over the MTF5 as part of the measures set out in the Medium-Term Financial Strategy.

f(9) The Planning Income Reserve was set up to smooth fluctuations in planning income due to economic volatility.

f(10) The Budget Smoothing Reserve was established in 2017/18 to smooth budgets over 2018/19 and 2019/20. Rebates received from the Greater Manchester Combined Authority relating to returned business rates income, reserves held for waste costs and underspends on COVID-19 budgets have been transferred to this reserve to be used to support future years' budgets. £3.283m was used in 2021/22 to alleviate pressures across services caused by electricity price increases.

f(11) 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(12) Other smaller reserves held to smooth risk / assurance includes Taxi Licensing (£0.9m), Pension Contributions (£0.5m), Land Charges Fees (£0.3m), Hulme High Street (£0.3m) and Historic Abuse Reserve (£0.9m).

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 Clean and Green Reserve was funded from a dividend received from Manchester Airports Holdings Ltd and is being used to support green initiatives.
- i(2) The Children's Social Care Reserve was set up to address social care pressures as well as support the delivery of children's services on a locality footprint and a three-year budget strategy.
- i(3) The Our Manchester Reserve is for additional investment made available as part of the 2017/20 budget process to drive forward the delivery of Our Manchester for example through Voluntary Sector Grants.
- i(4) The Town Hall Reserve has been set up to fund revenue expenditure on the Town Hall Complex Programme. This reserve is expected to fund relevant spend until the end of the Town Hall project.
- i(5) Supporting Families Reserve is grant funds used to support families with multiple and complex needs
- j(1) These grants will not need to be repaid in accordance with the conditions on which the grant has been given, IFRS accounting standards require these grants to be recognised in the Consolidated Income and Expenditure Statement when they are due. The Council has chosen to transfer these grants to reserves to meet future spending commitments.
- k(1) COVID 19- Contain Outbreak Management Fund - To provide support to councils towards expenditure in relation to the mitigation against and management of local outbreaks of coronavirus and to support proactive containment and intervention measures.
- k(2) COVID 19- Additional Restriction Grant - To provide support to businesses impacted by the national lockdown measures and local restrictions.
- k(3) COVID 19- Clinically Extremely Vulnerable - To provide support to clinically extremely vulnerable individuals who are required to shield under local restrictions.
- k(4) COVID 19- other under £1.0m - These grants relate to Leisure Recovery Fund (£0.6m), New Burdens funding (£0.8m), LA Framework Self-Isolating reserve (£0.2m), and Self-Isolation Pathfinder Grant (£0.2m)
- k(5) 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(6) Business Rates S31 Grant - Extended Retail and Nursery Relief - 100% Business Rates Relief was awarded to retail, hospitality, leisure and nursery properties in the city for 3 months, followed by 66% for 9 months with national caps. 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 2022/23. This reserve will be applied to offset the collection fund deficit.

k(7) Business Rates S31 Grant – COVID Additional Relief Fund was introduced by Government to provide relief to businesses that were not eligible for Expanded Retail and Nursery Relief. Government confirmed the allocation in December 2021 and this must be applied to liabilities in respect of 2021/22. The Council will award this in 2022/23 or return any unapplied 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.

m(1) HRA reserve holds resources available to meet future running costs for council housing. The £2.9m reduction was less than budgeted, reflecting the reduced revenue contribution towards capital expenditure because of delays in the planned capital programme. The 30-year business plan currently forecasts that reserves will be sufficient to maintain the HRA for the life of the 30-year business plan but will reduce significantly. In addition, the current business plan does not include the costs of work needed as part of the zero-carbon work. This is not currently affordable within the plan, 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 2021 £000s	Re-stated 31 March 2022 £000s	Note
Revaluation balances			
Revaluation Reserve	(1,397,896)	(1,626,935)	(a)
Financial Instruments Revaluation Reserve	(10,280)	(13,395)	(b)
Adjustment accounts			
Pensions Reserve	1,035,884	583,813	(c),43
Capital Adjustment Account	(1,377,853)	(1,441,695)	(d)
Deferred Capital Receipts Reserve	(3,921)	(4,280)	(e)
Financial Instruments Adjustment Account	4,924	4,723	(f)
Collection Fund Adjustment Account	177,042	63,777	(g)
Short-term Accumulated Absences Account	6,748	6,593	(h)
Dedicated Schools Grant Reserve	2,258	2,702	(i)
Total	(1,563,094)	(2,424,697)	

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.

	2020/21 £000s	2021/22 £000s
Balance at 1 April	(1,273,124)	(1,397,896)
Revaluations relating to property, plant and equipment	(131,101)	(273,546)
Revaluations relating to other non-PPE assets	(20,726)	(842)
Revaluation gain depreciation	17,171	21,781
Impairment not charged to CIES	7,996	11,826
Disposals Transferred to Capital Adjustment Account (CAA)	1,888	11,742
Total	(1,397,896)	(1,626,935)

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

Manchester City Council Annual Statement of Accounts 2021/22

	2020/21 £000s	2021/22 £000s
Balance at 1 April	(13,014)	(10,280)
Upward revaluation of investments	(763)	(4,776)
Downward revaluation of investments	3,498	1,661
Balance at 31 March	(10,280)	(13,395)

c Pensions Reserve

The debit balance on the Pensions Reserve absorbs the differences arising from the different arrangements for accounting for post-employment benefits in accordance with statutory provisions.

	2020/21 £000s	2021/22 £000s
Balance at 1 April	689,573	1,035,884
Net Movement in Year	346,311	(452,071)
Balance at 31 March	1,035,884	583,813

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.

Manchester City Council Annual Statement of Accounts 2021/22

	2020/21 £000s	2021/22 £000s
Balance at 1 April	(1,296,434)	(1,377,853)
Repayment of ex GMC debt	(2,492)	(2,654)
Minimum revenue provision	(29,684)	(34,353)
Reversal of PFI charges to HRA	(3,397)	(3,492)
Capital grants and contributions	(98,831)	(99,823)
Revenue contributions used	(18,791)	(7,248)
Movement in fair value of investment property	(13,878)	(36,856)
Revaluation gain depreciation	(17,171)	(21,781)
Disposals transferred from revaluation reserve	(1,888)	(11,742)
Depreciation	77,513	84,649
Major Repairs Allowance	(15,916)	(21,054)
Capital Receipts Used	(21,449)	(12,286)
Other Disposals	7,410	30,720
Amortisation of intangible assets	64	64
Repayment of long-term debtors	3,229	10,095
(Gain) on repayment of housing loan	(47)	(24)
Write down of revenue expenditure funded from capital under statute	12,168	33,355
Impairment of non-current assets	41,514	27,877
Impairment of financial instrument assets	228	711
Balance at 31 March	(1,377,853)	(1,441,695)

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 2021 £000s	Gains on disposal £000s	Principal Repayment s £000s	Fair Value Adjustme nts £000s	Closing Balance 31 March 2022 £000s
Equity Mortgages	(1,428)	(162)	580	(54)	(1,064)
Equity Loans	(2,493)	0	0	(723)	(3,216)
Total Deferred Capital Receipts	(3,921)	(162)	580	(777)	(4,280)

f - Financial Instruments Adjustment Account

Balancing account to allow for differences in statutory requirements and proper accounting practices for borrowings and investments.

	2020/21 £000s	2021/22 £000s	
Balance at 1 April	4,284	4,924	
Soft loans in year movements	(50)	(70)	
Adjustment for interest free loans	1,223	401	f(a)
Premium and discounts	(533)	(532)	
Balance at 31 March	4,924	4,723	

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.

Council Tax	2020/21 £000s	2021/22 £000s
Balance at 1 April	(2,862)	(975)
Movement in Year	1,887	(9,788)
Balance at 31 March	(975)	(10,763)

Business Rates	2020/21 £000s	2021/22 £000s
Balance at 1 April	(12,898)	178,017
Movement in Year	190,915	(103,477)
Balance at 31 March	178,017	74,540

Total	2020/21 £000s	2021/22 £000s
Balance at 1 April	(15,760)	177,042
Movement in Year	192,802	(113,265)
Balance at 31 March	177,042	63,777

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.

	2020/21 £000s	2021/22 £000s
Balance at 1 April	5,845	6,748
Movement in Year	903	(155)
Balance at 31 March	6,748	6,593

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 2021/22 are as follows:

	Central Expenditure £000s	Individual Schools Budget £000s	Total £000s
Final DSG for 2021/22 before academy and high needs recoupment			599,205
Academy and high needs figure recouped for 2021/22			(271,076)
Total DSG after academy and high needs recoupment for 2021/22			328,128
Plus brought forward from 2020/21			0
Less carry forward to 2022/23 agreed in advance			(1,500)
Agreed initial budgeted distribution in 2021/22	18,716	307,912	326,628
In year adjustments	0	304	304
Final budgeted distribution for 2021/22	18,716	308,217	326,933
Less: actual central expenditure	15,629	0	15,629
Less: actual ISB deployed to schools	0	313,248	313,248
Plus: local authority contribution for 2021/22	0	0	0
In year Carry forward to 2022/23 surplus / (deficit)	3,087	(5,031)	(1,945)
Plus carry forward to 2022/23 agreed in advance			1,500
Carry forward surplus / (deficit) to 2022/23			0
DSG unusable reserve at the end of 2020/21			(2,258)
Addition to DSG unusable reserve at the end of 2021/22			(445)
Total of DSG unusable reserve at the end of 2021/22			(2,701)
Net DSG position at the end of 2021/22			(2,701)

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. The current triennial valuation took effect from this financial year starting 1 April 2020. 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 44.

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 45.

