TRAFFORD COUNCIL

Statement of accounts

2018

www.trafford.gov.uk

Contents

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS:

Narrative Report

This document provides the detail behind the Council's financial performance for the year 1 April 2017 to 31 March 2018.

The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015. The regulations require the accounts to be prepared in accordance with proper accounting practices and these primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom in 2017/18 (the Code), supported by International Financial Reporting Standards (IFRS).

In complying with the requirements and standards of the Chartered Institute of Public Finance and Accountancy (CIPFA) in preparing the accounts, they aim to provide all stakeholders including partners, elected councillors and residents of the Borough and other interested parties an understanding of the financial position of the Council in 2017/18, confidence that public money has been accounted for correctly and that the financial position of the Council is robust.

This Narrative Report provides information about Trafford, its objectives and achievements whilst also providing a summary of the financial position at 31 March 2018 and key issues that have affected the accounts during the year.

Trafford the Borough

Trafford Council is one of ten local authorities in Greater Manchester and covers an area of approximately 40 square miles to the south-west of the region.

Trafford has a robust economy with over 13,000 businesses, ranging from cutting edge digital and creative companies to advanced manufacturing and green technology. The 235,000 strong population of Trafford is one of the most highly skilled and educated in the North West of England with 52% qualified at NVQ4 and above compared to the Greater Manchester Average of 35%. The population is projected to increase by around 11% to 260,000 over the next twenty years, a slightly higher rate of increase than the 10% projected for the national level. However, reflecting the national trend, the highest rates of population growth will be seen within the older age groups. The number of people aged 65 and over is projected to increase by 41%, whilst those aged 85 and over will increase by 55% bringing even greater challenges to the health and social care system: it is these older groups who are most likely to need support from these services.

Trafford has a significant number of visitors per year, mainly due to the prestigious attractions that reside here including the Intu Trafford Centre, one of the largest indoor shopping centres in the UK and visited by over 40 million people per year. Trafford Wharfside is a leading visitor destination, home to Manchester United FC, Lancashire County Cricket Club, Coronation Street and the award winning Imperial War Museum North.

The Council is committed to see our town centres flourish and has already seen improvements in prosperity in Altrincham, Urmston and Partington and is working hard to pursue a refreshed Stretford Masterplan. Plans will be developed to create real improvements in the town centre offer so that all residents of the borough have town and village centres of which they can be proud.

During 2017/18 the Council has helped more people into work with the Council directly supporting over 200 people into employment in Trafford via the Trafford Pledge. The Council is also working with businesses providing opportunities and access to resources to help them to establish and grow with our town centres being revitalised and you can see across the Borough how this determination is working.

Over the last 12 months the Council has supported 8 businesses to open in vacant units by providing loan funding assistance through the Town Centres Business Growth Programme, this created almost £500,000 of private investment and over 60 jobs and has helped to bring the town centres vacancy rate below the regional and national averages.

The environment is also important to the Council and with the help of residents it is one of the greenest boroughs in the UK with 8 green flag parks and is the only local authority based in the North of England to be in the top 10 nationally for recycling. This helps to keep Council Tax down and is great for the environment. New triobins are being rolled out in all of our town centres.

Trafford Council the Organisation

Trafford is made up of 21 wards each comprising of three councillors with a political make up at 31 March 2018 as follows:-

- 34 Conservative
- 25 Labour
- 3 Liberal Democrat
- 1 Other

The Council's political structure is that of a Leader and Executive model, with the Leader of the Council having responsibility for Members of the Executive, the allocation of portfolios and the delegation of executive functions. A system of scrutiny also exists to hold Members to account.

Following the local elections on 3 May 2018 the political composition shifted (see below) and the Labour Group gained control of the Council with Councillor Andrew Western replacing Councillor Sean Anstee as Leader of the Council.

- 30 Labour
- 29 Conservative
- 2 Liberal Democrats
- 2 Green Party

The management structure is headed by the Executive Leadership Team and comprises the Chief Executive (the Head of the Paid service), three corporate directors and supported by the Chief Finance Officer and Director of Legal Services as Monitoring Officer. The three corporate directors were:-

- Corporate Director – Transformation and Resources
- Corporate Director – Economic Growth, Environment and Infrastructure
- Corporate Director – Children, Families and Wellbeing

Trafford is one of the lowest spending Council's in the UK, has the lowest council tax in Greater Manchester and yet is proud to be delivering effective high quality services. Through both direct service delivery and effective partnership working the Council has maintained performance and quality standards.

The Council provides a broad range of services including schools, children's and adult's social care provision, economic regeneration, environmental and highway services and leisure and cultural services. A number of different delivery vehicles are used to supply some council services for example leisure centres are run by Trafford Leisure, a wholly owned Community Interest Company, some services are delivered through collaborative working, eg a shared service for the delivery of some back-office functions whilst others are contracted out to external providers for example waste collection, street cleansing and highway maintenance. As at April 2017 the Council employed 1,780 full time equivalent staff (excluding school based staff); this had increased to 1,794 (0.8%) by 31 March 2018. Employee welfare is a key priority and during the year the Employee Health and Wellbeing Strategy continued to be developed and numerous events to promote workforce wellbeing were held. All staff received performance and development reviews and appropriate training to undertake their roles throughout the year.

The Council's evolving long term vision is that ***no one will be held back and no one left behind.*** To ensure this ambition is met we need to make sure we have a highly effective Council working in partnership with the community, businesses and the voluntary and social enterprise sector.

To meet our vision the Council is working to a number of priorities which are reflected across the whole business and are resident in every decision we make. The Council's Corporate Strategy sets out these priorities that help shape Trafford as a great place to live, learn, work and relax:

- Low Council Tax and Value For Money
- Economic Growth and Development
- Safe Place to Live – Fighting Crime
- Services Focused on the Most Vulnerable People
- Excellence in Education
- Reshaping Trafford Council

Risk Management and Opportunities

The Council's corporate approach to risk management ensures that we have robust processes in place to support the delivery of our strategic goals. Ongoing risk management is undertaken to identify the risks that could affect the delivery of key priorities and objectives, determine appropriate ways of mitigating the risk. A Strategic Risk Register (SRR), which articulates the risk, quantifies its likelihood and potential impact, names the responsible officer who owns the risk, and articulates how the risk is managed and any mitigating actions. The SRR is updated on a quarterly basis and continues to include the financial position and outlook as a key risk to the organisation.

Trafford continues to influence and shape its role within Greater Manchester to support the Greater Manchester Combined Authority (GMCA) to exercise its powers of devolution.

The key issues with the greatest impact that will affect the operational and financial environment of the Council are:

- Health and Social Care Integration and the on-going work which led to the integration of the Council and Trafford Clinical Commissioning Group (CCG) on 1 April 2018. The rising demand placed on our health and social care services continues to be a major pressure for both the Council and CCG. The priority is to ensure that residents' wellbeing is the best it can be and the Council believes that integrating commissioning and support service functions of the Council and the CCG will mean the integrated organisation can, together, continue to provide excellent health and social care services to residents. The area was successful in securing £22m of Transformation Funding which will allow the organisation to transform the way it delivers health and social care services in the future.
- 100% Business Rates Retention with Greater Manchester operating a pilot scheme from 2017/18 to provide a stable funding stream while incentivising economic growth.
- Greater Manchester Spatial Framework (GMSF) - The districts of Greater Manchester are working together to produce a joint plan to manage the supply of land for jobs and new homes across Greater Manchester. The GMSF will ensure that the right land in the right places delivers the homes and jobs needed up to 2035, along with identifying the need for supporting infrastructure (such as roads, rail, Metrolink and utility networks) required to achieve this. It will be the overarching development plan within which Greater Manchester's ten local planning authorities can identify more detailed sites for jobs and homes in their own area. As such, the GMSF will not cover everything that a local plan would cover and individual Districts will continue to produce their own local plans. Nonetheless, the plan will have a significant long term influence on local revenue streams (Council Tax and Business Rates)

The Council also has an emerging Investment Strategy whereby, through key investments, it aims to generate additional revenue streams to support the revenue budget in later years.

Governance

Each year the Council prepares an Annual Governance Statement which is approved annually at the same time as these Accounts and is available on the Council's website. No significant changes to governance arrangements have been made during the year.

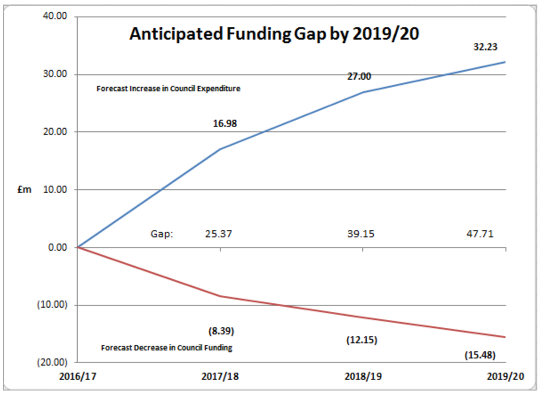
The Budget Process 2017/18

On 22 February 2017 the Executive recommended the Council approve an overall net revenue budget of £160.825m following a budget process that involved consultation with stakeholders, the Final Local Government Finance Settlement and following detailed scrutiny. When preparing the Council's Medium Term Financial Strategy (MTFS) the Council makes provisional spending plans for future financial years ensuring these are balanced against the expected funding from Government, Council Tax payers and Business Rate payers. The MTFS is a three year incremental process that builds on the work and achievements of previous years, taking into account demographic, legislative and other pressures; mitigated by a series of savings proposals to ensure a balanced budget can be achieved in the coming year, and that there is financial sustainability for future years. To meet the needs of the community the budget is divided into a number of key service areas as shown in the table below.

In determining the budget for 2017/18 an overall budget gap of £25.37m was addressed by a combination of additional resources of £9.80m and £15.57m of service savings and additional income. This means that since 2010 the Council has addressed an overall budget gap over the period of £161m. Included in the savings programme for 2017/18 were the benefits of making an advance payment to Greater Manchester Pension Fund to cover three years of pension contributions.

There was a 1.99% increase in Council Tax in April 2017 for Trafford services and a 3% increase was made in respect of the adult social care precept specifically to support adult social care costs. This increased the Band D Council Tax to £1,183.58. This Band D Council Tax increased to £1,405.83 when precepts for the Police and Crime Commissioner for Greater Manchester and Greater Manchester Fire and Rescue Authority are included, making Trafford the 25th lowest in the country out of 326 authorities.

At the time of setting the budget for 2017/18 the overall funding gap for the next three years stood at nearly £48m taking into account rising demand for adult and children's social care services and updated funding announcements.



The major factors contributing to the future budget shortfall continue to be the anticipated reductions in central government funding and cost pressures which include demographic pressures in social care, national living wage and other inflationary pressures. The Council has successfully delivered a balanced budget in previous years by prioritising an approach of growth in new funding and income streams which have reduced the requirement to make savings through reshaping services. Local income sources from council tax and retained business rates remain relatively buoyant and have helped to support the budget in recent years through a continued focus on economic regeneration. This approach, coupled with the developing Investment Strategy, will be key components of our budget strategy in future years. Despite this the future requirement to make savings remains a major issue particularly in the context of the savings made since 2010. As a consequence the continuing uncertainty regarding the Council's medium term financial position remains a key risk within the Council's strategic risk register.

Overall Performance

This section provides details on the:-

a) Performance Monitoring
b) the management accounts position
c) the statutory accounts

Performance Monitoring

The Council monitors and reports on its performance against a suite of key performance indicators (KPIs) designed to measure progress against the Council's priorities as outlined above. This helps to ensure that our scarce resources are targeted in the most efficient way.

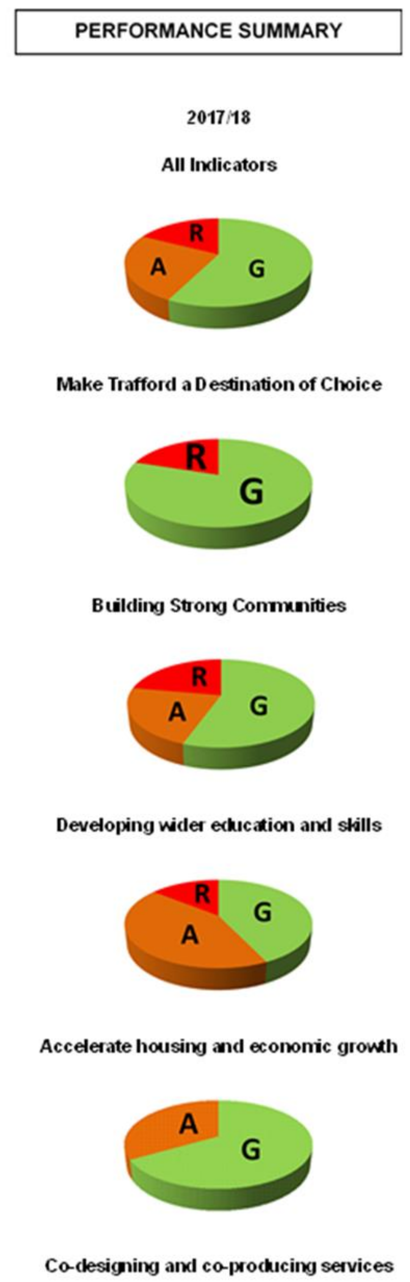
The number of performance indicators increased in 2017/18 from 36 to 49 due to the introduction of a number of new indicators and alignment to the Vision for Trafford 2031 outcomes, established for each of the 6 Borough-wide Interventions.

- Mersey Valley becomes a significant visitor attraction that connects the North to the South of the Borough
- Creating a national beacon for sports, leisure and activity for all, making Trafford a destination of choice
- Accelerate housing and economic growth so everybody benefits
- Co-designing and co-producing services to enable people, communities and businesses to work together, help themselves and each other
- Building Strong Communities
- Optimising technology to improve lives and productivity

Further details of all the indicators and direction of travel can be found on the Council's website, however for illustration, a sample of the type of indicator within each theme is given below

Theme	Sample Measure
Creating a national beacon for sports	Trafford is the Safest Place in GM
Accelerate housing and economic growth	Number of new business starts
Co-designing and co-producing services	Delayed Transfers of Care attributable to Adult Social Care per 100,000 pop 18+
Building Strong Communities	Through the Trafford Pledge increase the number of people into employment
Developing wider education and skills	Proportion of 'Disadvantaged' pupils at Key Stage 2 achieving expected standard in Reading/Writing/Maths
Optimising technology	Increase in online transactions

The charts below illustrate the summary RAG status of the indicators in each theme.



Overall performance in 2017/18 shows that, where there is data to measure indicators, 83% of indicators are being delivered close to target or above (Green – G and Amber – A in the chart above).

The Council is aware of the areas it needs to improve and its Annual Delivery Plan clearly identifies where these are. The Corporate Director sets out a detailed improvement plan to address these, which are monitored on a quarterly basis. The quarterly reports and action plans relating to the Annual Delivery plan can be found on the council's website as part of the relevant Executive agenda.

Performance against budget

The Council's net revenue expenditure was £161.816m in 2017/18 and this represents a saving of £2.747m against budget; a specific report on the outturn position is available on the Council's web site, which contains more detail on financial performance against budget. In-year service savings and one-off income increases (including the Manchester Airport dividend) led to an overall Council service underspend of £1.756m. This underspend has been increased by additional funding from business rates mainly attributable to extra Section 31 compensation grants in respect of the changes to the Small Business Rate Relief Scheme of £0.991m. This has resulted in a final net revenue outturn underspend of £2.747m.

There is also reconciliation between the revenue outturn, or management accounts, and the statutory accounts in a later section.

Revenue Budget	Revised Budget £m	Actual Exp £m	Variance £m	%
Children's Services	31.605	31.380	(0.225)	(0.7)
Adult Services (incl. Public Health)	56.182	58.159	1.977	3.5
Economic Growth, Environment and Infrastructure	38.304	37.832	(0.472)	(1.2)
Transformation and Resources	18.212	17.600	(612)	(3.4)
Directorate Budgets	**144.303**	**144.971**	**0.668**	**0.5**
Council-wide Budgets	16.522	14.098	(2.424)	(14.7)
Net Service Expenditure Outturn	**160.825**	**159.069**	**(1.756)**	**(1.1)**
Financed by:				
Council Tax	(88.630)	(88.630)	-	
Business Rates	(67.462)	(68.453)	(0.991)	(1.5)
Collection Fund Surplus	(1.675)	(1.675)	-	
Reserves	(3.058)	(3.058)	-	
Funding variance	**(160.825)**	**(161.816)**	**(0.991)**	**(0.6)**
Net Revenue Outturn	**0**	**(2.747)**	**(2.747)**	**(1.7)**

Major variances included:-

- Children's Services – Additional cost of placements of £0.74m
- Adult Services – A £1.97m pressure in the cost of adult social care
- Corporate Budgets – A net saving of £2.42m including additional dividend from the Manchester Airport Group (MAG), release of contingency budgets and additional income from new commercial property.
- Vacancy management across all Directorates, additional income and savings in running costs across all directorates of £2.05m;
- Business Rates – Additional funding from business rates mainly attributable to extra Section 31 compensation grants in respect of the changes to the Small Business Rate Relief Scheme of £0.991m.

Reserves

The General Reserve represents the aggregate of net under spends from past financial years of monies that have not been specifically allocated to reserves for specific future purposes. It is used as a working balance and to allow for a cushion against unforeseen or emergency expenditure.

The balance at the start of the year was £6.0m and remains at £6.0m as at 31 March 2018. This is the minimum level agreed by the Council on 21 February 2018 to be maintained for 2018/19.

The level of earmarked reserves has increased by £13.0m mainly as a consequence of an increase to the business rate risk reserve with one-off benefits from the 100% growth pilot of £6.8m; an increase to the investment fund reserve following one-off savings in minimum revenue provision of £2.5m which are earmarked to support future strategic investment; increase to the budget support reserve held to support future years budgets of £2.7m representing the in-year budget underspend and other increases of £1.0m.

Capital Investment

The Capital Programme for 2017/20 was approved at the Council meeting of 22 February 2017 and provided the framework within which the Council's capital investments plans were to be delivered. Capital resources are allocated based on a process which affords priority to:-

- ➢ Schemes of a statutory nature
- ➢ Schemes which protect our asset base
- ➢ Invest to save projects

The value of the three year Capital Programme, covering 2017/18 to 2019/20, was set at £109.16m, with £65.74m originally programmed for 2017/18.

Financing of the investment proposals was predominantly made up of grants and contributions of £52.95m relating to specific areas of investment e.g. schools and highways; capital receipts of £21.14m generated from the disposal of assets and prudential borrowing of £33.18m which is only undertaken where the investment is linked to revenue savings and it is affordable and sustainable to do so. In setting the 3 year programme all potential resources were fully utilised and the Programme included £1.89m of over-programming

Investment across the 3 years included:

- The continued provision of in excess of 3,000 additional school places to meet demand along with a programme to ensure schools met suitability and sustainability standards.
- Town centre regeneration with major projects being completed in Altrincham and started in Stretford.
- Continued improvement of the highways and footways infrastructure and integrated transport initiatives including the extension of the Metrolink through Trafford Park and cycling facilities.
- Continuing development of the Council's ICT systems to ensure an improved customer experience and seamless service delivery across internal and external partners.

In July 2017 the Council approved an Investment Strategy and approval was given to increase the capital programme such that £300m, supported by prudential borrowing, would be made available to support the Strategy. The objective of this being to stimulate economic development and to support the Council's financial resilience over the next few years, whilst offering an alternative solution that can be used to address future budget gaps. During the year a number of investment assets were acquired together with some debt finance support for new residential development. This provided an income stream during 2017/18 which will remain available to support the revenue budget in later years.

- To mitigate the risks of the approach nationally recognised investment advisors are being used as part of the due diligence process with emphasis placed on securing investments in low risk assets.

- As part of this Strategy, on 20 March 2018 the Council set up a joint venture with Bruntwood (K Site Ltd) called Trafford Bruntwood LLP. The entity will be responsible for the redevelopment of the former Kelloggs headquarters site at Talbot Road, Stretford in line with the Civic Quarter Masterplan for the wider area. Whilst the entity will form part of the Council's group accounts in future years there were no transactions during 2017/18, apart from a deposit payment made on the site and reflected as a short term liability at the year-end on the Council's balance sheet.

As 2017/18 progressed, the initial plans were revised to incorporate expenditure re-profiled from the previous year, new assumptions, approvals and scheme updates, as information became available giving rise to an adjusted budget of £355.16m.

The Council spent £86.57m on its Capital Programme in 2017/18 compared to the budgeted spend of £355.16m. Details of which can be found on pages 125125. The capital expenditure incurred during the year and financing of this expenditure is shown in the table below.

Capital Programme	Budget £m	Actual Exp £m	Variance £m
Schools Investment	11.93	8.57	(3.36)
Supporting Infrastructure	12.78	8.71	(4.07)
Regeneration Projects	7.30	4.62	(2.68)
Highways / Transport Improvements	20.19	14.90	(5.29)
Social Services	3.69	3.38	(0.31)
ICT Investment	3.11	1.12	(1.99)
Recreation & Culture	1.16	0.50	(0.66)
General Programme	**60.16**	**41.80**	**(18.36)**
Investment Programme	295.00	44.77	(250.23)
Total Programme	**355.16**	**86.57**	**(268.59)**
FINANCED BY:			
Grants and Contributions	(30.35)	(23.22)	7.13
Capital Receipts	(16.42)	(6.19)	10.23
Earmarked Reserves	(2.89)	(4.00)	(1.11)
Borrowing	(305.50)	(53.16)	(252.34)
	(355.16)	**(86.57)**	**(268.59)**

The major reason for this variance relates to the creation of the investment fund of which £250m is to be carried forward for expenditure in future years. The variance between the budgeted capital expenditure and the final outturn for the year was £268.59m and this will require re-profiling into 2018/19 and later years along with the associated financing. The major reasons for the variance included some planned re-profiling and an extension of the time taken to reach agreement on a number of grant funded projects. More details of the variance can be found at : http://www.trafford.gov.uk/about-your-council/budgets-and-accounts/revenue-and-capital-budgets.aspx

Treasury Management

The Council proactively manages long term loans and long and short term investments to minimise the interest payable on external borrowing, and to generate as high an income level as possible on cash deposits commensurate with the risk to the principal invested.

Throughout 2017/18 the Council complied with its legislative and regulatory requirements, including compliance with all treasury management prudential indicators.

Debt - at 31 March 2018 the Council's total external level of debt was £164.4m compared to £105.2m at 1 April 2017. The increase of £59.2m is a result of planned debt repayments of £3.7m together with the receipt of £62.9m of debt from the Public Works Loan Board of £62.4m and Salix Finance, £0.5m. The debt taken from the PWLB was used to fund capital schemes and the Council's emerging Investment Strategy, generating a revenue income stream sufficient to repay borrowing costs, and the funds from Salix debt are the final instalment of the ring-fenced debt to be used on the Council's Street Lighting programme. The Council continues to maintain a deliberate policy of being under borrowed and as a result of this action, debt interest continues to be saved.

The average external rate of interest payable during the year was 5.11%, which compares favourably with 5.67% in 2016/17. The following table provides further details, including the interest loan rate at the beginning and end of the financial year.

	as at 1.4.17	as at 31.3.18
Average weighted maturity of long term loans (in years)	27.0	30.4
Number of loans	28	24
Value of loans	£105.2m	£164.4m
Loan rate	5.47%	4.19%

Investments

The Council operates its own trading function for the investment of any temporary surplus cash. The Council's money market investments, excluding cash at bank, totalled £73.2m as at 31 March 2018 and this compares to £82.4m as at 31 March 2017. In 2017/18 an average investment rate of 0.82%, 0.61% above the market benchmark (London Inter-bank BID 7 day rate), was achieved. This compares with an average return of 0.87%, in 2016/17 which was 0.67% above the LIBID 7 day rate.

Statutory Accounts

The following key matters are listed to quickly identify and summarise the salient features of the Accounts.

Comprehensive Income & Expenditure Statement (CIES):

- the deficit on the provision of services on the CIES is £24.6m (2016/17 at £16.5m). However, the management accounts declare an outturn underspend of £2.747m (2016/17 £0.021m). The differences between these two statements of financial performance relate to the differences in accounting practices applied, which are adjusted for in the MiRS, and a summary reconciliation between the two outturns is provided later in the Narrative Report;
- the total balance on the CIES has moved from a £3.6m surplus to a £19.9m surplus. The movement in the CIES of £16.3m primarily relates to:
- changes in pension charges of £7.2m.
- Net gains on asset revaluations including PPE and Investment assets £7.8m
- An increase in other operating expenditure from £33.1m in 2016/17 to £35.6m in 2017/18 due to an increase in levy costs and capital items;
- plus other net movements of £3.8m.