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:

	2020/21 £000s	2021/22 £000s
Comprehensive Income and Expenditure Statement		
Net Cost of Services:		
current service cost	86,850	136,136
past service costs	675	4,379
effect of settlements	0	(4,781)
Total Service Cost:	87,525	135,724
Financing and investment income and expenditure		
interest income on scheme assets	(64,178)	(69,294)
interest cost on defined benefit obligation	80,909	91,110
Total Net Interest	16,731	21,816
Total post-employment benefits charged to the Comprehensive Income and Expenditure Statement	104,256	157,540
Re-measurement of the Net Defined Benefit Liability comprising:		
return on plan assets (excluding amounts included in net interest)	(575,680)	(323,926)
actuarial gains and losses arising on changes in demographic assumptions	22,999	(81,581)
actuarial gains and losses arising on changes in financial assumptions	882,251	(275,781)
effect of business settlements and curtailments	0	37,967
other experience re-measurements	(31,947)	90,000
Total remeasurements recognised in other comprehensive income and expenditure	297,623	(553,321)
The post-employment benefits charged to the comprehensive income and expenditure statement	401,879	(395,781)
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	(104,256)	(157,540)

Manchester City Council Annual Statement of Accounts 2021/22

	2020/21 £000s	2021/22 £000s
Employer's contribution payable to scheme	45,382	46,728
Employer's contribution re: unfunded deficit	10,186	9,562

Assets and Liabilities in Relation to Retirement Benefits

Present value of the scheme liabilities:

	Funded Liabilities: Local Government Pension Scheme	
	2020/21 £000s	2021/22 £000s
Balance at 1 April	3,527,410	4,467,117
Current service cost	86,850	136,126
Effect of settlements	0	(9,667)
Interest cost on defined benefit obligation	80,909	91,110
Effect of business combinations and disposals	0	116,822
Contributions by scheme participants	16,834	17,169
Changes in financial assumptions	882,251	(275,781)
Changes in demographic assumptions	22,999	(81,581)
Other experience re-measurements	(31,947)	37,414
Unfunded benefits paid	(10,186)	(9,562)
Benefits paid	(108,678)	(111,368)
Past service cost including curtailments	675	4,379
Balance at 31 March	4,467,117	4,382,178

Fair value of the scheme assets:

	Local Government Pension Scheme	
	2020/21 £000s	2021/22 £000s
Balance at 1 April	(2,837,837)	(3,517,661)
Interest income on plan assets	(64,178)	(69,294)
Return on assets (excluding amounts included in net interest)	(575,680)	(323,926)
Effect of business combinations and disposals	0	(78,855)
Effect of settlements	0	4,886
Other experience	0	52,586
Contributions in respect of unfunded benefits	(10,186)	(9,562)

Manchester City Council Annual Statement of Accounts 2021/22

	Local Government Pension Scheme	
	2020/21 £000s	2021/22 £000s
Employer contributions	(131,810)	(3,514)
Contributions by scheme participants	(16,834)	(17,169)
Benefits paid	108,678	111,368
Unfunded benefits paid	10,186	9,562
Balance at 31 March	(3,517,661)	(3,841,579)

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

	2020/21 £000s	2021/22 £000s
Present value of funded liabilities	(4,351,084)	(4,280,227)
Present value of unfunded liabilities	(116,033)	(101,951)
Fair value of assets	3,517,661	3,841,579
Net Liability arising from Defined Benefit obligation	(949,456)	(540,599)

The liabilities show the underlying commitment that the Council has in the long run to pay retirement benefits. The total liability of £540.6m is included within the net worth of the Council which has increased by £786.2m as recorded in the balance sheet resulting in a positive overall balance of £3,260.8m.

The deficit on the Local Government Scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary. The current triennial valuation took effect from the financial year starting 1 April 2020.

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.

Manchester City Council Annual Statement of Accounts 2021/22

Basis for Estimating Assets and Liabilities

Assets and liabilities have been assessed on an actuarial basis by Hymans Robertson, an independent firm of actuaries.

The main assumptions used in their calculations have been:

	2020/21	2021/22
Mortality assumptions:		
Longevity at 65 for current pensioners		
Men	20.5 years	20.6 years
Women	23.3 years	23.7 years
Longevity at 65 for future pensioners *		
Men	21.9 years	21.8 years
Women	25.3 years	25.4 years
Rate of increase in salaries	3.60%	3.98%
Rate of increase in pensions	2.85%	3.20%
Discount rate	2.00%	2.70%
Take-up of option to convert annual pension into retirement lump sum - pre-April 2008	55.00%	50.00%
Take-up of option to convert annual pension into retirement lump sum - post April 2008	60.00%	50.00%

* 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.

Manchester City Council Annual Statement of Accounts 2021/22

Changes in assumptions at 31 March 2022	% Increase to Employer Liability	£000s
0.1% decrease in Real Discount Rate	2%	77,552
1 year increase in member life expectancy	4%	175,287
0.1% increase in the Salary Increase Rate	0%	10,031
0.1% increase in the Pension Increase Rate	2%	66,882

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.

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 2021				Year Ended 31 March 2022			
	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	%
Equity securities								
Consumer	309,215	0	309,215	9	254,241	0	254,241	7
Manufacturing	273,855	0	273,855	8	250,828	0	250,828	6

Manchester City Council Annual Statement of Accounts 2021/22

Asset Category	Year Ended 31 March 2021				Year Ended 31 March 2022			
	Quoted Prices in Active Markets	Quoted Prices not in Active Markets	Total		Quoted Prices in Active Markets £000s	Quoted Prices not in Active Markets £000s	Total	
	£000s	£000s	£000s	%	£000s	£000s	£000s	%
Energy and utilities	183,672	0	183,672	5	207,590	0	207,590	5
Financial institutions	392,119	0	392,119	11	379,732	0	379,732	10
Health and care	182,663	0	182,663	5		0	201,011	5
Information technology	181,926	0	181,926	5	201,011	0	187,603	5
Other	48,829	0	48,829	1	42,953	0	42,953	1
Debt securities								
Corporate bonds (investment grade)	156,876	0	156,876	4	147,525	0	147,525	4
UK Government	0	0	0	0	71,572	0	71,572	2
Other	81,311	0	81,311	2	121,672	0	121,672	3
Private equity								
All	0	215,713	215,713	6	0	281,018	281,018	7
Real estate								
UK property	0	133,370	133,370	4	0	174,190	174,190	5
Investment funds and unit trusts								
Equities	263,188	0	263,188	8	240,374	0	240,374	6
Bonds	420,054	0	420,054	12	376,823	0	376,823	10
Infrastructure	0	198,613	198,613	6	0	257,330	257,330	7
Other	46,190	343,284	389,474	11	69,681	450,092	519,773	14

Manchester City Council Annual Statement of Accounts 2021/22

Asset Category	Year Ended 31 March 2021				Year Ended 31 March 2022			
	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	%
Derivatives								
Other	(8,989)	0	(8,989)	0	(21,361)	0	(21,361)	(1)
Cash and cash equivalents								
All	95,774	0	95,774	3	148,706	0	148,706	4
Total	2,626,683	890,980	3,517,663	100	2,678,949	1,162,630	3,841,579	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 £23.103m (£23.433m in 2020/21), the set contribution rate being 23.68% (2020/21 23.68%). The total contributions expected to be made to the Teachers' Pension Scheme by the Council in the year to 31 March 2023 is £22.249m.

In addition, the Council is responsible for all pension payments relating to added years it has awarded, together with related increases. In 2021/22 these amounted to £5.127m (£5.698m 2020/21) of which £0.861m (£0.966 2020/21) 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 2021/22 the Council's contribution in respect of former NHS staff pension costs was £90,000 (£86,000 in 2020/21), the set contribution rate being 14.4% (14.4% in 2020/21).

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.

All material related party transactions are disclosed below:

Income	2020/21 £000s	2021/22 £000s
Central Government - revenue grants	943,315	821,407
Central Government - capital grants	83,780	73,592
Greater Manchester Combined Authority - capital contribution	5,000	28,131
Manchester Airports Holdings Ltd - repayment of interest	30,934	34,608
Manchester Airports Holdings Ltd - net rent	9,549	9,357
Manchester Clinical Commissioning Group	34,805	12,982
Destination Manchester Ltd - interest on loans	704	650
Destination Manchester Ltd - repayment of loan principal	750	1,500
Northwards Housing Ltd (capital and revenue income)	2,376	0
Manchester Professional Services Limited	107	89
Manchester Creative Digital Assets Ltd	4,407	4,418
Lord Mayor Charity Appeal Trust	122	131
National Car Parks (NCP) Limited	3,166	0
Wythenshawe Forum Trust Limited	200	154
Total	1,119,216	987,020

Expenditure	2020/21 £000s	Re-stated 2021/22 £000s
Manchester Clinical Commissioning Group	5,419	5,035
Northwards Housing Ltd (capital and revenue spend)	29,656	0
Manchester Working (capital and revenue spend)	0	4,778
Manchester Professional Services Limited	41	31
Manchester Creative Digital Assets Ltd	2,331	3,906
CityCo (Manchester) Ltd	163	160
Lord Mayor Charity Appeal Trust	3	53
National Car Parks (NCP) Limited	0	34
Wythenshawe Forum Trust Limited	876	898

Manchester City Council Annual Statement of Accounts 2021/22

Expenditure	2020/21 £000s	Re-stated 2021/22 £000s
Total	38,489	14,894

Manchester City Council Annual Statement of Accounts 2021/22

Amounts owed from and to:	Amounts owed from		Amounts owed to	
	2020/21 £000s	2021/22 £000s	2020/21 £000s	2021/22 £000s
Central Government	77,430	45,812	62,481	108,988
Manchester Airports Holdings Ltd	356,098	390,707	0	0
Destination Manchester Ltd	16,407	14,907	0	7
Manchester Clinical Commissioning Group	1,097	1,354	82	1,830
Northwards Ltd	777	0	38	0
Manchester Working Ltd	0	2	0	0
Manchester Professional Services Ltd	20	20	0	0
Manchester Creative Digital Limited	1,747	723	0	29
Lord Mayor Charity Appeal Trust	18	37	0	0
National Car Parks (NCP) Ltd	2,340	158	0	0
Wythenshawe Forum Trust Limited	0	17	7	25
Total	455,934	453,737	62,608	110,879

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 2021/22 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 objective of the Manchester CCG is to ensure that people in Manchester have access to high quality, safe health services when they need them. Manchester CCG commission healthcare services including community health services and mental health and learning disability services.

Manchester Health and Care Commissioning (MHCC), a partnership between Manchester CCG and Manchester City Council, formed in 2017 and has been instrumental in driving the integration of health and social care in the city. For 2021/22, the Population Health and Wellbeing function has been, and remains, a valuable part of the MHCC partnership, with the budget overseen by MCC. MHCC will no longer have any role, responsibility or accountability with regards to Adult Social Care except for the working arrangements in relation to the Better Care Fund as per national guidance.

e. Subsidiaries or associates of the Council.

These organisations are not consolidated into the Council's group accounts because they are not material.

Northwards Housing Ltd

Northwards Housing Ltd is an Arms-Length Management Organisation (ALMO) limited by guarantee, and therefore a subsidiary of the Council. Manchester City Council is the ultimate parent undertaking. The ALMO activities transferred back into the Council with effect from 5 July 2021, this included TUPE transfer for all staff, novation of existing contracts and the Council taking direct responsibility for delivery of activities previously undertaken by the ALMO. The costs of these activities are funded by the Housing Revenue Account.

Northwards Housing Ltd ceased trading from July 2021, and it is anticipated that the Company will be wound up by the end of December 2022 with any remaining assets or liabilities transferring back to the Council.

The principal activity of Northwards Housing Ltd was the management and maintenance of Manchester City Council's housing stock in North Manchester.

The following are related parties where there were no transactions in 2020/21 or 2021/22 which are considered material to either party:

Manchester Mortgage Corporation, Manchester Parking Limited, This City Manchester Limited, Manchester Active Limited, Manchester Creative Digital Assets, Manchester Knowledge Capital Limited, Northern Gateway Operations Ltd

Note 46. Analysis of Cash and Cash Equivalents

	31 March 2021 £000s	31 March 2022 £000s
Cash and Cash Equivalents		
Cash in hand	54	0
Call accounts	27,379	13,690
Cash equivalents	0	109,008
Cash at bank	21,832	20,652
Total	49,265	143,350

Note 47. Cash Flow Statement - Adjustments to net surplus / deficit on the provision of services for non-cash movements

	31 March 2021 £000s	31 March 2022 £000s
Depreciation of non-current assets	77,512	84,649
Impairment and revaluation losses of non-current assets	41,513	6,371
Amortisation of intangible non-current assets	64	64
Movement in contract assets, liabilities and costs	690	(2,189)
Increase (decrease) in provision for impairments / doubtful debts re loans and advances	227	711

Manchester City Council Annual Statement of Accounts 2021/22

	31 March 2021 £000s	31 March 2022 £000s
Increase (decrease) in creditors	15,868	56,954
(Increase) decrease in debtors	(56,413)	(6,616)
(Increase) decrease in inventories	(36)	(63)
Movement in pension liability	(35,572)	146,192
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	7,408	30,720
Other non-cash items charged to the net surplus of deficit on the provision of services	9,755	(24,079)
Total	61,016	292,714

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 2021 £000s	31 March 2022 £000s
Proceeds from the disposal of property, plant and equipment, investment properties and intangible assets	(17,466)	(24,606)
Any other items for which the cash effects are investing or financing cash flows	(88,780)	(84,190)
Total	(106,246)	(108,796)

Note 49. Cash Flow Statement - Operating Activities

The net cash flows from operating activities include the following items:

	2020/21 £000s	2021/22 £000s
Interest received	4,793	5,903
Interest paid	(33,989)	(35,346)
Dividends received	380	501

Note 50. Cash Flow Statement - Investing Activities

	2020/21 £000s	2021/22 £000s
Purchase of plant, property and equipment, investment property and intangible assets	(203,589)	(239,788)
Purchase of short-term and long-term investments	(4,230)	(164)
Other payments for investing activities	(112,222)	(8,362)
Proceeds from the sale of plant, property and equipment, investment property and intangible assets	18,363	24,952
Proceeds from short-term and long-term investments	20,098	0
Other receipts from investing activities	76,272	102,041
Net cash flows from investing activities	(205,308)	(121,321)

Note 51. Cash Flow Statement - Financing Activities

	2020/21 £000s	2021/22 £000s
Cash receipts of long and short-term borrowing	367,301	319,450
Cash payments for the reduction of outstanding liabilities relating to finance leases and PFI contracts	(11,479)	(12,132)
Repayments of short and long-term borrowing	(224,344)	(242,997)
Repayment of ex GMC debt		
Net cash flows from financing activities	131,478	64,321

Note 52. Cash Flow Statement - Reconciliation of liabilities arising from Financing Activities

	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

	1 April 2020 £000s	Financing cash flows £000s	Non-cash changes		31 March 2021 £000s
			Acquisition £000s	Other non-cash charges £000s	
Long-term borrowings	585,397	0	0	(6,842)	578,555
Short-term borrowings	32,904	142,958	0	8,813	184,675
Ex GMC debt	5,146	(2,492)	0	0	2,654
PFI liabilities	155,997	(8,205)	1,142	0	148,934
Service concessions	5,506	(782)	100	0	4,824
Total liabilities from financing activities	784,950	131,479	1,242	1,971	919,642

Note 53. Events after the Balance Sheet Date

Further events taking place after the balance sheet date include:

The value of the Council's assets reported in the Balance Sheet have increased since 31/3/2022. This reflects both the market movements following valuations and the continued approved spend to support the capital programme.

The Council's long-term borrowings have therefore increased since 31/3/2022, to fund the approved capital programme.

The Council's pension liability has reduced following revaluation by the external Actuary and is reported by the Actuary as a pension asset at 31/3/2023. This follows the improved financial performance and updated financial assumptions used to value the Pension Fund.

Note 54. Authorisation for Issue of the Statement of Accounts

The 2021/22 Statement of Accounts was authorised for issue by Carol Culley, the Deputy Chief Executive and City Treasurer on x September 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.

2020/21 £000s	Housing Revenue Account (HRA) Income and Expenditure Statement	2021/22 £000s	Note
	Expenditure		
34,657	Repairs and maintenance	32,660	
15,139	Supervision and management	20,727	
408	Rents, rates, taxes and other charges	321	
20,231	Depreciation and impairment of non-current assets	25,211	e, f
22	Debt management costs	19	
2	Revenue expenditure funded from capital under statute	40	
70,459	Total Expenditure	78,978	
	Income		
(61,632)	Dwelling rents	(61,440)	
(417)	Non-dwelling rents	(386)	
(960)	Charges for services and facilities	(1,087)	
(53)	Contributions towards expenditure	(44)	
(23,374)	Private Finance Initiative Grant	(23,374)	
(86,436)	Total Income	(86,331)	
(15,977)	Net (Income) of HRA Services as included in the Council's Comprehensive Income and Expenditure Statement	(7,353)	
98	HRA services share of corporate and democratic core	98	
2	HRA share of other amounts included in the Council's net cost of services but not allocated to specific services (past service costs)	14	
(15,877)	Net (Income) / Expenditure of HRA Services	(7,242)	
	HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement		
(2,494)	(Gain) on disposal of HRA non-current assets	(6,069)	
11,339	Interest payable and similar charges	11,016	
303	Movement in the allowance for bad debts	109	
(89)	Interest and investment income	(25)	
56	Net interest on the net defined benefit liability	69	
(1,207)	Capital grants and contributions	(2,253)	
(7,969)	(Surplus) / Deficit for the year on HRA services	(4,394)	

Movement on the Housing Revenue Account statement

2020/21 £000s	Movement on the Housing Revenue Account Statement	2021/22 £000s
(109,445)	Balance on the HRA at the end of the previous year	(111,165)
(7,969)	(Surplus) / Deficit for Year on the HRA Income and Expenditure Statement	(4,394)
	<i>Adjustments between accounting basis and funding basis under the legislative framework</i>	
154	Capital expenditure funded by the HRA	17
2,494	Gain/(Loss) on disposal of HRA non-current assets	6,069
1	Transfer to short-term accumulating absences account	0
(329)	HRA share of employer contributions from pension scheme	(367)
(674)	Impairment of non-current assets	(1,952)
(2)	Amortisation of Revenue Expenditure Funded from Capital under Statute	(40)
3,397	Reversal of PFI Charges	3,492
1,207	Capital grants and contributions receivable	2,253
(1,721)	Net (Increase) / Decrease in Year on the HRA	5,078
(111,165)	Balance on the HRA at the end of the current year	(106,087)

Notes to the Housing Revenue Account

(a) Housing Stock

The Council was responsible for managing an average of 15,535 dwellings during 2021/22.

The stock at each year end was made up as follows:

	31 March 2021	31 March 2022
Houses and bungalows	8,820	8,665
Flats	6,723	6,708
Others	77	77
	15,620	15,450

The change in stock is as follows:

	2020/21	2021/22
Stock at 1 April	15,689	15,620
Sales - Right to Buys	(76)	(174)
Buy back – Right to Buys	4	4
New build	3	0
Stock at 31 March	15,620	15,450

The balance sheet value of the HRA's non-current assets was as follows:

	31 March 2021 £000s	31 March 2022 £000s
Operational		
Council dwellings	623,195	744,477
Other land and buildings	5,071	4,844
Vehicles, plant and equipment	682	3,273
Infrastructure	1,867	1,792
Total operational	630,815	754,386
Non-operational		
Surplus properties	569	565
Assets under construction	19,297	7,022
Total non-operational	19,866	7,587
Total non-current assets	650,681	761,973

(b) Vacant Possession of Dwellings

The vacant possession value of dwellings within the Council's HRA at 1 April 2021 was £1,558,649,500 and at 31 March 2022 was £1,834,228,500. The difference between the

Manchester City Council Annual Statement of Accounts 2021/22

vacant possession value and balance sheet value of dwellings within the HRA shows the economic cost of providing council housing at less than open market rents.