Balance Sheet:

There has been a net £19.8m or 9.0% increase in the value of the balance sheet, with the key movements being:

- An increase in the value of long term assets of £64.2m relating to new capital expenditure including the acquisition of new investment property as part of the Investment Strategy, depreciation, revaluation adjustments and disposals and a revaluation of the Manchester Airport shares.
- A decrease in current assets of £0.5m
- An increase in current liabilities of £8.8m
- An increase in long term liabilities of £35.1m primarily due to an increase in long term borrowing to finance the acquisitions made under the Investment Strategy offset by a reduction in the pension liability due to the impact of the three year advance payment.
- An increase in usable reserves of £9.9m primarily due to an increase to budget support and business rate risk reserves.
- An increase in unusable reserves of £9.9m due to changes is asset revaluations.

Net Pensions Asset / Liability

The Council participates in two pension schemes: the Local Government Pension Scheme, administered by Tameside Metropolitan Borough Council and the Teachers' Pension Scheme, administered by the Department for Education (DfE). At 31 March 2018 the Council had a net liability for pensions of £205.3m, which compares with £231.4m at 31 March 2017. This decrease in net liability includes a figure of £24.2m relating to the balance of the three year advanced pension contribution (see details page 13), which if excluding to allow for comparison would have resulted in a net liability of £229.5m and a movement of £2.3m from 2016/17. This small movement reflects the fact that the default financial assumptions are relatively similar to 31 March 2017 and average LGPS fund returns over the year have been broadly in line with the 2017 accounting expected return assumptions.

Further details on the Council's overall net pensions asset/liability are included in notes 48 and 49 on pages 130 to 131.

Collection Fund – Council Tax:

The Council collected Council Tax in 2017/18 on behalf of itself, the Police and Crime Commissioner for GM, the GM Fire and Rescue Authority (GMFRA), Partington, Dunham Massey and Warburton Town Councils.

With regard to Business Rates, the financial year 2017/18 saw the introduction of the Greater Manchester 100% Business Rates Retention pilot, which resulted in the Government's share of business rates growth above a baseline of 50% being retained within GM. The respective shares of the business rates income and expenditure and balance sheet items, previously allocated on a percentage split of 50/49/1 between Central Government, Trafford Council and GMFRA has been updated to 99/1 between Trafford Council and GMFRA. This revised allocation has been reflected in the amount of net business rates distributed from the Collection Fund to Trafford's General Fund as well as significant changes in the Council's balance sheet as a result of inheriting the Government's share of historic balances.

As a consequence, of the 100% Business Rates Retention Pilot, the amount of levy Trafford would have paid to the GM Pool has been replaced with a payment designed to ensure that the Council was no better or worse off when compared with the previous sharing arrangements. Trafford has made a payment of £12.2m in 2017/2018, representing the overall benefit from being in the 100% Pilot and successfully negotiated as further rebate at 50% of this figure. Given the overall risk faced by Trafford due to its large business rates baseline and volatility from business rate appeals, a figure of £5m from the 100% Growth Pilot has been transferred to the business rate smoothing reserve and will be used to offset any fluctuation in the significant level of business rate income that will be supporting the budget in 2018/19 and later years.

A total of £105.4m of Council Tax was collected in respect of 2017/18, a performance of 98.1% (98.2% in 2016/17). Details of the Collection Fund can be found on page 150, which shows an overall surplus of £2.18m. This surplus is apportioned to the Council, the Police and Crime Commissioner for GM and the GMFRA on a proportionate basis. Trafford's share of the surplus is £1.8m which is planned to support future budgets.

- Council Tax collection rates were strong and in year collection rates were the same as targeted at 98.1%. Furthermore, the collection of older debt was better than anticipated by £0.6m.

- The introduction of the Council Tax Support Scheme, now in its fifth year continues to progress well, with a further drop in the number of claimants resulting in costs being lower than budget by £0.640m.

- Continued growth in our council tax base has been partially offset by on-going successful council tax property valuation appeals, resulting in an in year surplus of £0.550m.

- After taking into account the brought forward collection fund surplus of £2.539m and the planned budget support of £1.549m, the net impact of the above has resulted in a year end reduced cumulative surplus of £2.18m. Of this £0.5m is committed to support the 2018/19 budgets of all precepting authorities.

Collection Fund - Business Rates

The level of business rate income for the year after discounts, reliefs, cost of collection and provisions was £153.371m compared with an estimated income of £152.178m, resulting in an in-year surplus of £1.193m largely as a result of a reduction in the level of business rate appeals.

The accumulated deficit on the NDR element of the collection fund carried forward as at 31st March 2018 was £9.53m and includes the Government's share of the 2016/2017 deficit (£5.363m) under the previous rates sharing agreement which will be collected in 2018/2019 along with the deficit contributions from the Council (49%) and GMFRA (1%). The distribution of the 2017/18 surplus will be made in 2018/19 and 2019/20 under the new sharing agreement with the Council's share being 99% and Greater Manchester Fire and Rescue Authority at 1%. See page 156.

Reconciliation between Statutory Accounts and Management Accounts

The Council's management accounts outturn position is an underspend of £2.747m (analysed above), whereas the (Surplus)/Deficit on the Provision of Services in the CIES on pages 17 to 18 shows an overspend of £24.604m.

The differences between the CIES and the Council's management accounts are adjusted for in the Movement in Reserves Statement (MIRS) (pages 21 to 22) and further analysed in the new Expenditure and Funding Analysis. (page 24). The MIRS statement reconciles the surplus on provision of services in the CIES to the movement in the General Fund and Earmarked Balances (first two columns of the MiRS, with detail in note 9).

The net increase in the General Fund and Earmarked Reserves is £10.1m, as detailed below.

CIES account reconciled to outturn	£m
CIES Account Deficit on Service Provision	**24.6**
Accounting adjustments in MiRS:	
- Capital charges and Capital Grants	(15.1)
- Pensions	(18.8)
- Collection Fund and Other Adjusts	(3.5)
Total Accounting adjustments	**(37.4)**
Net Transfers to/(from) reserves	
-Net transfer to/(from) schools reserves	(0.1)
-Net transfer to/(from) Other earmarked reserves	10.2
-Net transfer to/(from) General Reserve	-
Total Net transfers to/(from) earmarked reserves	**10.1**
Total Management Outturn (under)/Overspend *	**(2.7)**

* exact figure is £2.747m (Table 1 of the Revenue Budget Outturn report) and has been transferred to the Budget Support Reserve held within Earmarked Reserves and will be carried forward into 2018/19.

Schools

At the end of 2017/18 the Council maintained 55 primary schools, 6 secondary schools and 4 special schools (65 in total) for which the year-end balances were included within the Council's balance sheet. Five of the Council's schools carried over a deficit budget at the end of the year. Schools may carry forward any surplus/deficit in expenditure for the year from one financial year to the next. School balances for 2017/18 decreased by £0.126m when compared to 2016/17, to £7.383m.

Schools with balances that exceed the recommended maximum (8% primary and special schools, 5% secondary schools) are requested to submit information detailing how they have accrued balances and how they intend to utilise them.

During 2017/18, two primary schools converted to academy status bringing the total number of academy schools to 24. Also, two sets of infant and junior schools combined to form two primary schools.

At the end of 2017/18 a central DSG reserve of £0.929m was carried forward and this will be held in reserve to cover ring-fenced commitments in the Schools and Early Years blocks and to cover expenditure pressures within the high needs block.

Outlook

The next few years will prove to be a challenging period to the Council. The need to address future budget gaps will inevitably exist and the extent of this will become apparent over the course of the next twelve months, following the Spending Review and further developments which arise around social care funding. 2020/21 will also see significant changes to the distribution of local government with the Fair Funding Review of authorities' needs which will result in a redistribution of resources nationally through updated baseline funding levels. This, coupled with a potential reset of the business rates retention scheme, will lead to significant financial turbulence over the period and something which the reserves strategy will need to cover.

Future Budgets

Information on the planned future expenditure and the financial environment of the Council can be found in the Council's 2018/19 Budget and 2018/21 Capital Investment Programme and Prudential Indicators Reports, which can be found on the Council's website.

Receipt of Further Information

If you would like to receive further information about these accounts then please do not hesitate to contact me at Financial Management, Transformation and Resources Directorate, Trafford Council, Town Hall, Talbot Road, Stretford M32 0TH.

Nicola Bishop ACA CPFA
Chief Finance Officer
30th July 2018

Explanation of the Financial Statements

Please note that a glossary of terms can be found on page169.

A description of the responsibilities of the Council regarding the Accounts 2018 is provided at page 15, and the Audit certificate can be found on page 16.

The Accounts are drawn from systems which in themselves must operate satisfactorily in order for the figures to be true and dependable. More information on the effective operation of the Council's systems, governance arrangements and control environment can be found in the Annual Governance Statement (AGS). The AGS does not form part of the Accounts, but it is published alongside so that it can be read in conjunction.

There can be choices in accounting conventions and/or treatment that would be more practical for a given organisation in order for it to show a truer reflection of economic activity or value. The Council's choices are outlined in detail in the Accounting Policies (note 3) on pages 33 to 48.

The main financial statements that make up the Accounts (pages 17 to 23) are: the Comprehensive Income and Expenditure Statement (CIES); Balance Sheet; Movement in Reserves Statement (MiRS) and, Cash Flow Statement. These are explained in summary below, with a full explanation included with each statement in the main accounts.

The Comprehensive Income and Expenditure Statement (page 17 to 18) shows the Council's financial performance for the year, measured in terms of the resources consumed and generated, as defined in the Code, over the period 1 April 2017 to 31 March 2018. However, the Council is required to set its budget and raise Council Tax on a different accounting basis than the Code, the main differences being:

- Capital investment is accounted for as it is financed, rather than when the assets are consumed (e.g. cash is paid out when an asset is purchased, however it is charged to CIES as it depreciates);
- Regulation and the Council's management accounts make distinction between capital and revenue income. Under the Code all income is treated the same and is accounted for in the CIES where required;
- Retirement benefits are charged as amounts become payable to pension funds and pensioners, rather than as future benefits are earned and become committed.

The variations in accounting treatment between the Council's management accounts and (financial) Accounts 2018 are adjusted for within the Movement in Reserves Statement on pages 21 to 22, with more detail in note 9 on pages 54 to 61. A summary reconciliation between the CIES net gain and the management accounts net declared underspend position is provided in the narrative report.

The MiRS (pages 21 to 22) also shows the movements in reserves of the Council for the year split between usable and unusable reserves. Unusable reserves relate to accounting adjustments for the differences between management and financial accounting treatment and are not 'cash backed' and cannot be used to support service activity.

The total net worth of the Council, total assets less total liabilities, as a statement of value is listed on the Balance Sheet on pages 19 to 20.

The Cash Flow statement (page 23) provides summary figures on the total movements in cash for the year and how it has been applied on three types of financial activity: inflows and outflows caused by core business operations, changes in equipment, assets or investments related to investing activities and changes in debt, loans or dividends from financing activities.

Explanatory notes to the primary statements are provided on pages 33 to 149. These notes expand on the figures, providing greater detail and information as prescribed or as necessary. Included within these notes is a statement on 2017/18 capital expenditure and how this was financed on pages 125 to 126.

The Council has the responsibility for collecting all Council Tax due in the Borough on behalf of itself, the Police and Crime Commissioner for Greater Manchester, the GMFRA and Parish Councils. It also has the responsibility for collecting all Non-Domestic Rates (Business Rates) on behalf of itself and the GMFRA. The financial activity relating to local taxation is contained in the Collection Fund statement, pages 150 to 156.

Main Changes to the Core Statements and Significant Transactions in 2017/18

Pension Valuation and Advance Pension Payment

In April 2017 the Council made a payment of £36.3m to the Greater Manchester Pension Fund to cover three years of employer related pension payments which had the impact of reducing the annual contribution rate by 1.2% per year over the period 2017/18 to 2019/20. This has had the impact of reducing the overall pension liability on the balance sheet.