(c) Capital Expenditure, Funding and Receipts

	2020/21 £000s	2021/22 £000s
Expenditure		
Property, plant and equipment	17,572	24,169
Revenue expenditure funded from capital under statute	2	40
Total Expenditure	17,574	24,209
Funded by		
Revenue contributions	155	17
Capital receipts	294	885
Major repairs reserve	15,917	21,054
Government grants	1,207	2,253
External contributions	1	0
Total Funded by	17,574	24,209
Receipts		
Council dwellings	5,445	14,370
Total receipts	5,445	14,370

(d) Depreciation

	2020/21 £000s	2021/22 £000s
Council dwellings	19,274	22,964
Other land and buildings	105	108
Vehicles, plant and equipment	101	112
Infrastructure	78	75
Total	19,558	23,259

(e) Impairment Charges

	2020/21 £000s	2021/22 £000s
Downward revaluation of assets	674	0
Damaged properties / demolitions / other	0	1,952
Total	674	1,952

(f) Contribution from the Pension Reserve

The cost of the HRA has increased after the replacement of employer's pension contributions by current service costs and a share of the corporate items (pensions interest costs, expected return on pensions assets, effect of business combinations and past service costs). The HRA share of the contribution from the pensions reserve in 2021/22 is £367,000 (£330,000 in 2020/21). The overall amount to be met from rent payers remains unchanged. Within the contribution from the pensions reserve £37,967,000 is the pension liability that was transferred to the Council as a result of the transfer of staff from Northwards.

(g) Rent Arrears

	2020/21 £000s	2021/22 £000s
Arrears at 31 March	8,450	8,444

	2020/21 £000s	2021/22 £000s
Provision at 1 April	6,356	6,663
Contributions in year	307	307
Provision as at 31 March	6,663	6,970

(h) Management of the HRA stock

The majority of the Council's stock was managed via an Arms-Length Management Organisation (Northwards) until July 2021, at which point the management of the stock transferred back to the Council, along with all staff and assets and liabilities. The costs and savings associated with this have been included within the accounts.

Manchester City Council Annual Statement of Accounts 2021/22

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.

2020/21 £000s				2021/22 £000s		
Business Rates	Council Tax	Total		Business Rates	Council Tax	Total
			Income			
0	212,906	212,906	Council Tax income	0	230,009	230,009
0	6,835	6,835	Local Council Tax Hardship Fund	0	6,576	6,576
226,078	0	226,078	Collectable from business ratepayers	295,835	0	295,835
			Apportionment of Previous Year Deficit			
0	0	0	- Manchester City Council	151,938	2,209	154,147
0	0	0	- GMCA Police and Crime Commissioner	0	320	320
0	0	0	- GMCA Mayoral and Fire and Rescue	1,535	125	1,660
226,078	219,741	445,819	Total Income	449,308	239,239	688,547
			Expenditure			
			Apportionment of Previous Year Surplus			
12,080	5,028	17,108	- Manchester City Council	0	0	0
0	699	699	- GMCA Police and Crime Commissioner	0	0	0
122	271	393	- GMCA Mayoral and Fire and Rescue	0	0	0
			Precepts and demands			
340,353	169,437	509,789	- Manchester City Council	320,831	179,066	499,897
0	24,759	24,759	- GMCA Police and Crime Commissioner	0	26,119	26,119
3,438	10,811	14,249	- GMCA Mayoral and Fire and Rescue	3,241	10,882	14,123

Manchester City Council Annual Statement of Accounts 2021/22

2020/21 £000s				2021/22 £000s		
Business Rates	Council Tax	Total		Business Rates	Council Tax	Total
3,220	0	3,220	Business rates			
313	0	313	- Transitional protection payment	3,248	0	3,248
			- Enterprise Zone Growth Disregard	409	0	409
			Charges to Collection Fund			
0	1,133	1,133	- Write offs of uncollectable amounts	0	4,350	4,350
22,624	9,926	32,550	- Increase in Allowance for Impairment	3,083	7,084	10,167
35,648	0	35,648	- Contribution to Provision for Appeals	12,856	0	12,856
1,124	0	1,124	- Costs of collection	1,117	0	1,117
418,922	222,064	640,985	Total Expenditure	344,785	227,501	572,286
(192,844)	(2,322)	(195,166)	Movement on fund balance	104,523	11,738	116,260
13,028	3,509	16,536	Fund balance brought forward	(179,816)	1,186	(178,630)
(179,816)	1,186	(178,630)	Fund Balance Carried Forward	(75,293)	12,924	(62,370)

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 2020/21) for smaller businesses and for larger businesses 51.2p (51.2p in 2020/21). The total business rates rateable value at 31 March 2022 was £896,353,448 (£899,643,600 at 31 March 2021).

(b) Calculation of the Council Tax Base

For 2021/22 there were 241,190 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 207,777 equivalent number of dwellings after taking account of discounts, exemptions and disabled relief. These equate to 161,657 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	113,180	75,424
B	36,597	28,465
C	32,136	28,565
D	16,279	16,279
E	5,498	6,720
F	2,884	4,166
G	1,104	1,839
H	99	199
	207,777	161,657

The number of chargeable Band D equivalents for 2020/21 was 158,173.

(c) Share of Fund Balance

The shares of the closing fund balances are shown in the tables below.

Business Rates	(Deficit) 2020/21 £000s	(Deficit) 2021/22 £000s
Manchester City Council	(178,017)	(74,540)
GMCA Fire and Rescue	(1,799)	(753)
Total (Deficit)	(179,816)	(75,293)
Council Tax	Surplus 2020/21 £000s	Surplus 2021/22 £000s
Manchester City Council	975	10,697
GMCA Police and Crime Commissioner	144	1,564
GMCA Mayoral and Fire and Rescue	67	663
Total Surplus	1,186	12,924

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

The Government announced in its 2020/21 Provisional Local Government Finance Settlement that any in-year 2020/21 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 2020/21. This spreadable deficit was determined by the estimate calculated and declared in January 2021 and continues to impact 2021/22 position.

For business rates Expanded Retail Discount continued for a second year with a lower relief offering to retail, hospitality and leisure businesses. In 2020/21 this was 100% relief for the full year and in 2021/22 this reduced to 100% relief for 3 months followed by 9 months at 66% with national caps applied and provided an additional relief award of £77.209m to Manchester businesses.

COVID Additional Relief Fund (CARF) was confirmed by the Government in December 2021 and the Council received £23.993m. However, despite launching the scheme on 19 January 2022 no relief was awarded in 2021/22. It is anticipated this will be fully allocated in 2022/23 in respect of 2021/22 liabilities.

A local council tax hardship scheme totalling £6.576m, included a deduction of £150 from annual council tax bills for the most vulnerable residents in the city, and was applied in 2021/22. This scheme was fully funded by the Contain Outbreak Management Fund and credited to the Collection Fund.

(d) Collection Fund collection rates and debtors

Manchester City Council Annual Statement of Accounts 2021/22

The collection rate of both council tax and business rates remained below pre-pandemic levels in 2021/22. Council tax was down by 0.34% from 90.15% in 2020/21 and down 2.99% from 92.80% in 2019/20; and business rates 2021/22 collection rate was 94.79% up 6.88% from 2020/21 rate of 87.91% but down 2.98% from the 2019/20 rate of 97.77%.

Group Accounts

Group Comprehensive Income and Expenditure Statement

This account summarises the resources that have been generated and consumed in providing services and managing the Group during the last year. It includes all day-to-day expenses and related income on an accruals basis.

Restated 2020/21 Gross Expenditure £000s	Restated 2020/21 Gross Income £000s	Restated 2020/21 Net Expenditure £000s		2021/22 Gross Expenditure £000s	2021/22 Gross Income £000s	2021/22 Net Expenditure £000s
			Continuing operations			
284,455	(81,530)	202,925	Adult Social Care	300,869	(74,350)	226,519
48,438	(31,574)	16,864	Homelessness	60,202	(40,867)	19,335
553,971	(399,577)	154,394	Children's Services	596,956	(407,674)	189,282
367,616	(246,089)	121,527	Corporate Core	361,054	(231,733)	129,321
180,527	(61,433)	119,094	Neighbourhoods and Highways	195,720	(79,878)	115,842
40,031	(36,565)	3,467	Growth and Development	58,470	(35,962)	22,508
7,001	(10,629)	(3,628)	Corporate Items	7,354	(10,333)	(2,979)
4,775	0	4,775	Council-Wide Costs	5,823	0	5,823
70,459	(86,436)	(15,977)	Housing Revenue Account	78,978	(86,331)	(7,353)
12,349	(12,072)	277	Destination Manchester Ltd	4,191	(16,486)	(12,295)
1,569,622	(965,905)	603,718	Cost of services	1,669,616	(983,615)	686,001
			Other operating expenditure			
0	(10,483)	(10,483)	(Gains) Losses on disposal of non-current assets	11,626	(6,069)	5,557
69,166	0	69,166	Levies	67,210	0	67,210
2,566	0	2,566	Payments to government housing capital receipts pool	2,554	0	2,554
71,732	(10,483)	61,249	Total other operating expenditure	81,390	(6,069)	75,321

Manchester City Council Annual Statement of Accounts 2021/22

Restated 2020/21 Gross Expenditure £000s	Restated 2020/21 Gross Income £000s	Restated 2020/21 Net Expenditure £000s		2021/22 Gross Expenditure £000s	2021/22 Gross Income £000s	2021/22 Net Expenditure £000s
155,534	(160,095)	(4,561)	Financing and investment income and expenditure	156,657	(170,121)	(13,464)
40,757	(734,531)	(693,775)	Taxation and non-specific grant income and expenditure	38,734	(765,418)	(726,684)
1,837,645	(1,871,013)	(33,370)	(Surplus) / Deficit on provision of services	1,946,397	(1,925,222)	21,174
253,410	(63,829)	189,581	Share of operating results of joint venture	281,160	(172,211)	108,950
201	0	201	Tax expenses of subsidiary	897	0	897
15,052	0	15,052	Tax expenses of joint venture	11,005	0	11,005
2,106,310	(1,934,842)	171,466	Group (Surplus) / Deficit on provision of services	2,239,459	(2,097,433)	142,025
		(151,827)	(Surplus) on revaluation of non-current assets			(194,145)
		7,996	Impairment losses on non-current assets charged to the revaluation reserve			11,826
		297,623	Remeasurements of the net defined benefit liability			(553,321)
		64,295	Share of other comprehensive income and expenditure of joint ventures			(17,147)
			Items that will be subsequently classified in (Surplus) / Deficit on Provision of Services			
		2,734	(Surplus) / Deficit from investments in equity instruments designated at fair value through other comprehensive income			(3,115)

Manchester City Council Annual Statement of Accounts 2021/22

Restated 2020/21 Gross Expenditure £000s	Restated 2020/21 Gross Income £000s	Restated 2020/21 Net Expenditure £000s		2021/22 Gross Expenditure £000s	2021/22 Gross Income £000s	2021/22 Net Expenditure £000s
		220,821	Total other comprehensive income and expenditure			(755,901)
		392,288	Total comprehensive income and expenditure			(613,876)

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 2020	(386,076)	(109,445)	(96,849)	(104,055)	(2,427)	(698,852)	(1,897,963)	(763,649)	(3,360,464)
Movement in reserves during 2020/21									
Total comprehensive income and expenditure	(26,372)	(7,968)	0	0	0	(34,341)	156,525	270,104	392,288
Total adjustments between accounting basis and funding basis under regulations	(193,893)	6,247	2,893	10,050	(3,642)	(178,344)	178,344	0	0
(Increase) / decrease in year	(220,265)	(1,721)	2,893	10,050	(3,642)	(212,685)	334,869	270,104	392,288
Balance at 31 March 2021	(606,341)	(111,166)	(93,956)	(94,005)	(6,069)	(911,537)	(1,563,094)	(493,546)	(2,968,176)
Movement in reserves during 2021/2022									
Total comprehensive income and expenditure	37,227	(4,394)	0	0	0	32,833	(818,997)	172,289	(613,874)
Total adjustments between accounting basis and funding basis under regulations	40,123	9,472	(20,418)	15,633	(2,205)	42,606	(42,606)	0	0
(Increase) / decrease in year	77,351	5,077	(20,418)	15,633	(2,205)	75,439	(861,603)	172,289	(613,874)
Balance at 31 March 2022	(528,990)	(106,089)	(114,374)	(78,372)	(8,274)	(836,098)	(2,424,697)	(321,257)	(3,582,051)

Manchester City Council Annual Statement of Accounts 2021/22

*A breakdown of the Council's usable and unusable reserves can be found in the Council's accounts Notes 10, 38 and 39.

The Council's share of the group reserves 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 joint venture and subsidiary. It shows the value of group assets and liabilities at the end of the financial year

31 March 2021 £000s		Note	31 March 2022 £000s	
	Non-current assets			
2,228,451	Property, plant and equipment	4	2,614,220	
538,992	Infrastructure Assets		552,732	
635,802	Heritage assets		637,312	
476,130	Investment properties		493,722	
4,509	Intangible non-current assets		5,558	
615,969	Long-term investment in joint venture /subsidiaries and associates		435,466	
12,403	Other long-term investments	5	13,269	
430,226	Long-term debtors		472,076	
4,942,482	Total non-current assets			5,224,354
	Current assets			
583	Inventories		734	
212,762	Short-term debtors		169,851	
58,639	Cash and cash equivalents	6	153,867	
6,339	Short-term assets held for sale		5,569	
278,323	Total current assets			330,021
5,220,805	Total assets			5,554,375
	Current liabilities			
(184,675)	Short-term borrowing		(20,610)	
(241,293)	Short-term creditors	7	(310,762)	
(19,992)	Short-term provisions		(23,250)	
(12,143)	Short-term deferred liabilities		(9,954)	
(458,103)	Total current liabilities			(364,577)
4,762,702	Total assets less current liabilities			5,189,798
	Long-term liabilities			
(1,026)	Long-term creditors		(893)	
(110,306)	Long-term provisions		(99,939)	
(578,556)	Long-term borrowing		(819,672)	
(145,762)	Long-term deferred liabilities		(137,139)	
(9,420)	Capital grants receipts in advance		(9,505)	
(949,456)	Pensions liability		(540,599)	
(1,794,526)	Total long-term liabilities			(1,607,746)
2,968,176	Net assets			3,582,051
	Financed by:			

Manchester City Council Annual Statement of Accounts 2021/22

31 March 2021 £000s		Note	31 March 2022 £000s	
(911,537)	Usable reserves		(836,098)	
(1,563,094)	Unusable reserves		(2,424,697)	
(493,546)	Group income and expenditure reserve		(321,257)	
(2,968,176)	Total reserves			(3,582,051)

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.

2020/21 £000s		Note	2021/22 £000s
(171,466)	Net (deficit) / surplus on the provision of services		(142,026)
65,225	Adjustments to net deficit / surplus on the provision of services for non-cash movements	9	285,897
97,880	Adjustments for items included in the net deficit / surplus on the provision of services that are investing and financing activities	10	9,876
(8,361)	Net cash flows from operating activities	11	153,746
(205,553)	Investing activities	12	(121,542)
130,728	Financing activities	13	63,024
(83,186)	Net increase / (decrease) in cash and cash equivalents		95,228
141,825	Cash and cash equivalents at the beginning of the reporting period		58,639
58,639	Cash and cash equivalents at the end of the reporting period	13	153,867

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.

2020/21 £000s		2021/22 £000s
(34,341)	Deficit /(Surplus) on the Authority's single entity Income and Expenditure Account for the year	32,833
706	Distribution from group entities included in the Authority's single entity deficit on the Income and Expenditure Account	650
468	Add (surplus) / deficit attributable to subsidiary	(11,411)
204,632	Add deficit / (surplus) attributable to joint venture including dividends paid (after corporation tax)	119,955
171,466	Group income and expenditure account deficit / (surplus) for the year	142,025

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 2021/22 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.

Note 3. Expenditure and Income Analysis

	2020/21 £000	2021/22 £000
Expenditure		
Employee Benefit Expenses	541,625	597,261
Other Service Expenses	911,258	956,163
Business Rates Tariff	39,534	38,334
Capital Charges including Depreciation and impairment	157,145	145,947
Interest Payments	35,444	36,194
Pensions Interest Costs	80,909	91,110
Precepts and Levies	69,166	67,210
Payments to Housing Capital Receipts Pool	2,566	2,554
Loss on Disposal of Non-current Assets (general fund)	0	11,626
Share of operating results of joint venture	253,410	281,160
Corporation Tax	15,253	11,902
Total Expenditure	2,106,310	2,239,460
Income		
Fees, Charges and Other Service Income	(231,463)	(298,455)
Interest and Investment Income	(44,520)	(38,330)
Return on Pension Assets	(64,178)	(69,294)
Capital Charges related income	(52,652)	(47,114)
Income from Council Tax	(172,577)	(186,646)
Business Rates Income	(161,520)	(267,535)
Government Grants and Contributions	(1,133,621)	(1,011,780)
Share of operating results of joint venture	(63,829)	(172,211)
Gain on Disposal of Fixed Assets (HRA)	(10,483)	(6,069)
Total Income	(1,934,844)	(2,097,432)
Deficit / (Surplus) on the Provision of Services	171,466	142,025

Manchester City Council Annual Statement of Accounts 2021/22

Note 4. Property Plant and Equipment

Movements on tangible non-current assets in the group during 2020/21 were as follows:

	Property, Plant and Equipment						Total
	Council Dwellings £000s	Other Land and Buildings £000s	Vehicles, Plant, and Equipment £000s	Community Assets £000s	Assets Under Construction £000s	Surplus Assets £000s	
Gross book value brought forward	568,262	1,214,607	126,025	33,814	114,256	138,909	2,195,873
Accumulated depreciation and impairment brought forward	(101)	(85,316)	(64,388)	(853)	0	(4,043)	(154,701)
Net Book Value carried forward as at 31 March 2020	568,161	1,129,291	61,637	32,961	114,256	134,866	2,041,172
Movement in 2020/2021							
Additions	13,576	16,895	6,570	259	109,568	14,423	161,291
Revaluations recognised in revaluation reserve	83,610	35,869	0	0	0	11,623	131,102
Revaluations recognised in deficit on the provision of services	(675)	(37,408)	0	0	0	(3,393)	(41,476)
Derecognition – disposals	0	(2,812)	(206)	0	0	0	(3,018)
Transferred from held for sale	(2,950)	0	0	0	0	2,045	(905)
Other transfers	159	10,586	(95)	4	(7,062)	1,326	4,918
Newly recognised assets - leased assets / PFI assets	(11,416)	0	100	0	12,558	0	1,242

Manchester City Council Annual Statement of Accounts 2021/22

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
Depreciation	(19,274)	(26,362)	(10,554)	0	0	(706)	(56,896)
Impairments charged to the (surplus) / deficit on the provision of services	0	0	(36)	0	0	0	(36)
Reversal of prior year impairment	(7,996)	(946)	0	0	0	0	(8,942)
Net Book Value carried forward as at 31 March 2021	623,195	1,125,113	57,416	33,224	229,320	160,184	2,228,451
Gross book value carried forward as at 31 March 2021	623,171	1,221,395	132,394	34,077	229,320	163,044	2,403,401
Accumulated depreciation and impairment carried forward as at 31 March 2021	24	(96,282)	(74,978)	(853)	0	(2,860)	(174,950)
Net Book Value carried forward as at 31 March 2021	623,195	1,125,113	57,416	33,224	229,320	160,184	2,228,451