At 31 March 2018 the Council had a net liability for pensions of £205.3m, which compares with £231.4m at 31 March 2017. This decrease in net liability includes a figure of £24.2m relating to the balance of the three year advanced pension contribution, which is yet to be utilised (i.e. two years remaining). If the cash advance balance is excluded for comparison, this would have resulted in a net liability of £229.5m and a movement of £2.3m from 2016/17 as advised by the pension fund Actuary (Hymans-Robertson). This small movement reflects the fact that the default financial assumptions are relatively similar to 31 March 2017 and average LGPS fund returns over the year have been broadly in line with the 2017 accounting expected return assumptions.

New Debt and purchase of investment properties

In July 2017 the Council agreed a new investment strategy with the objective of supporting the Council's resilience over the next few years and offer an alternative solution to address future funding gaps. During the year a number of new investment assets at a value of £40.95m were acquired and which were financed by additional borrowing.

MAG shares valuation

A firm of financial experts and valuers have been engaged by the Council to provide an independent valuation which includes reviewing the financial performance, stability and business assumptions of the Manchester Airport Group. As at 31 March 2018 the Council's valuers advised of an increase of £8.2m in the fair value Council share from £43.7m to £51.9m which has been reflected in the financial statements.

Trafford Park Metrolink Extension

During 2017/2018 the Council made a capital contribution of £5m to Transport for Greater Manchester for the extension of the metrolink to the Trafford Centre. This is part of a £20m contribution over the next two years which will be financed from developer contribution.

100% Business Rates Retention Scheme

The financial year 2017/18 saw the introduction of the Greater Manchester 100% Business Rates Retention pilot, which resulted in the respective shares of the business rates income and expenditure and balance sheet items, previously allocated on a percentage split of 50/49/1 between Central Government, Trafford Council and GMFRA updated to 99/1 between Trafford Council and GMFRA. This revised allocation has been reflected in the amount of net business rates distributed from the Collection Fund to Trafford's General Fund as well as significant changes in the Council's balance sheet (e.g. Share of outstanding Rates Debtors, Payments in Advance, Provision for Appeals) as a result of inheriting the Government's share of historic balances.

Contributions to budget support, business rate risk reserve

The level of earmarked reserves has increased by £13.0m mainly as a consequence of an increase to the business rate risk reserve with one-off benefits from the 100% growth pilot of £6.8m. The business rate risk reserve was established to be used to offset any fluctuation in the significant level of business rate income that will be supporting the budget in 2018/19 and later years.

Further changes in reserves relate to an increase to the investment fund reserve following one-off savings in minimum revenue provision of £2.5m which are earmarked to support future strategic investment; increase to the budget support reserve held to support future years budgets of £2.7m representing the in-year budget underspend and other increases of £1.0m

Academy School Transfer of Assets

During 2017/18 two schools transferred to Academy status, this has resulted in a loss on disposal of £6.23m as the associated assets are removed from the Council's Balance Sheet and the full amount is recognised as a loss in the Financing and Investment Income and Expenditure line of the CIES. Further details can be found in Notes 7 & 12.

Statement of responsibilities for the 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 Chief Finance Officer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

Responsibilities of the Chief Finance Officer

The Chief Finance Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Chief Finance Officer has:

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

The Chief Finance Officer has also:

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

Certification

By the Chief Finance Officer

I certify that the Statement of Accounts set out on the following pages gives a true and fair view of the financial position of Trafford Borough Council at 31 March 2018, and its expenditure and income for the year ended 31 March 2018.

Nicola Bishop ACA CPFA
Chief Finance Officer
30th July 2018

Audit opinion

These accounts are subject to audit and the External Auditor’s Certificate and Opinion will be shown on this page once completed.

Comprehensive income and expenditure statement

About this Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

2016/17			Year ended 31 March	2017/18			
Gross Expenditure £000	**Gross Income £000**	**Net Expenditure £000**	**Service**	**Note**	**Gross Expenditure £000**	**Gross Income £000**	**Net Expenditure £000**
186,338	(146,798)	39,540	Children's Services		197,122	(151,562)	45,560
87,286	(39,407)	47,879	Adults Services		92,509	(33,931)	58,578
34,769	(9,363)	25,406	Economic Growth, Environment & Infrastructure		43,178	(21,140)	22,038
31,118	(11,894)	19,224	Transformation & Resources		32,946	(11,210)	21,736
67,968	(63,882)	4,086	Council-wide		63,646	(59,450)	4,196
407,479	**(271,344)**	**136,135**	**Cost of Services**		**429,401**	**(277,293)**	**152,108**
36,575	(3,487)	33,088	Other Operating Expenditure	11	38,091	(2,466)	35,625
38,705	(27,657)	11,048	Financing and Investment Income and Expenditure	12	40,838	(26,872)	13,966
	(163,745)	(163,745)	Taxation and Non-Specific Grant Income and Expenditure	13/40		(177,095)	(177,095)
		16,526	**(Surplus) or Deficit on Provision of Services**				**24,604**

Comprehensive income and expenditure statement (continued)

2016/17			Year ended 31 March	2017/18			
Gross Expenditure £000	**Gross Income £000**	**Net Expenditure £000**	**Service**	**Note**	**Gross Expenditure £000**	**Gross Income £000**	**Net Expenditure £000**
		16,526	**(Surplus) or Deficit on Provision of Services**				**24,604**
		(12,206)	(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets	14			(15,387)
		(3,825)	(Surplus) or Deficit on Revaluation of Available for Sale Financial Assets	27(ii)			(8,425)
		(4,129)	Re-measurement of Net Defined Benefit / Liability	27(v)			(20,672)
		(20,160)	**Other Comprehensive (Income) and Expenditure**				**(44,484)**
		(3,634)	**Total Comprehensive (Income) and Expenditure**				**(19,880)**

Balance sheet

About this Statement

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold: and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2017 £000		Notes	31 March 2018 £000
445,348	Property, Plant & Equipment	14	460,653
1,008	Heritage Assets	15	1,002
34,399	Investment Property	16	72,200
3,057	Intangible Assets	17	3,093
48,440	Long Term Investments	18	59,365
14,759	Long Term Debtors	21	14,911
547,011	**Long Term Assets**		**611,224**
58,648	Short Term Investments	18	35,243
8,521	Assets Held for Sale	23	5,713
92	Inventories	19	83
23,879	Short Term Debtors	21	38,440
29,937	Cash and Cash Equivalents	22	41,110
121,077	**Current Assets**		**120,589**
(4,738)	Short Term Borrowing	18	(5,494)
(60,676)	Short Term Creditors	24	(55,048)
(17,059)	Short Term Provisions	25	(30,500)
(573)	Grants Receipts in Advance (Revenue)	40	(697)
(1,957)	Grants Receipts in Advance (Capital)	40	(2,055)
(85,003)	**Current Liabilities**		**(93,794)**

Balance sheet (continued)

31 March 2017 £000		Notes	31 March 2018 £000
(36)	Long Term Creditors	24	(36)
(7,523)	Provisions	25	(12,093)
(103,737)	Long Term Borrowing	18	(162,605)
(2,724)	Revenue Grants & Contributions – Long-Term Receipts in Advance (REFCUS)	40	(113)
(8,156)	Grant Receipts in Advance (Capital)	40	(8,483)
(231,355)	Other Long Term Liabilities – Pensions	27/49	(205,319)
(9,490)	Other long-term liabilities – Deferred	24	(9,427)
(363,021)	**Long Term Liabilities**		**(398,076)**
220,064	**Net assets**		**239,944**
(6,000)	General Fund Balance	9/10	(6,000)
(39,625)	Earmarked General Fund Reserves	9/10/26	(52,459)
(8,523)	Capital Receipts Reserve	9/26	(6,603)
(99)	Revenue Grants Unapplied (REFCUS)	9	(219)
(10,836)	Capital Grants Unapplied	9	(9,727)
(65,083)	**Usable Reserves**	**26**	**(75,008)**
(45,267)	Revaluation Reserve	27	(55,427)
(33,225)	Available For Sale Financial Instruments Reserve	27	(41,651)
(320,730)	Capital Adjustment Account	27	(313,473)
5,134	Financial Instruments Adjustment Account	27	4,864
231,355	Pensions Reserve	27/49	229,512
3,752	Collection Fund Adjustment Account	27	7,604
4,000	Accumulated Absences Account	27	3,635
(154,981)	**Unusable Reserves**		**(164,936)**
(220,064)	**Total Reserves**		**(239,944)**

Nicola Bishop ACA CPFA
Chief Finance Officer
30th July 2018

Movement in reserves statement

About this Statement

This statement shows the movement from the start of the year to the end on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Movement in Reserves Statement shows how the movements in year of the authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

	General Fund Balance £000	Earmarked General Fund Reserves £000	Total General Fund Balance £000	Capital Receipts Reserve £000	Revenue Grants Unapplied £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000
Balance as at 31 March 2017	**(6,000)**	**(39,624)**	**(45,624)**	**(8,524)**	**(99)**	**(10,835)**	**(65,082)**	**(154,984)**	**(220,066)**
MOVEMENT IN RESERVES DURING 2017/18									
(Surplus) or deficit on the provision of services	24,604	-	24,604	-	-	-	24,604	-	24,604
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	(44,484)	(44,484)
Total Comprehensive Income and Expenditure	**24,604**	**-**	**24,604**	**-**	**-**	**-**	**24,604**	**(44,484)**	**(19,880)**
Adjustments between accounting basis & funding basis under regulations (note 9) *	(37,439)	-	(37,439)	1,920	(120)	1,108	(34,531)	34,531	-
Net (Increase)/Decrease before transfers to Earmarked Reserves	**(12,835)**	**-**	**(12,835)**	**1,920**	**(120)**	**1,108**	**(9,927)**	**(9,953)**	**(19,880)**
Transfers (to)/from Earmarked Reserves (note 10)	12,835	(12,835)	-	-	-	-	-	-	-
(Increase)/Decrease in 2017/18	**-**	**(12,835)**	**(12,835)**	**1,920**	**(120)**	**1,108**	**(9,927)**	**(9,953)**	**(19,880)**
Balance as at 31 March 2018	**(6,000)**	**(52,459)**	**(58,459)**	**(6,604)**	**(219)**	**(9,727)**	**(75,009)**	**(164,937)**	**(239,946)**

Movement in reserves statement (continued)

	General Fund Balance £000	Earmarked General Fund Reserves £000	Total General Fund Balance £000	Capital Receipts Reserve £000	Revenue Grants Unapplied £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000
Balance as at 31 March 2016	**(7,894)**	**(31,210)**	**(39,104)**	**(9,251)**	**(19)**	**(7,284)**	**(55,658)**	**(160,774)**	**(216,432)**
MOVEMENT IN RESERVES DURING 2016/17									
(Surplus) or deficit on the provision of services	16,526	-	16,526	-	-	-	16,526	-	16,526
Other Comprehensive Income and Expenditure					-	-	-	(20,159)	(20,159)
Total Comprehensive Income and Expenditure	**16,526**	**-**	**16,526**	**-**	**-**	**-**	**16,526**	**(20,159)**	**(3,633)**
Adjustments between accounting basis & funding basis under regulations (note 9) *	(23,046)	-	(23,046)	727	(80)	(3,551)	(25,950)	25,950	-
Net (Increase)/Decrease before transfers to Earmarked Reserves	**(6,520)**	**-**	**(6,520)**	**727**	**(80)**	**(3,551)**	**(9,424)**	**5,790**	**(3,634)**
Transfers (to)/from Earmarked Reserves (note 10)	8,414	(8,414)	-	-	-	-	-	-	-
(Increase)/Decrease in 2016/17	**1,894**	**(8,414)**	**(6,520)**	**727**	**(80)**	**(3,551)**	**(9,424)**	**5,790**	**(3,634)**
Balance as at 31 March 2017	**(6,000)**	**(39,624)**	**(45,624)**	**(8,524)**	**(99)**	**(10,835)**	**(65,082)**	**(154,984)**	**(220,066)**

* Lines in note 9 do not sum in total due to accumulated roundings.