Movements on tangible non-current assets in the group during 2021/22 were as follows:

Manchester City Council Annual Statement of Accounts 2021/22

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
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	2,228,451
Movement in 2021/22							
Additions	19,822	37,088	19,151	4,458	139,356	1,557	221,432
Revaluations recognised in revaluation reserve	133,072	133,105	0	0	0	7,370	273,547
Revaluations recognised in deficit on the provision of services	0	(1,872)	0	0	0	(5,700)	(7,572)
Derecognition – disposals	0	(5,750)	0	0	0	(7,671)	(13,421)
Transferred from held for sale	(8,167)	(4,524)	0	0	0	(4,097)	(16,788)
Other transfers	12,437	21,683	3,330	2,498	(38,713)	2,634	3,869
Newly recognised PFI assets	811	0	(21)	0	0	0	790
Depreciation	(22,958)	(28,920)	(9,826)	0	0	(396)	(62,100)
Impairments covered by the revaluation reserve	(11,783)	(44)	(62)	0	0	0	(11,889)

Manchester City Council Annual Statement of Accounts 2021/22

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
Impairments charged to the (surplus) / deficit on the provision of services	(1,952)	(148)	0	0	0	0	(2,100)
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

Note 5. Long-term Investments

	31 March 2021 £000s	31 March 2022 £000s
Investments in organisations included in the group statements		
Manchester Airports Holdings Ltd and Destination Manchester Ltd	599,559	416,508
Investments in subsidiaries not included in the group statements		
Manchester Mortgage Corporation Plc Share Capital	142	136
Investments in associates not included in the group statements		
Manchester Airports Holdings Ltd (C Shares)	5,700	4,800
Eastlands Development Company Limited	1,155	1,279
Matrix Homes Ltd	4,000	5,655
Mayfield Developments	5,413	7,087
	615,969	435,466
Total other long-term investments	12,403	13,269
Total Long-Term Investments	628,372	448,734

Note 6. Analysis of Bank Overdraft and Cash and Cash Equivalents

	31 March 2021 £000s	31 March 2022 £000s
Bank Overdraft and Cash and Cash equivalents		
Cash at bank and in hand	31,260	31,169
Call accounts	27,379	13,690
Cash equivalents	0	109,008
Total	58,639	153,867

Note 7. 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 2022. Amounts owed by the Council to Destination Manchester Ltd have been removed as they are classed as intra-company transactions.

	31 March 2021 £000s	31 March 2022 £000s
Manchester City Council	234,867	301,236
Adjustments for intra-company transactions (trade creditors)	(148)	0
	234,719	301,236
Destination Manchester Limited		
Trade Creditors	313	336
Accruals and deferred income	5,176	8,126
Other taxes and social security costs	1,085	1,065
Total	241,293	310,763

Further details can be found in the Council's accounts Note 33.

Note 8. Related Party Transactions

As at 31 March 2022 the amount of loans outstanding owed by Manchester Airports Holdings Limited to Manchester City Council was £390.706m (£356.098m at 31 March 2021).

Destination Manchester Limited had outstanding loans from the Council of £14.907m at 31 March 2022 (£16.407m at 31 March 2021).

The Director of Destination Manchester Limited during 2021/22 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 9. Cash Flow Statement - Adjustments to net deficit / surplus on the provision of services for non-cash movements

	2020/21 £000s	2021/22 £000s
Depreciation of non-current assets	77,512	84,649
Impairment of non-current assets	41,513	6,371
Amortisation of intangible non-current assets	64	64
Movement in contract assets, liabilities and costs (IFRS 15)	690	(2,189)
Increase (decrease) in impairment provision for bad debts	227	711
Increase/(decrease) in creditors	15,868	56,954
(Increase)/decrease in debtors	(56,413)	(6,616)
(Increase)/decrease in inventories	(36)	(63)
Movement in pension liability	(35,572)	146,192
Carrying amount of property, plant and equipment, investment properties and intangible assets sold	7,408	30,720
Other non-cash items charged to the net surplus or deficit on the provision of services	13,964	(30,896)
Total	65,225	285,897

Note 10. Cash Flow Statement - Adjustments for items included in the net deficit / surplus on the provision of services that are investing and financing activities

	2020/21 £000s	2021/22 £000s
Proceeds from the disposal of property, plant and equipment, investment properties and intangible assets	(17,466)	(24,606)
Any other items for which the cash effects are investing or financing cash flows	115,346	34,482
Total	97,880	9,876

Note 11. Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

	2020/21 £000s	2021/22 £000s
Interest received	(4,793)	5,903
Interest paid	33,989	(35,346)
Dividends received	(380)	501

Manchester City Council Annual Statement of Accounts 2021/22

Taxation	(8)	(358)
Total	28,808	(29,300)

Note 12. Cash Flow Statement - Investing Activities

	2020/21 £000s	2021/22 £000s
Purchase of plant, property and equipment, investment property and intangible assets	(203,834)	(239,788)
Purchase of short-term and long-term investments	20,098	(164)
Other payments for investing activities	(116,452)	(8,362)
Proceeds from the sale of plant, property and equipment, investment property and intangible assets	18,363	24,952
Other receipts from investing activities	76,272	101,820
Total	(205,553)	(121,542)

Note 13. Cash Flow Statement - Financing Activities

	2020/21 £000s	2021/22 £000s
Repayments of long and short term borrowing	(224,344)	319,450
Cash payments for the reduction of outstanding liabilities relating to finance leases and PFI contracts	(11,479)	(12,132)
Cash receipts of long and short-term borrowing	367,301	(242,997)
Other payments for financing activities	(750)	(1,297)
Net cash flows from financing activities	130,728	63,024

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 2021/22

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 The national and international public health emergency caused by the COVID-19 pandemic have led to substantial impacts for the city and the Council. These have included implications for provision of services, our workforce and our financial position. Effective leadership and governance of the response and recovery have been critical. Plans are being delivered which now focus on the city's longer-term recovery, including its economy, residents and communities, in line with the Government's Living with Covid plan.
- 1.5 The introduction of the new Integrated Care System (ICS) arrangements at Greater Manchester level will drive the next phase of health and social care integration. The operating model for Manchester's health and social care integration will be 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 is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It is also responsible for ensuring that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Council also has a duty under the [Local Government Act 1999](#) to make arrangements to secure continuous improvement in the way in which its functions are exercised
- 2.2 In discharging these responsibilities, the Council must put in place proper arrangements for the governance of its affairs and effective exercise of its functions, which includes arrangements for the management of risk. The Council first adopted a Code of Corporate Governance in June 2008. This Code is included in the [Council's Constitution](#) (part 6 section G). It sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. Some of these processes are required by law, while others are a matter for the Council to choose.
- 2.3 The Code of Corporate Governance and the Council's Constitution are reviewed annually to ensure they remain consistent with the principles of the Chartered Institute of Public Finance and Accountancy and the Society of Local Authority Chief Executives and Senior Managers (CIPFA/SOLACE) joint framework for delivering good governance in local government. CIPFA issued an update to the Framework in 2016, which has informed the preparation of the Annual Governance Statement (AGS) from 2016/17 onwards.
- 2.4 This AGS explains how the Council has complied with the Code of Corporate Governance. The AGS also meets the requirements of the [Accounts and Audit \(England\) Regulations 2015](#) regulation 6(1) which requires all relevant bodies to prepare an Annual Governance Statement (AGS).

3. The Purpose of the Governance Framework

- 3.1 The governance framework comprises the systems and processes, culture and values by which the Council is directed and controlled, and through which it is accountable to, engages with and leads the community. It enables the Council to monitor the achievement of the city's strategic objectives as set out in the [Our Manchester Strategy - 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](#), which forms part of the Constitution. 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. 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.

Manchester City Council Annual Statement of Accounts 2021/22

- 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

- A reset of the city's Our Manchester Strategy 2016 - 2025 has been carried out as part of the Council's COVID-19 recovery planning. Engagement activity was undertaken based on the Our Manchester approach with residents, businesses, organisations and partners to

develop a qualitative evidence base, which was then analysed to establish key priority themes. Approximately 3,800 people were directly engaged with and had their views captured between August and September 2020. [Our Manchester Strategy – Forward to 2025 \(Item 32\)](#)

- 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 has taken steps to seek to improve how we undertake consultations and community engagement. Part of this involves a commitment to ensuring that our workforce have the skills to take an Our Manchester engagement approach to working with residents and communities, which forms part of the programme for the new Campaigning Engagement Framework (CEF). [Our Manchester Campaigning Engagement Framework \(Item 4\)](#)

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](#). Further engagement was carried out in August and September 2020 to update the strategy to reflect the current context as the city recovers from the impact of COVID-19. Our vision remains for Manchester to be in the top-flight of world class cities by 2025, when the city will 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.

Manchester City Council Annual Statement of Accounts 2021/22

- 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 have been refreshed for 2022 to align with the reset of the Our Manchester Strategy and to further strengthen the Council and city-wide focus on the importance of Equality, Diversity and Inclusion. The priorities are;
 - 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. [Medium Term Financial Strategy 2022/23 and 2024/25 \(includes Corporate Plan priorities\)](#)

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. Regular quarterly reports are provided on the progress that has been made in delivering the Plan despite the challenges posed by the COVID-19 pandemic. [Climate Change Action Plan 2020-25 \(item 37\)](#) [Climate Change Action Plan - Progress Report](#)

- Powering Recovery: Manchester’s Recovery and Investment Plan was published in November 2020, and this sets out how the city will emerge reinvigorated from the COVID-19 pandemic and rise to other challenges. This was developed by the Council with the support of

city business leaders and is a statement of confidence in the future of the city's economy. It shows a resilient city with a diverse economy and strengths in key growth sectors, as well as strong existing partnerships and a track record of delivery. [Powering Recovery: Manchester's Recovery and Investment Plan](#)

- 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 create a more inclusive and low-carbon economy in Manchester where more of our residents are connected to our city's success. A public consultation on the new strategy ran until 9 May 2022. [Draft Work and Skills Strategy 2022-27](#)
- Our Manchester Industrial Strategy sets out Manchester's vision for developing a more inclusive economy that all residents can participate in and benefit from, which will support the delivery of the Our Manchester Strategy, and the Greater Manchester Local Industrial Strategy. [Developing a More Inclusive Economy – Our Manchester Industrial Strategy](#)
- The Council's has reviewed its approach to Social Value to reflect the impact that COVID-19 has had on the city, and the role that social value can play in supporting the economic recovery. [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 Digital, Data and Insights which includes projects on data management to address a challenge with regard to data quality. This will ensure all data initiatives follow a well-defined approach to

enable uniformity and consistency across enterprise systems and solutions and improving insights for decision makers. [Future Shape of the Council](#)

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 2022/23 – item 26](#)
- 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.

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 latest report set out the impact of COVID-19 and other pressures and changes on the Council's budget for the period 2022-2025. [Medium Term Financial Strategy 2022-23 and 2024-25](#)

Principle E - Developing the entity's capacity, including the capability of its leadership and the individuals within it

E1 - Developing the Organisation's Capacity

Manchester City Council Annual Statement of Accounts 2021/22

- The Council's Organisation Development Plan (2021-23) (OD Plan) replaces the Our People Strategy which was solely focused on Human Resources and Organisational Development (HROD). The 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. It builds on the voice of the workforce so that their insights and experience are truly reflected in what is described as our 'priority' areas. In the delivery of this plan we are structurally hardwiring the Our Manchester behaviours into everything we do. 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 a number of 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](#)
- 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 new managers are enrolled on. A new corporate induction process is in development. Progress and support is monitored through the About You process. The programmes are targeted at different Grade bandings and cover a spectrum of areas essential to managers in the organisation.
- 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. 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

Manchester City Council Annual Statement of Accounts 2021/22

Assistance Programme (phone line) providing a range of support. The strategy for Employee Health and Wellbeing in the Council is called 'Being Our Best Selves'. A refresh of this strategy is planned during 2022/23. [Being Our Best Selves strategy](#)

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 e.g., 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

Manchester City Council Annual Statement of Accounts 2021/22

- 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 GDPR (General Data Protection Regulation) and the Data Protection Act 2018 (DPA 2018). This will ensure that such processing is carried out fairly, lawfully, and transparently. [Data Protection](#)

Manchester City Council Annual Statement of Accounts 2021/22

- 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 also forms 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 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 2022-23 and 2024-25.](#)
- 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 2022-23 and 2024-25.](#)
- 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 recently established 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 2020/21 to 2024/25](#) [Treasury Management Strategy Statement 2022/23](#)

Manchester City Council Annual Statement of Accounts 2021/22

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 2021](#)
- 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.
- A Communities of Identity report will be produced working with communities, VCSE organisations and partners to identify the different experiences of diverse communities in Manchester.

G3 - Assurance and Effective Accountability

Manchester City Council Annual Statement of Accounts 2021/22

- 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 recent (21 March - 1 April 2022) 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 2022/23 (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 57 different service areas, and the response rate was 100%.
 - 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 2021/22 if substantial further challenges remain, and ongoing monitoring is required.

- **Head of Audit and Risk Management Annual Opinion 2021/22** - In terms of the year to March 2022, 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 2021/22](#) report to 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 2022/23 budget position including the current and anticipated financial impacts of the COVID-19 pandemic. The 2022/23 budget was approved by Council on 4 March 22.
- **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 2021/22 financial year, and the arrangements for oversight of delivery. The ten challenges were set out in the Action Plan at the end of last year's AGS (2020/21). Where relevant, separate detailed progress updates are provided to Project and Programme Boards, and where applicable reports and information are taken to Committees.

Action 1 - Continuing to ensure effective governance of the response and recovery from COVID-19. This includes a focus on the city's longer-term recovery, including its economy, residents, and communities, for example via delivery of the Economic Recovery and Investment Plan

Governance of actions taken and planned

Established processes have ensured good governance of the response to, and recovery from the COVID-19 pandemic. Plans which have ensured an effective response and recovery have included:

- Manchester's 12-point Action Plan
- Manchester's Economic Recovery and Investment Plan
- Situation reports to the Executive and Scrutiny Committees
- Effective connections to Greater Manchester governance

Areas of focus have included support to business, skills and the labour market, homelessness, and poverty.

Is this governance challenge carrying forward to 2022/23?

No. This has been replaced by Item 3 in the Action Plan 2022/23 (section 7), which includes responding to the health inequalities exacerbated by the COVID-19 pandemic.

Officer Leads: Chief Executive, Deputy Chief Executive & City Treasurer, Strategic Director of Neighbourhoods, Director of Population Health

How this is monitored: The Executive, Economy Scrutiny Committee, Resources and Governance Scrutiny Committee

Action 2 - Continuing to develop the capability of our workforce, to support the delivery of Our Corporate Plan and the Future Shape of the Council. This includes continuing to embed the Our Manchester Behaviours, and the new Employee Code of Conduct, along with delivery of organisational development plans.

Governance of actions taken and planned

Organisation Development

- Organisation Development (OD) Plan 2021-23 has replaced the Our People Strategy. The Our People Strategy was focused on how HROD operated, whereas the OD plan now sets out how the whole organisation operates with the support of the HROD service.
- The OD plan sets out the way we will continue to embed the five Our Manchester behaviours throughout the organisation, with an increased focus on our most complex challenges, processes and systems.
- The Local Government Association (LGA) Corporate Peer Challenge of the Council (December 2021) found that the Our Manchester Strategy and Our Behaviours were well embedded in how we work internally and with our partners.
- A fifth Our Manchester behaviour was developed, in consultation with our staff and Trade Unions, focused on embedding our commitment to equality, diversity and inclusion developed in 2021/22. It is currently being embedded as part of our core values.
- Plans are in place to roll out the updated corporate induction programme in early 2022/23.

Employee Code of Conduct:

- Council wide communications have taken place to support the embedding of the Employee Code of Conduct.
- An accessible policy guidance pack has been shared with all staff through the Senior Leadership Group with ongoing support available from HROD.
- The level of resource available to support this corporate communications campaign within HROD has been impacted by the pandemic. There is a plan to further embed the Code across all levels of the Council in the coming year.

Is this governance challenge carrying forward to 2022/23?

Yes. See Item 1 in the Action Plan 2022/23 in section 7.

Officer Leads: Deputy Chief Executive & City Treasurer, City Solicitor, Director of HROD

How this is monitored: Resources and Governance Scrutiny Committee, SMT, Organisation Development team

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 Manchester City Council operates, including using new technologies, ways of working and new delivery models.

Governance of actions taken and planned

- The Future Shape Programme team ensures the governance for the workstreams are in place. Following the Peer Review the governance arrangements have been streamlined and adopt a more agile methodology. The work programme was also revised to include:

Manchester City Council Annual Statement of Accounts 2021/22

- A more Purposeful and Effective Core
 - Digital, Data and Insights
 - Digital by Default, customer access and front door
 - How we will work
-
- In parallel with Future Shape, work was undertaken through the reviews of Public Interest and Best Value reports (and aligned to the Future Shape programme where appropriate) to assess and strengthen the Manchester approach to governance. Outcomes delivered include:
 - Directorship training
 - Decision Making Guide
 - Late Publication of Reports - action plan to improve
 - Shareholder Panel
 - Procurement benchmarking

 - Work continues to ensure there are clearer lines of accountability, and clearer remits of the various groups supporting governance of the Council as a whole (including the Future Shape Programme), to streamline them and improve co-ordination, preventing duplication that could result in over-governance.

 - Capability and capacity of the workforce to align effectively to key priorities and organisational requirements will be supported by the Future Shape programme and OD plan

Is this governance challenge carrying forward to 2022/23?

Yes. See Item 2 in the Action Plan 2022/23 in section 7.

Officer Leads: Deputy Chief Executive & City Treasurer, City Solicitor, Future Shape Programme Team

How this is monitored: The Executive, Scrutiny Committees

Action 4 - Carbon reduction - ensuring that we have effective governance of strategies and action plans that enable delivery of the target to be a zero-carbon city and Council by 2038 at the latest.

Governance of actions taken and planned

- The Zero Carbon Coordination Group drives forward the integrated activity required to ensure that the Council plays its full part in ensuring the city reaches its ambitious climate change commitments. This strategic group oversees the development and delivery of the Manchester Climate Change Action Plan (CCAP) 2020-25, which was approved by the Executive in March 2020.
- Workstreams deliver the actions outlined under the five priority areas within the CCAP. Workstreams are overseen by operational officers and a senior manager as workstream lead for each priority. The five workstreams are-
 - Buildings and Energy
 - Transport and Travel
 - Reducing consumption-based emissions and influencing suppliers
 - Climate adaptation, carbon storage and carbon sequestration
 - Influencing behaviour and being a catalyst for change
- The Council's Climate Change Action Plan is currently going through a refresh, which will be taken to Executive in Autumn 2022. The Council's emissions and delivery of the Climate Change Action Plan is tracked through quarterly and annual reports, these are presented to Scrutiny and published on the Council website. Our Climate Change Action Plan 2020-25 sits alongside the citywide framework produced by Manchester Climate Change Partnership.
- Analysis by Climate Emergency UK compared climate action plans from 409 UK local authorities. The Council was placed first amongst single tier authorities and third overall and our CCAP 2020-25 was rated one of the strongest in the country.

Is this governance challenge carrying forward to 2022/23?

No. Delivery and monitoring will continue via the established governance processes.

Officer Leads: Deputy Chief Executive and City Treasurer, Assistant Chief Executive, Zero Carbon Coordination Group

How this is monitored: Neighbourhoods and Environment Scrutiny Committee, The Executive

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.