Cash flow statement

About this Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

2016/17 £000	Year Ended 31 March	2017/18 £000
16,526	Net (surplus) or deficit on the provision of services	24,604
(43,428)	Adjustments to net surplus or deficit on the provision of services for non-cash movements **(note 28a)**	(61,405)
18,361	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities **(note 28b)**	(9,488)
(8,541)	**Net cash flows from Operating Activities (note 28c)**	**(46,289)**
25,952	Investing Activities (note 29)	54,367
(623)	Financing Activities (note 30)	(43,443)
-	Cash flows from Advanced Pension Contribution (note 28d)	24,192
16,788	**Net increase or decrease in cash and cash equivalents**	**(11,173)**
(46,726)	Cash and cash equivalents at the beginning of the reporting period	(29,937)
(29,937)	**Cash & cash equivalents at the end of reporting period (note 22)**	**(41,110)**

Notes to the accounts

1. Expenditure and Funding Analysis

About this Statement

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax payers how the funding available to the authority (i.e. government grants, rents, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's directorates [services or departments]. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

1. (a) Expenditure and Funding Analysis

2017/18	As reported for Management Accounts Outturn £000	Adjustments to arrive at the net amount chargeable to the General Fund (note 1b) £000	Net Expenditure Chargeable to General Fund Balances £000	Adjustments between the Funding and Accounting Basis (note 1b) £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
Children's Services	31,380	(794)	30,586	14,972	45,559
Adults Services	58,159	(1,887)	56,272	2,306	58,578
Economic Growth, Environment & Infrastructure	37,832	(23,725)	14,107	7,934	22,041
Transformation & Resources	17,600	1,407	19,007	2,730	21,737
Council-wide	14,098	(7,802)	6,296	(2,103)	4,193
Net Cost of Services	**159,069**	**(32,801)**	**126,268**	**25,840**	**152,108**
General Fund Financing	(161,816)	161,816	-	-	-
Other Operating Expenditure	-	32,697	32,697	2,928	35,625
Financing & Investment Income & Expenditure	-	(2,105)	(2,105)	16,071	13,966
Taxation and Non Specific Grant Income	-	(169,694)	(169,694)	(7,401)	(177,095)
Total Other Income and Expenditure	**(161,816)**	**22,714**	**(139,102)**	**11,598**	**(127,504)**
(Surplus) or Deficit	**(2,747)**	**(10,087)**	**(12,834)**	**37,438**	**24,604**

The table below shows the comparative information for 2016/17

2016/17	As reported for Management Accounts Outturn £000	Adjustments to arrive at the net amount chargeable to the General Fund (note 1b) £000	Net Expenditure Chargeable to General Fund Balances £000	Adjustments between the Funding and Accounting Basis (note 1b) £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
Children's Services	31,501	1,588	33,089	6,451	39,540
Adults Services	46,787	329	47,116	764	47,880
Economic Growth, Environment & Infrastructure	31,526	(13,840)	17,686	7,719	25,405
Transformation & Resources	15,298	2,372	17,670	1,554	19,224
Council-wide	17,266	(13,843)	3,423	663	4,086
Net Cost of Services	**142,378**	**(23,394)**	**118,984**	**17,151**	**136,135**
General Fund Financing	(142,399)	142,399	-	-	-
Other Operating Expenditure	-	30,803	30,803	2,285	33,088
Financing & Investment Income & Expenditure	-	(1,331)	(1,331)	12,380	11,049
Taxation and Non Specific Grant Income	-	(154,975)	(154,975)	(8,770)	(163,745)
Total Other Income and Expenditure	**(142,399)**	**16,896**	**(125,503)**	**5,894**	**(119,609)**
(Surplus) or Deficit	**(21)**	**(6,499)**	**(6,520)**	**23,046**	**16,526**

The table below reconciles between the opening and closing balances of the General Fund (including earmarked reserves). Additional information on the movement in General Fund balances can be found on the Movement in Reserves Statement.

Movement in General Fund	2016/17 £000	2017/18 £000
Opening General Fund as at 1 April	(39,105)	(45,625)
(Surplus) or Deficit on the General Fund in year	(6,520)	(12,834)
Closing General Fund as at 31 March	**(45,625)**	**(58,459)**

1. (b) Note to the Expenditure and Funding Analysis

This note provides a reconciliation of the main adjustments to net expenditure chargeable to the General Fund balance to arrive at the amounts in the Comprehensive Income and Expenditure Statement. The relevant transfers between reserves are explained in the Movement in Reserves Statement.

2017/18 Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement	Levies and Precepts reported at Directorate Level/ GF Financing £000	Interest Payable, receivable, Other Investment Income and Trading profit reported at Directorate Level £000	Tax and Non Specific Grants and general funding reported at Directorate Level/ GF Financing £000	Investment Property Income and Expenditure reported at Directorate Level £000	Reserve Movements reported at Directorate Level/ GF Financing £000	Total Adjustments to arrive at the net amount chargeable to the General Fund £000
Children's Services	-	(33)	17	-	(778)	(794)
Adults Services	-	-	131	-	(2,018)	(1,887)
Economic Growth, Environment & Infrastructure	(23,682)	(68)	30	1,795	(1,800)	(23,725)
Transformation & Resources	-	(31)	1,439	-	-	1,407
Council-wide	(8,931)	443	3,488	-	(2,802)	(7,802)
Net Cost of Services	**(32,613)**	**311**	**5,105**	**1,795**	**(7,398)**	**(32,801)**
General Fund Financing	(84)	-	164,522	-	(2,622)	161,816
Other Operating Expenditure	32,697	-	-	-	-	32,697
Financing & Investment Income & Expenditure	-	(311)	-	(1,795)	-	(2,105)
Taxation and Non Specific Grant Income	-	-	(169,627)	-	(67)	(169,694)
Total Other Income and Expenditure	**32,613**	**(311)**	**(5,105)**	**(1,795)**	**(2,689)**	**22,714**
Difference between General Fund (surplus) or deficit and Comprehensive Income and Expenditure Statement (surplus) or deficit	**-**	**-**	**-**	**-**	**(10,087)**	**10,087**

2017/18 Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement	Adjustments between Accounting Basis and Funding Basis 2017/18 Adjustments for capital purposes £000 (i)	Net change for pension adjustment £000 (ii)	Other differences £000 (iii)	Total adjustments between accounting & funding basis £000
Children's Services	8,913	6,414	(354)	14,973
Adults Services	834	1,470	2	2,306
Economic Growth, Environment & Infrastructure	7,317	614	3	7,934
Transformation & Resources	430	2,308	(8)	2,730
Council-wide	(3,784)	1,688	(7)	(2,103)
Net Cost of Services	**13,710**	**12,494**	**(364)**	**25,840**
General Fund Financing	-	-	-	-
Other Operating Expenditure	2,928	-	-	2,928
Financing & Investment Income & Expenditure	9,737	6,334	-	16,071
Taxation and Non Specific Grant Income	(11,252)	-	3,851	(7,401)
Total Other Income and Expenditure	**1,413**	**6,334**	**3,851**	**11,598**
Difference between General Fund (surplus) or deficit and Comprehensive Income and Expenditure Statement (surplus) or deficit	**15,123**	**18,828**	**3,487**	**37,438**

2016/17 Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement	Levies and Precepts reported at Directorate Level/ GF Financing £000	Interest Payable, receivable, Other Investment Income and Trading profit reported at Directorate Level £000	Tax and Non Specific Grants and general funding reported at Directorate Level/ GF Financing £000	Investment Property Income and Expenditure reported at Directorate Level £000	Reserve Movements reported at Directorate Level/ GF Financing £000	Total Adjustments to arrive at the net amount chargeable to the General Fund £000
Children's Services		(33)	77		1,544	1,588
Adults Services			129		200	329
Economic Growth, Environment & Infrastructure	(14,496)	(68)	65	1,513	(854)	(13,840)
Transformation & Resources		(28)	1,521		879	2,372
Council-wide	(16,241)	(52)	6,020		(3,569)	(13,842)
Net Cost of Services	**(30,737)**	**(182)**	**7,812**	**1,513**	**(1,800)**	**(23,393)**
General Fund Financing	(66)		147,264		(4,799)	142,399
Other Operating Expenditure	30,803					30,803
Financing & Investment Income & Expenditure		182		(1,513)		(1,331)
Taxation and Non Specific Grant Income			(155,075)		100	(154,975)
Total Other Income and Expenditure	**30,737**	**182**	**(7,811)**	**(1,513)**	**(4,698)**	**16,896**
Difference between General Fund (surplus) or deficit and Comprehensive Income and Expenditure Statement (surplus) or deficit	**-**	**-**	**-**	**-**	**(6,499)**	**(6,499)**

2016/17 Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement	Adjustments between Accounting Basis and Funding Basis 2016/17 Adjustments for capital purposes £000 (i)	Net change for pension adjustment £000 (ii)	Other differences £000 (iii)	Total adjustments between accounting & funding basis £000
Children's Services	6,403	(52)	101	6,452
Adults Services	798	(9)	(24)	765
Economic Growth, Environment & Infrastructure	7,751	(4)	(27)	7,720
Transformation & Resources	1,424	(17)	146	1,553
Council-wide	(883)	1,624	(79)	662
Net Cost of Services	**15,493**	**1,542**	**117**	**17,152**
General Fund Financing				
Other Operating Expenditure	2,285			2,285
Financing & Investment Income & Expenditure	4,448	7,931		12,379
Taxation and Non Specific Grant Income	(14,834)		6,064	(8,770)
Total Other Income and Expenditure	**(8,101)**	**7,931**	**6,064**	**5,894**
Difference between General Fund (surplus) or deficit and Comprehensive Income and Expenditure Statement (surplus) or deficit	**7,392**	**9,473**	**6,181**	**23,046**

(i) Adjustments for Capital Purposes

Depreciation, impairment charges and revaluation gains and losses are included within the net cost of services. In addition,

- **Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets;

- **Finance and investment income and expenditure** – the statutory charges for capital financing, i.e. Minimum Revenue Provision (MRP) and other revenue contributions, are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices (GAAP);

- **Taxation and non-specific grant income and expenditure –** capital grants are adjusted for income not chargeable under GAAP. Revenue grants are adjusted from those receivable during the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied within the year.

(ii) Net Change for Pension Adjustments

The removal of pension contributions and the addition of the IAS 19 *Employee Benefits* pension related expenditure and income are reflected as follows:

- **For the net cost of services –** the removal of the employer pension contributions made by the Council as determined by statute and their replacement with current service costs and past service costs;
- **For financing and investment income and expenditure –** the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement (CIES).

(iii) Other Differences

Other differences between amounts debited/credited to the CIES and amounts payable/receivable to be recognised under statute are set out below:

- **For financing and investment income and expenditure -** the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts;

- **For taxation and non-specific grant income -** the charge represents the difference between what is chargeable under statute for Council Tax and Business Rates that was forecast to be received at the start of the year, and the income recognised under GAAP. This is a timing difference as any difference is brought forward in the surpluses or deficits on the Collection Fund.

2. Expenditure and Income Analysed by Nature

	2016/17 £000	2017/18 £000
Expenditure		
Employee benefit expenses	153,191	161,828
Other service expenses	239,606	250,275
Depreciation, amortisation & impairment	15,499	18,849
Interest payments	6,310	6,404
Precepts and levies	30,803	32,697
Loss on the disposal of assets	2,285	2,928
Loss on transfer of schools to academy status	3,953	6,228
Pension interest costs	27,129	23,249
Change in fair value of investment property	495	3,510
Total expenditure	**479,271**	**505,968**
Income		
Fees, charges and other service income	(38,718)	(43,777)
Interest and investment income	(6,157)	(6,747)
Income from Council Tax and Business Rates	(118,210)	(160,670)
Government grants and contributions	(265,893)	(238,296)
Other grants and contributions	(14,569)	(14,959)
Pension expected return on assets	(19,198)	(16,915)
Total income	**(462,745)**	**(481,364)**
(Surplus) or Deficit on the Provision of Services	**16,526**	**24,604**

3. Accounting Policies

(a) General Principles

The Statement of Accounts summarises the Council's transactions for the 2017/18 financial year and its position at the year-end of 31 March 2018. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, and those regulations require them 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 in 2017/18 (the Code), supported by International Financial Reporting Standards (IFRS).

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

(b) Accruals of Income and Expenditure

Economic activity is accounted for in the year that it relates, not simply when cash payments are made or received. In particular:

- revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council;
- revenue from the provision of services is recognised when the Council can measure reliably the percentage of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council;
- supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet;
- 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 revenue 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. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

(c) Accounting for Non Domestic Rates (NDR) and Council Tax

Non Domestic Rates (NDR)

- Retained Business Rate income included in the Comprehensive Income & Expenditure Statement for the year will be treated as accrued income.
- Tariff Payments included in the Comprehensive Income & Expenditure Statement for the year will be treated as accrued expenditure.

Council Tax

- Council Tax income included in the Comprehensive Income & Expenditure Statement for the year will be treated as accrued income. Both NDR and Council Tax income will be recognised in the Comprehensive Income & Expenditure Statement in the line Taxation & Non-Specific Grant Income. As a billing authority the difference between the NDR and Council Tax included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund shall be taken to the Collection Fund Adjustment Account and reported in the Movement in Reserve Statement. Each major preceptor's share of the accrued NDR and Council Tax income will be available from the information that is required to be produced in order to prepare the Collection Fund Statement. The income for Council Tax and NDR is recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the authority, and the amount of the revenue can be measured reliably.
- Revenue relating to such things as Council Tax and NDR shall be measured at the full amount receivable (net of any impairment losses) as they are non-contractual, non- exchange transactions and there can be no difference between the delivery and payment dates.

(d) Acquisitions and Discontinued Operations

There are no acquisitions or discontinued operations to report.

(e) Cash and Cash Equivalents

Cash is represented by cash in hand and demand deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Demand deposits will include accounts where additional funds may be deposited and withdrawn at any time without prior notice e.g. a bank current account.

Cash equivalents are investments instantly repayable to the Council on demand which are readily convertible to known amounts of cash with insignificant risk of change in value. These will be balances held in Call Accounts and Money Market Funds with associated accrued interest.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

(f) Exceptional Items

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

(g) 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 accounting estimates 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 stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

(h) Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service;
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off;
- amortisation of intangible non-current assets attributable to the service.

Charges are based on the opening balance sheet value of the asset. Where assets are revalued during the year charges are based on the revaluation amount.

The Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses, and amortisation are replaced by Minimum Revenue Provision (MRP). This adjusting transaction is done through the Movement in Reserves Statement with the Capital Adjustment Account charged with the difference between the two amounts.

(i) Employee Benefits

Benefits Payable During Employment

Short term employee benefits are those due to be settled within 12 months of the year-end. They include benefits such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave e.g. time off in lieu) 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 wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

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 redundancy. Termination Benefits are charged on an accrual basis to the appropriate service line within Cost of Services in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination 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.

Post Employment Benefits

Employees of the Council are members of three separate pension schemes:

- the Teachers' Pension Scheme, administered nationally by Capita plc on behalf of the Department for Education (DfE);
- the NHS Pension Scheme, administered by NHS Pensions;
- the Greater Manchester Pensions Fund (part of the Local Government Pension Scheme), administered by Tameside Metropolitan Borough Council.

These schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees working for the Council.

However, the arrangements for the Teachers' and NHS schemes mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. These schemes are therefore accounted for as if they are a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Children's and Education Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year. The Public Health Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to NHS Pensions in the year.

The Local Government Pension Scheme

The Greater Manchester Local Government Pension Scheme is accounted for as a defined benefits scheme.

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, etc., and projections of future earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate of 2.7% (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 pensions liability is analysed into the following components:

Service cost comprising:

- current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
- past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
- net interest on the net defined benefit liability i.e. net interest expense for the Council - the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement - this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period - taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

Remeasurement comprising:

- the return on plan assets – excluding amounts included in net interest on the net defined benefit liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

Contributions paid to the Greater Manchester Pension Fund:

- cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund 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 of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

(j) Events After the reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of event can be identified:

- Adjusting Events - those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events;
- Non-adjusting Events - those that are indicative of conditions that arose after the reporting period – the Statement of Accounts are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

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

(k) Financial Instruments

Financial Liabilities (Debt and Interest Charges)

Financial Liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. For many of the borrowings that the Council has this means that the annual charges to the 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 Interest Rate.

For stepped Lender Option Borrower Option 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 the interest paid has been adjusted in the carrying amount of the loan and 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.

Gains or losses arising on the repurchase or early settlement of borrowing are required to be recognised in the Comprehensive Income and Expenditure Statement in accordance with the Code in the period during which the repurchase or early settlement is made. Statutory guidance, effective from 1 April 2007 allows for the spreading of premium/discount to be taken over the unexpired life of the original loan or the life of the replacement loan.

However, where the repurchase of borrowing was coupled with a refinancing or restructuring of borrowing with substantially the same overall economic effect when viewed as a whole, gains or losses have been reflected in the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement over the life of the loan using the Effective Interest Rate.

Premiums incurred in various debt restructuring exercises undertaken before 1 April 2007 are charged to the revenue account over the life of the replacement loan, in accordance with MHCLG regulations (SI2007/573).

Financial Assets

Financial Assets are classified into three types:

- Loans and Receivables – these are assets that have fixed or determinable payments but are not quoted in an active market, examples being direct investments and trade debtors.

  Accounting treatment: these assets are initially measured at fair value and carried at their amortised cost, where any interest receivable is spread evenly over the life of the investment. Credits to the CIES for interest receivable up to and including 31 March are based on the balance sheet amount multiplied by the effective interest rate. For most of the investments that the Council has made, the amount shown in the Balance Sheet is the outstanding principal plus the accrued interest up to and including 31 March.

- Available for Sale Assets – are those which have a quoted market price and/or do not have fixed or determinable payments, the primary example being the Council's shares in Manchester Airport Group and Church Commissioners Local Authority Property Fund.

  Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument.

  Accounting treatment: assets that have a quoted market price are shown at that price, and those assets that do not have a fixed or determinable payment are initially measured and carried at fair value. Where dividends are received rather than a fixed amount of interest, income is credited to the CIES when it becomes receivable by the Council, i.e. the dividend is declared.

  Changes in fair value are balanced by an entry in the Available for Sale Reserve and the gain or loss is recognised in the Surplus or Deficit on Revaluation of Available for Sale Financial Assets. The exception is where impairment losses are incurred, in which case these are debited to the CIES along with any net gain or loss for the asset accumulated in the Available for Sale Reserve.

  Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on derecognition of the asset are credited or debited to the CIES, along with any accumulated gains or losses previously recognised in the Available for Sale Reserve.

- Unquoted Equity Instruments – are those assets not quoted at a market price, the Council currently has no such assets.

  Accounting treatment: such assets would generally be carried at cost less impairment.

(l) Foreign Currency Translation

Where the Council has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are re-converted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

(m) Government Grants and Contributions

Government grants and other contributions are accounted for on an accruals basis and are recognised when there is reasonable assurance that;

- the Council will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

The grants are recognised in the Comprehensive Income and Expenditure Statement once any conditions, which stipulate how the grant is to be used to avoid repayment, are satisfied. Where they have not been satisfied they are carried on the Balance Sheet as creditors. Where grants are recognised in the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where a grant has yet to be used to finance capital expenditure it is posted to the Capital Grants Unapplied Reserve, or Revenue Grants Reserve where they support revenue expenditure funded from capital under statute. Where it has been applied it is posted to the Capital Adjustment Account.

Where capital expenditure is classified as Revenue Expenditure Funded from Capital under Statute then any related grants or contributions are transferred to the service account in the Comprehensive Income and Expenditure Statement.

New Homes Bonus and Education Services Grant are general grants allocated by central government directly to local authorities as additional revenue funding. They are all non-ring-fenced and are credited to Taxation and Non-specific Grant Income in the Comprehensive Income and Expenditure Statement.

(n) Heritage Assets

In accordance with FRS 30, the Council is required to recognise and measure Heritage Assets at fair valuation in the accounts. Heritage assets are assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical value. They are therefore held by the Council in relation to the maintenance of heritage. The Council's separate policy on Heritage Assets includes details of the records maintained by the Authority of its collection of assets.

Heritage Assets are recognised and measured in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below. The de-minimis threshold for a heritage asset is set at £10,000 in order to remain consistent with the Council's capitalisation policy. Where valuations or historic cost figures are available, the assets will be recognised on the Balance Sheet.

As there are no council-owned museums or galleries, the majority of the Council's heritage assets are retained for historical and cultural importance but not for public display. The heritage assets held by the Council include silver, paintings, furniture, statues, civic regalia, artefacts, sculptures and historic buildings. Where it is disproportionately expensive to obtain valuations, the Code allows authorities to exclude such items from the Balance Sheet. Many of the assets are therefore not recognised on the Balance Sheet as valuations are not cost effective.

Trafford Town Hall Collection

The collection of silver, statues, paintings, furniture and other miscellaneous items are held at Trafford Town Hall due to their historical and cultural importance. These items are reported in the Balance Sheet at insurance valuations provided by Vivienne Milburn FRICS (Independent Antiques Valuer and Auctioneer) in July 2011. These assets are deemed to have indeterminate lives and a high residual value; hence the Council does not consider it appropriate to charge depreciation.

Historic Buildings

The historic buildings were valued by the Council's Asset Manager – Estates and Valuations who is a member of the Royal Institute of Charted Surveyors as part of the five year rolling programme. These buildings are non-operational and held for their cultural and historical value.

Depreciation on historic buildings will be charged in accordance with the Council's policy on property, plant and equipment.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment. Proceeds from the disposal of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

Heritage Assets not reported on the balance sheet

Trafford owns 25 listed assets that have heritage status per the National Planning Framework, e.g. Trafford Town Hall, Stretford Public Hall and numerous war memorials. Listed buildings like the Town Hall are used in the delivery of services and as such are included in the balance sheet as Property Plant and Equipment. In respect of other listed assets e.g. war memorials no valuation is available and cannot be obtained at a cost which is commensurate with the benefits to users of the financial statements; those assets have not been included on the balance sheet.

(o) Intangible Assets

Intangible assets do not have physical substance but are controlled by the Council, for example software licences. Intangible assets are capitalised when it is expected that the future economic benefits or service potential will flow to the Council.

(p) Interests in Companies and Other Entities

The Council owns minority interests in a small number of companies, mainly arising from the dissolution of the former Greater Manchester County Council. In the Council's accounts, the interest in companies and other entities are recorded as financial assets at cost, less any provisions for losses. In addition, two community interest companies (CIC's) were established during 2015/16 for the provision of leisure and youth services but were not considered material in 2015/16. However, whilst Trust Youth Trafford is still considered as immaterial in terms of transaction value Trafford Leisure CIC Ltd. has been included in group accounts since 2016/17.

(q) Inventories and Long-Term Contracts

Inventories are included in the Balance Sheet at the lower of cost or net realisable value. The cost of inventories is assigned using the weighted average costing formula.

Work in progress on capital projects is included in the Balance Sheet within Assets Under Construction at historic cost.

(r) Investment Property

Investment property assets are held solely for revenue gain or capital appreciation and are not held to facilitate the delivery of Council services.

They are measured initially at cost and subsequently at fair value, based on the highest and best use value of the asset from a market participant's perspective. These properties are not depreciated but assessed annually for changes in fair value with any change being recognised in the Financing and Investment section of the Comprehensive Income and Expenditure Statement. Statutory arrangements do not allow any gains or losses to have an impact on the General Fund Balance and are therefore reversed out through the Movement in Reserves Statement to the Capital Adjustment Account.

(s) Jointly Controlled Operations and Jointly Controlled Assets

On 20 March 2018 the Council set up a joint venture with Bruntwood (K Site Ltd) called Trafford Bruntwood LLP. The entity will deliver a new university campus on the former Kelloggs headquarters site at Talbot Road Stretford. Whilst the entity will form part of the Council's group accounts in future years there were no transactions during 2017/18, apart from a deposit payment made on the site and reflected as a short term liability at the year-end on the Council's balance sheet.

(t) Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all 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.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a 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 assets.

Leases and lease-type arrangements have been reviewed. No reclassification has been required under the Code. The Council has no finance leases.

The Council as Lessee

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life 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).

The Council as Lessor

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained on the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life 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). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

(u) Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service. The main basis of apportionment is by estimation of time spent on the various services. The cost of administrative buildings has been recharged on the basis of floor area occupied. The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received.

(v) Property, Plant and Equipment (PPE)

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

All expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis. Expenditure on assets is capitalised, provided that the item yields benefits to the Council for a period of more than one year and can be measured reliably. Routine repairs and maintenance of PPE are charged direct to service revenue accounts.