Governance of actions taken and planned

- Integrated Care Systems (ICS) are being established nationally following recent Government reforms to the NHS. This includes an ICS at the level of Greater Manchester, from July 2022. Manchester's locality board is the Manchester Partnership Board. Arrangements are being made for a safe transition and development of a new locality operating model. The Council Chief Executive has been appointed as the Place-Based Lead for Manchester and support arrangements to the Chief Executive are being put in place. Key functions formally delivered by the Manchester CCG (MHCC) will also be deployed.
- In 2021/22 a new section 75 agreement was finalised between Manchester University NHS Foundation Trust and the Council which sets out the governance arrangements for the MLCO and the deployment of adult social care services into the MLCO.
- Governance arrangements within the MLCO have been strengthened as a result, as have partnership arrangements in Manchester supporting the MLCO including the Manchester Accountability Board (which is now operating as the Manchester Provider Collaborative in shadow form ahead of the move to the GM ICS arrangements) and the Manchester Partnership Board. The Manchester Accountability

Manchester City Council Annual Statement of Accounts 2021/22

Board is co-chaired by the Council's Deputy Leader and Executive Member for Health and Care and is attended by the Council's Chief Executive, Deputy Chief Executive and City Treasurer and the Executive Director of Adult Social Services.

- The development and delivery of adult social care through the MLCO is overseen through these arrangements including the delivery of the Better Outcomes, Better Lives Programme.
- The strength of the integration arrangements in Manchester and through the MLCO were highlighted in the LGA Corporate Peer Challenge review of the Council, in December 2021.

Is this governance challenge carrying forward to 2022/23?

Yes. See Item 5 in Action Plan 2022/23, Section 7

Officer Leads: Director of Adult Social Services, Deputy Chief Executive & City Treasurer, Health and Wellbeing Board, Manchester Accountability Board (Manchester Provider Collaborative in shadow form), Manchester Partnership Board

How this is monitored: Health Scrutiny Committee, The Executive

Action 6 - Ensure effective governance of the delivery of 'Better Outcomes, Better Lives' which is MLCO's transformation programme for Adult Social Care.

Governance of actions taken and planned

- Governance structures were established in January 2021 and have been adapted as necessary since then to best support the delivery of the programme.

Manchester City Council Annual Statement of Accounts 2021/22

- A recent internal audit of the governance of the programme found substantial assurance that the governance, monitoring and challenge arrangements effectively support delivery of the Better Outcomes Better Lives programme ('substantial' is the highest level of assurance that can be provided in an audit).
- Work is underway to implement three recommendations made by Internal Audit:
 - To formally map out the interdependencies between workstreams to ensure clarity and allow a review of current arrangements in place to manage these interdependencies.
 - To ensure that reporting mechanisms are developed to report progress in delivering high level programme priorities and milestones and to provide assurance on whether the overall programme remains on track to be completed in 2024 as planned.
 - To review the membership of the programme board and workstream steering groups with a view to ensuring all members are active decision makers or contributors. The review of the membership of programme board has been completed and the programme and the new membership will be in place for the June 2022 Board meeting.

Is this governance challenge carrying forward to 2022/23?

No. There is assurance that effective governance of the programme is in place.

Officer Leads: Executive Director of Adult Social Services, Better Outcomes, Better Lives Programme Board

How this is monitored: Health Scrutiny Committee

Action 7 - Governance of the strategic direction for delivery of proposed ICT infrastructure and systems essential to business operations and legal compliance, including the social care system. Mitigation of delivery timescale risks, and effective prioritisation where there is an interdependence between business-critical programmes (e.g., telephony).

Governance of actions taken and planned

Manchester City Council Annual Statement of Accounts 2021/22

- There is strategic direction for ICT and a roadmap for digital innovation, as defined in the Council's ICT & Digital Strategy with a supporting Future Operating Model (FOM) with input from external expertise.
- This will ensure that ICT continues to support the Council in the right way, as business need and technology evolves over time.
- Initiatives include telephony, procuring the Resident and Business Digital Platform (RBDXP) which will replace SAP and Customer Relationship Management (CRM)), replacing legacy applications with new, modern systems, (successful migration to Microsoft 365, upgrading the Wide Area Network, and upgrading end user devices).

Is this governance challenge carrying forward to 2022/23?

No. There will remain ICT related risks, that are managed through the Corporate and Directorate risk registers.

Officer Leads: Deputy Chief Executive & City Treasurer, Director of ICT, ICT Board

How this is monitored: Resources and Governance Scrutiny Committee

Action 8 - Strengthening the consistency of and accountability involved in the Council's approach to commissioning, procurement and contract management. This includes improving supply chain resilience, building in carbon reduction requirements and reducing reliance on waivers.

Governance of actions taken and planned

- Governance of contracting, and procurement is now primarily overseen by the Commercial Board, with the Social Value Governance Board and Zero Carbon Workstream three, providing focused oversight on social value and zero carbon respectively. Integrated Commissioning and Procurement now provide a Procurement and Contracts update as a standing item on every Commercial Board, which will also include

Manchester City Council Annual Statement of Accounts 2021/22

details of relevant audits (e.g., in respect of waivers) and actions being taken. There are various continuing initiatives being progressed on the ground to strengthen contract management, social value and zero carbon, which the aforementioned groups oversee.

- In December a final report was issued for the review of Waivers and Contract Extensions. The key findings of this audit were reported to Audit Committee in November 2021.
- A number of these areas were also reviewed as part of the work of the Best Value Task & Finish (BVT&F) Group, with regular reports being presented to Commercial Board on procurement activity, policy and any potential improvements to strengthen internal processes.
- The BVT&F Group has now concluded its work and activities are being mainstreamed or linked into other work programmes such as Future Shape of the Council.

Is this governance challenge carrying forward to 2022/23?

No.

Officer Leads: Deputy Chief Executive & City Treasurer, Head of Strategic Commissioning, Social Value Governance Board, Commercial Board, Future Shape of the Council programme

How this is monitored: Resources and Governance Scrutiny Committee

Action 9 - Governance of the coordination of delivery of our commitments on equality, diversity and inclusion in relation to Manchester's citizens, and to our workforce. This includes delivery of both the Workforce Equality Strategy and the Race Equality programme.

Governance of actions taken and planned

Manchester City Council Annual Statement of Accounts 2021/22

- A Corporate Equality Diversity and Inclusion Leadership Group (CEDILG) has been established, which is chaired by the City Solicitor (SMT lead for equalities). This group 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 the development
- An updated Workforce Equality Strategy with six strands of work has been produced. Activity from the strands of work includes making sure our recruitment, including policy and processes, is inclusive and designed to attract a talented and diverse workforce, and adding an equality, diversity and inclusion objective to every senior manager's annual appraisal.
- Reports on Race (October 2021) and Disability (December 2021) have been taken to the Communities and Equalities Scrutiny Committee.

Further work planned for 2022/23 includes:

- To ensure all services of the Council are complying with the Public Sector Equality Duty
- Development of a robust Quality Assurance function and accountability framework for Equality Impact Assessments
- A Communities of Identity report will be produced working with communities, VCSE organisations and partners to identify the different experiences of diverse communities in Manchester.
- Further reports, on the topics of sex and gender.

Is this governance challenge carrying forward to 2022/23?

Yes. See Item 3 in Action Plan 2022/23, Section 7.

Officer Leads and Groups: Chief Executive, City Solicitor, Director of HROD, Corporate Equality Diversity and Inclusion Leadership Group (CEDILG)

How this is monitored: Resources and Governance Scrutiny Committee, Communities and Equalities Scrutiny Committee

Action 10 - Development of governance arrangements for the new model for housing delivery. This includes effective oversight of delivery of the first phase of this work, which will be the facilitation of the Northwards Housing Arm's-Length Management Organisation (ALMO) being brought back in house.

Governance of actions taken and planned

- The programme of transition of Northwards Housing ALMO back in house and the establishment of new governance arrangements is substantially complete, including conclusion of the 100-day integration plan, and embedding former Northwards colleagues within the Council as part of the Housing Operations Service.
- A Board, 'Northwards Housing Service Advisory Committee', has been established, which is responsible for overseeing the delivery of housing services to the Council's housing stock. This is chaired by the Executive Member for Neighbourhoods.
- Full information on the transition and governance arrangements is set out in the reports 'Housing Revenue Account Business Plan' and 'Council Housing Stock – Governance Arrangements' taken to November and December 2021 Resources and Governance Scrutiny Committee meetings.

Is this governance challenge carrying forward to 2022/23?

No.

Officer Leads: Strategic Director - Development, Director of Housing and Residential Growth

How this is monitored: The Executive, Economy Scrutiny Committee, Resources and Governance Scrutiny Committee, Northwards Housing Service Advisory Committee

7. Action Plan: Governance Challenges for 2022/23 Onwards

The review of governance arrangements has identified seven main areas where the Council will need to focus its efforts during 2022/23, 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 2023.

Action 1 - Embedding and delivery of 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 HROD
- 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.

- Responsible officers (SMT): Deputy Chief Executive & City Treasurer,
- Responsible officers (Directors or Heads of Service): Director of HROD, Head of Reform and Inclusion
- 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).

- Responsible officers (SMT): Chief Executive, City Solicitor, Strategic Director – Development
- Responsible officers (Directors or Heads of Service): Director of HROD, Director of Inclusive Economy, Director of Public Health, Head of Reform and Inclusion
- 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.

- Responsible officers (SMT): Chief Executive, 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.

- 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 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.

- Responsible officers (SMT): Director of Adult Social Services, Deputy Chief Executive & City Treasurer
- Responsible officers (Directors or Heads of Service): 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.

- Responsible officers (SMT): Deputy Chief Executive & City Treasurer, Assistant Chief Executive
- How this is monitored: Resources and Governance Scrutiny Committee, Executive

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.