Measurement

Assets are initially measured at cost comprising:

- the purchase price;
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Assets are carried in the Balance Sheet using the following measurement bases:

- infrastructure, community and assets under construction – depreciated historical cost;
- surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective;

- all other assets – current value, determined as the amount that would be paid for the asset in its existing use.

Depreciated replacement cost is used as an estimate of fair value when there is no market based evidence of fair value because of the specialist nature of the asset.

Surplus assets were previously valued at existing use value. The change in measurement basis has been applied prospectively from 1 April 2015 and there has been no restatement of prior year balances.

Assets are revalued with sufficient regularity by a qualified valuer to ensure that the carrying amount is not materially different from their fair value at year end and as a minimum at least every five years. Increases in asset value are matched by a credit to the Revaluation Reserve to represent the unrealised gain. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement for a particular asset where the Comprehensive Income and Expenditure Statement have previously been charged with an impairment loss for that asset. Losses on revaluation are written off to the Revaluation Reserve, or if no Revaluation Reserve exists for that asset, charged to the Comprehensive Income and Expenditure Account.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment with a finite useful life, which can be determined at the time of acquisition or revaluation, according to the following policies :-

- Freehold land, Investment Properties and Assets Held For Sale are not depreciated;
- newly acquired assets are not depreciated in the year of acquisition, and assets in the course of construction are not depreciated until they are brought into use.

For all other assets depreciation is calculated using the straight line method over the estimated useful life of the asset and are as follows:

- vehicles, plant and equipment between 3 and 8 years;
- all other property, including infrastructure and community assets between 10 and 55 years;
- intangible assets 20 years.

Where an asset value exceeds £1m a review is undertaken to determine whether any major components comprising plant, equipment and services exist and these components are depreciated separately.

Revaluation and Impairment Losses

Assets are reviewed annually at each year end for any impairment or revaluation loss. Where a loss has occurred on an asset used by the service these are written off to the Revaluation Reserve, where a balance exists, or charged to the service revenue account where there is no remaining balance on the Revaluation Reserve.

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 chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Any charges for the use of Property, Plant and Equipment with the exception of external interest payments have a neutral impact on the amount to be raised from local taxation and are reversed from service revenue accounts through the Movement in Reserves Statement to the Capital Adjustment Account.

Disposals and Non-current Assets Held for Sale

When it becomes probable that an asset will be sold then it is reclassified as an Asset Held For Sale. These assets are then carried at a value of the lower of its carrying amount and fair value less costs to sell.

When assets are disposed of or decommissioned the carrying amount of the asset 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 and matched against any capital receipt from the disposal. Any revaluation gains on the asset held in the Revaluation Reserve are transferred to the Capital Adjustment Account. Resultant gains or losses following the transfer of schools to academy status are included under financing and investment income and expenditure.

Individual asset disposal proceeds in excess of £10,000 are categorised as capital receipts.

Capital Receipts

Capital receipts from the disposal of assets are treated in accordance with provisions of the Local Government Act 2003. They can be used to fund capital expenditure in the year, to meet debts or other liabilities, or used to cover payments to the Secretary of State under receipts pooling arrangements.

(w) Schools

In accordance with the Code of Practice the Council includes all maintained schools under its control in the single entity accounts and where control exists includes all income, expenditure, assets, liabilities, reserves and cash-flows is recognised in the Council's single entity accounts. Other assets and funds under the control of the school such as school funds are also included in the Council's accounts where material.

Community and Foundation schools are owned by the Council and are recognised on the balance sheet.

Voluntary aided and controlled schools are owned by the respective diocese with no formal rights to use the assets passed onto the school or governing body, therefore these are not included on the balance sheet.

(x) Private Finance Initiative (PFI) and Similar Contracts

PFI contracts are agreements to receive services where the responsibility for making available the assets needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes, and as the Council controls the residual interest in the asset at the end of the contract, the Council carries the assets used under the contract on the Balance Sheet.

The Council has entered into a Private Finance Initiative (PFI) contract for the provision of new office and community facilities in Sale Town Centre. The contract commenced in October 2003 with the initial period ending in 2028/29.

The original recognition of these assets was balanced by the recognition of a liability for the amounts due to the scheme operator to pay for the assets.

Assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council.

The amounts payable to the PFI operators each year are analysed into five elements:

- fair value of the services received during the year - debited to the relevant service in the Comprehensive Income and Expenditure Statement;
- finance cost - an interest charge on the outstanding Balance Sheet Liability, debited to Interest Payable and Similar Charges in the Comprehensive Income and Expenditure Statement;
- contingent rent - increases in the amount to be paid for the property arising during the contract, debited to Interest Payable and Similar Charges in the Comprehensive Income and Expenditure Statement;
- payment towards liability - applied to write down the Balance Sheet liability towards the PFI operator;
- lifecycle replacement costs - recognised as Property, Plant and Equipment on the Balance Sheet.

(y) Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits, but where the timing of the transfer is uncertain. Provisions are charged to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up on the balance sheet. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Provision for Back Pay Arising from Unequal Pay Claims

The Council has made a provision for the costs of settling claims for back pay arising from discriminatory payments incurred before the Council implemented its equal pay strategy. However, statutory arrangements allow settlements to be financed from the General Fund in the year that payments actually take place, not when the provision is established.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed in the future by events not wholly within the control of the Council. Contingent liabilities can also arise where it is either not probable economic benefits will flow out from the Council or the obligation cannot be measured reliably.

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

Contingent Assets

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

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

(z) Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. In line with the Code, expenditure is charged to revenue and not directly to any reserve.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies.

Insurance

The Council essentially self-insures on its major risk areas and operates with significant excess levels, for example liability insurance policies carry an excess of £0.275m and property insurance £0.250m. A provision is maintained to cover costs for which it is responsible for liability claims and a reserve is maintained for property related costs. Further details can be found in note 10 and 25.

(aa) Revenue Expenditure Funded from Capital Under Statute (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account is made. This reverses out the amounts charged so there is no impact on the level of Council Tax.

(ab) VAT

VAT payable is included as an expense only to the extent that it is irrecoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

(ac) Fair Value Measurement

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as available for sale financial assets at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

a) in the principal market for the asset or liability, or

b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements 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.

4. Accounting Standards that have been issued but have not yet been adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change as a result of a new standard that has been issued but not yet adopted. The 2017/18 Code includes:-

- IFRS9 – Financial Instruments (Implementation 1 April 2018)

  IFRS 9 will make important changes to the accounting for local authority investments and collective investment vehicles. The standard will introduce a new model for financial assets including new classifications with the aims of the standard to ensure the reporting of fair value gains and losses are done so transparently and fairly.

  The impact of these changes on the Council's financial position can be summarised as follows:

  - CCLA - The Council currently hold investments in a property asset fund which, under the revised arrangements, will no longer be classified as Available for Sale, but Fair Value through the Profit and Loss. This will mean any capital gains or losses will have a direct impact on the General Fund Balance. The Council currently holds £4.9m of such assets. There are indications that the Government will introduce a statutory over-ride to protect short term fluctuations from impacting on the General Fund Balance, although details of this arrangement have not yet been formalised.

  - Loans to third parties - The expected credit loss implications for those financial assets not treated as Fair Value are expected to be minimal for the majority of the treasury investments as the Council adopts strict credit quality arrangements in accordance with the CIPFA Treasury Management Code of Practice. In addition to the day to day treasury investments the Council also has outstanding loan agreements with a number of third parties. There are currently 26 loans totalling £4.1m. The Council undertook due diligence on the credit quality of these third parties during the awarding of the loans and there is no indication of credit impairment or default at the time these accounts were finalised.

  - Investment Shareholdings – changes in fair value reported through other comprehensive income and chargeable through reserves

  - Investment Assets – changes in fair value to be reported through profit and loss and impact of the Council's management accounts

- Trafford/Bruntwood LLP - The Council currently holds shares in a subsidiary company which forms part of its business model. Under the IFRS 9 changes these shares will be elected to be categorised as Fair Value through Comprehensive Income which, subject to any impairment, will be held at cost with fuller details of the company shown in the Group Accounts in future years.

- IFRS15 – Revenue from contracts with customers (Implementation 1 April 2018)

  This will require local authorities to recognise revenue in such a way that it represents the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the authority expects to be entitled in exchange for those goods and services.

  It is not expected that this standard will have a material effect on the Council.

- IFRS16 – Leases (Implementation 1 January 2019)

The Code requires implementation in future years and there is therefore no impact on the 2017/18 Statement of Accounts.

5. Critical Judgements in Applying Accounting Policies

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

- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of future changes in levels of service provision.

- Leases - lease agreements have been reviewed and a determination made on whether these are finance or operating leases. This judgement has been based upon the degree to which the lease transfers the risks and rewards of ownership to the Council in accordance with IAS 17. It has been determined that all current lease arrangements are operating leases, with the exception of the PFI for Sale Waterside.

- Upfront pension payment - The Council is liable to make contributions towards the cost of post-employment benefits. For the 3 year period 2017/18 – 2019/20 the Council has agreed with the Greater Manchester Pension Fund (GMPF) that the employer contributions payable to the Local Government Pension Scheme (LGPS) can be paid as a single up-front payment. Subsequently, in April 2017 the Council paid £36.3m representing an estimate of three years of pension payments to make a budget saving. In line with the Council's accounting policies the amount relating to 2017/18 has been accounted for in year, the amounts relating to 2018/19 and 2019/20 have been offset against the pension liability in the balance sheet. The pension reserve will be aligned with the pension liability in 2019/20 as the up-front payment arrangements are accounted for.

- Group accounts - arrangements with partners and third party bodies have been reviewed to assess the extent to which the Council is able to influence decisions or exert control over their operations. The CIPFA Code of Practice requires that where a Council has material financial interests and a significant level of control over one or more entities, it should prepare Group Accounts. From October 2015 the services provided by Trafford Community Leisure Trust were transferred into a Community Interest Company (CIC), Trafford Leisure CIC Ltd, wholly owned by the Council. Due to the material size of the CIC turnover, the Council has produced Group Accounts for 2017/18. Please see pages 157 to 167 for the core group statements and relevant disclosure notes. A similar CIC, called Trust Youth Trafford was also established on 11th March 2016 for the provision of Youth Services, however is not materially significant to include in group accounts.
- Liabilities – liabilities have been reviewed and the appropriate accounting treatment applied based on a determination on the ability to estimate the amount, and also the level of certainty. Liabilities have been included accordingly in the accounting statements as either accruals, provisions or contingent liabilities.
- Transfer of Schools to Academy Schools - When a school that is held on the Council's balance sheet transfers to Academy status the Council accounts for this as a disposal for nil consideration, on the date that the school converts to Academy status, rather than as an impairment on the date approval was granted. Where the Council has entered into construction contracts for replacement schools on behalf of an Academy, the Council charges the cost of construction against Revenue Financed from Capital Under Statute (REFCUS) in the year in which costs are incurred.
- Component assets - where an asset value exceeds £1m a review is undertaken to determine whether any major components comprising plant, equipment and services exist and these components are depreciated separately.
- Accounting for Schools – Balance Sheet Recognition of Schools - The Council recognises schools in line with the provisions of 'the Code'. It states that property used by local authority maintained schools should be recognised in accordance with the asset recognition tests relevant to the arrangements that prevail for the property. The Council recognises the schools land and buildings on its Balance Sheet where it directly owns the assets, the school or school Governing Body own the assets or rights to use the assets have been transferred from another entity.

  Where the land and building assets used by the school are owned by an entity other than the Council, school or school Governing Body then it is not included on the Council's Balance Sheet.

  The Council has completed a school by school assessment across the different types of schools it controls within the Borough. Judgements have been made to determine the arrangements in place and the accounting treatment of the land and building assets. The types of schools that have been assessed are shown below:

Type	Number
Community schools	38
Voluntary Controlled (VC) schools	1
Voluntary Aided (VA) schools	23
Foundation schools	3
Sub-Total Maintained Schools	**65**
Academies	24
Total Number of Schools	**89**

All Community schools are owned by the Council and the land and buildings used by the schools are included on the Council's Balance Sheet.

Foundation schools were created to give greater freedom to the Governing Body responsible for school staff appointments and who also set the admission criteria. For a Foundation school, the school Governing Body has legal ownership of the land and buildings and thus are included on the Council's Balance Sheet

The legal ownership of Voluntary Controlled, Voluntary Aided and Academy schools buildings belong to a charity, normally a religious body or Trust in the case of Academy schools, therefore the Council does not recognise these non-current assets on the Balance Sheet, however the adjoining school playing fields remain in Council ownership and are therefore included on the Council's Balance Sheet.

- Accounting for Schools Consolidation – Recognition of Income and Expenditure, Current Assets, Current Liabilities and Reserves – all maintained schools (Community schools, Voluntary Controlled, Voluntary Aided and Foundation schools) are all funded by the DSG and fall under the umbrella of Trafford's Scheme for Financing Schools in the same way. The financial relationship between the Council and these schools is the same across all types. Transactions for all of these schools are recorded in the Income and Expenditure Account in line with the Council's Accounting Policies applied to other service areas. Year end balances for current assets, liabilities and revenue reserves are also recorded on the Council's Balance Sheet.

6. Assumptions Made about the Future and Other Major 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 materially different from the assumptions and estimates. Treasury management risk is considered in note 52.

There are no items in the Council's Balance Sheet at 31 March 2018 for which there is considered a significant risk of material adjustment in the forthcoming financial year. The following items are considered in further detail as potential risk:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Business Rates	Following the introduction of the Business Rate Retention Scheme in April 2013, the Council is now responsible for a share of the cost of successful appeals by businesses against their rateable value. A provision has therefore been included for the cost of appeals as at 31 March 2018 of £38.959m based on VOA office data on appeals.	If the cost of appeals settled exceeds the provision then this will be charged against future business rate income and the cost of which will be financed, in part, 99% by the Council.
Provisions	**Insurance Claims:** Annually the Council reassesses the amount to be set aside to cover the cost of outstanding liability claims. As at 31 March 2018 the provision stands at £2.958m.	In the event that the cost of insurance claims exceeds this amount then the excess will be met from the insurance reserve.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pensions liability	The pensions liability is based on assumptions relating to discount rates used, future changes in salaries, changes in retirement ages, mortality rates and expected returns on pension fund assets. These assumptions are reviewed regularly. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	Changes in liability are actuarially measured every three years, and increases in contributions spread over the following three years. The pension contribution is a key financial assumption in the medium term financial plan.
Pension Guarantees	The Council is guarantor for a number of admitted bodies in the Greater Manchester Pension Fund. An assessment has been undertaken of the surplus/deficit position for those bodies together with their risk of default. This has identified a minimal level of exposure as at 31/3/18.	The position is assessed annually and if material would lead to a liability being recognised on the balance sheet.
Long Term Assets – Manchester Airport Group	The Council's shareholding in Manchester Airport Group is 3.22% as at 31 March 2018. The asset is valued using the earnings based method resulting in the asset being valued at fair value rather than historic cost, therefore requiring an annual valuation. A firm of financial experts and valuers have been engaged by the Council to provide an independent valuation which includes reviewing the financial performance, stability and business assumptions of the Manchester Airport Group.	The valuation provided is based on estimations and assumptions and therefore should the Council sell its shareholding the value held in these statements may not be realised. As at 31 March 2018 the Council's valuers advised of an increase of £8.2m in the fair value Council share from £43.7m to £51.9m which has been reflected in the financial statements.
Property, Plant & Equipment – Funding implications	Assets are depreciated over 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 sustain its current spending on repairs and maintenance bringing into doubt the useful lives assigned to assets. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase in these circumstances.	If funding streams were reduced, in so far that it results in the reduction of service delivery or closure of facilities, this could result in the impairment of assets due to obsolescence. However, the Council has determined that the level of uncertainty at this time is not sufficient to indicate this course of action.
Arrears	At 31 March 2018, the Council had a balance on trade debtors of £8.5m. Impairment of doubtful debts was reviewed and an appropriate provision determined.	If collection rates were to deteriorate by 5%, this would require an estimated additional provision of £0.4m

7. Material Items of Income and Expense (Comprehensive Income & Expenditure Statement page 17)

During 2012/13, Manchester Airport Group acquired Stansted Airport, resulting in a change of structure. The Council's shareholding in Manchester Airport Group (MAG) reduced from a 5% holding to 3.22% capital as a result of the restructure. This change in structure has enabled the shareholding to be subject to a valuation using the earnings based and discounted cash flow methods and the figure as at 31 March 2018 is shown at fair value. The Council at this point in time is to retain these shares. The value of the shareholding as at 31 March 2018 is £51.9m representing an increase of £8.2m and this increase is reflected in the Available for Sale Financial Instruments Reserve. The valuation provided is based on estimations and assumptions and therefore should the Council sell its shareholding, the value held in these statements may not be realised. In addition a share dividend of £4.813m was received (£4.006m in 2016/17).

The Comprehensive Income and Expenditure Statement includes a net loss of £9.256m on the sale of assets. This comprises gains on the sale of a number of assets of £0.242m and losses of £9.498m. Included in this figure is a loss of £6.228m relating to the disposal of a school that transferred to academy status during the year.

There are some significant items in the Comprehensive Income and Expenditure Statement related to revenue expenditure funded from capital under statute (REFCUS); these items are detailed within Note 42 Capital Expenditure and Capital Financing.

There are no material items of income and expense not otherwise disclosed in the financial statements or accompanying notes.

8. Events After the reporting Period

There were no events that have a material impact on the 2017/18 financial statements.

9. Adjustments between Accounting Basis 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 (see following tables). This is in accordance with proper accounting practice to the resources that are specified by statutory provision as being available to the Council to meet future capital and revenue expenditure.

2017/18		Usable Reserves 2017/18						2017/18
	General Fund Balance £000	Earmarked General Fund Reserves £000	Total General Fund Balance £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Revenue Grants Unapplied £000	Capital Grants Unapplied £000	Movements in Unusable Reserves £000
ADJUSTMENTS PRIMARILY INVOLVING THE CAPITAL ADJUSTMENT ACCOUNT:								
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:								
Charges for depreciation, impairment and downward revaluations of non-current assets.	(14,210)	-	(14,210)	-	-	-	-	**(14,210)**
Revaluation losses on Property, Plant & Equipment.	(3,998)	-	(3,998)	-	-	-	-	**(3,998)**
Movements in the fair value of Investment Properties.	(3,510)	-	(3,510)	-	-	-	-	**(3,510)**
Amortisation of intangible assets.	(641)	-	(641)	-	-	-	-	**(641)**
Capital grants and contributions applied.	-	-	-	-	-	-	-	**-**
Movement in the Donated Assets Account.	-	-	-	-	-	-	-	**-**
Revenue expenditure funded from capital under statute.	(1,120)	-	(1,120)	-	-	-	-	**(1,120)**
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement.	(9,156)	-	(9,156)	(2,269)	-	-	-	**(11,425)**
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:								
Statutory provision for the financing of capital investment.	1,986	-	1,986	-	-	-	-	**1,986**
Voluntary provision above MRP	-	-	-	-	-	-	-	**-**
Capital expenditure charged against the General Fund balance.	4,003	-	4,003	-	-	-	-	**4,003**

9. Adjustments between Accounting Basis and Funding Basis under Regulations (continued)

		Usable Reserves 2017/18 (continued)						2017/18
2017/18	General Fund Balance £000	Earmarked General Fund Reserves £000	Total General Fund Balance £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Revenue Grants Unapplied £000	Capital Grants Unapplied £000	Movements in Unusable Reserves £000
Adjustments primarily involving the Capital Grants Unapplied Account:								
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement.	11,253	-	11,253	-	-	-	(11,253)	**-**
Application of grants to capital financing transferred to the Capital Adjustment Account.	-	-	-	-	-	(120)	12,361	**12,241**
Adjustments primarily involving the Capital Receipts Reserve:								
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement.	-	-	-	-	-	-	-	**-**
Use of the Capital Receipts Reserve to finance new capital expenditure.	-	-	-	4,189	-	-	-	**4,189**
Use of the Capital Receipts Reserve to repay Debt.	-	-	-	-	-	-	-	**-**
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals.	-	-	-	-	-	-	-	**-**
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	-	-	-	-	-	-	-	**-**
Transfer from Deferred Capital Receipts Reserve upon receipt of cash.	-	-	-	-	-	-	-	**-**
Adjustments primarily involving the Deferred Capital Receipts Reserve:								
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement.	-	-	-	-	-	-	-	**-**

9. Adjustments between Accounting Basis and Funding Basis under Regulations (continued)

		Usable Reserves 2017/18 (continued)						2017/18
2017/18	**General Fund Balance £000**	**Earmarked General Fund Reserves £000**	**Total General Fund Balance £000**	**Capital Receipts Reserve £000**	**Major Repairs Reserve £000**	**Revenue Grants Unapplied £000**	**Capital Grants Unapplied £000**	**Movements in Unusable Reserves £000**
ADJUSTMENT PRIMARILY INVOLVING THE MAJOR REPAIRS RESERVE:								
Reversal of Notional Major Repairs Allowance credited to the HRA.	-	-	-	-	-	-	-	**-**
Use of the Major Repairs Reserve to finance new capital expenditure.	-	-	-	-	-	-	-	**-**
ADJUSTMENT PRIMARILY INVOLVING THE FINANCIAL INSTRUMENTS ADJUSTMENT ACCOUNT:								
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements.	269	-	269	-	-	-	-	**269**
ADJUSTMENTS PRIMARILY INVOLVING THE PENSION RESERVE:								
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see note 49).	(34,028)	-	(34,028)	-	-	-	-	**(34,028)**
Employer's pension contributions and direct payments to pensioners payable in the year.	15,200	-	15,200	-	-	-	-	**15,200**
ADJUSTMENTS PRIMARILY INVOLVING THE COLLECTION FUND ADJUSTMENT ACCOUNT:								
Amount by which council tax and non-domestic rating income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rating income calculated for the year in accordance with statutory requirements: Council Tax	(314)	-	(314)	-	-	-	-	**(314)**
NDR	(3,538)	-	(3,538)	-	-	-	-	**(3,538)**

9. Adjustments between Accounting Basis and Funding Basis under Regulations (continued)

		Usable Reserves 2017/18 (continued)						2017/18
2017/18	**General Fund Balance £000**	**Earmarked General Fund Reserves £000**	**Total General Fund Balance £000**	**Capital Receipts Reserve £000**	**Major Repairs Reserve £000**	**Revenue Grants Unapplied £000**	**Capital Grants Unapplied £000**	**Movements in Unusable Reserves £000**
ADJUSTMENTS PRIMARILY INVOLVING THE EQUAL PAY ADJUSTMENT ACCOUNT:								
Amount by which amounts charged for Equal Pay claims to the Comprehensive Income and Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements.	-	-	-	-	-	-	-	**-**
ADJUSTMENTS PRIMARILY INVOLVING THE ACCUMULATED ABSENCES ACCOUNT:								
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements.	365	-	365	-	-	-	-	**365**
Total Adjustments	**(37,439)**	**-**	**(37,439)**	**1,920**	**-**	**(120)**	**1,108**	**34,531**

9. Adjustments between Accounting Basis and Funding Basis under Regulations

		Usable Reserves 2016/17						2016/17
2016/17	**General Fund Balance £000**	**Earmarked General Fund Reserves £000**	**Total General Fund Balance £000**	**Capital Receipts Reserve £000**	**Major Repairs Reserve £000**	**Revenue Grants Unapplied £000**	**Capital Grants Unapplied £000**	**Movements in Unusable Reserves £000**
ADJUSTMENTS PRIMARILY INVOLVING THE CAPITAL ADJUSTMENT ACCOUNT:								
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:								
Charges for depreciation, impairment and downward revaluations of non-current assets.	(13,244)	-	(13,244)	-	-	-	-	**13,244**
Revaluation losses on Property, Plant & Equipment.	(1,711)	-	(1,711)	-	-	-	-	**1,711**
Movements in the fair value of Investment Properties.	(495)	-	(495)	-	-	-	-	**495**
Amortisation of intangible assets.	(545)	-	(545)	-	-	-	-	**545**
Capital grants and contributions applied.	-	-	-	-	-	-	-	**-**
Movement in the Donated Assets Account.	-	-	-	-	-	-	-	**-**
Revenue expenditure funded from capital under statute.	(1,226)	-	(1,226)	-	-	-	-	**1,226**
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement.	(6,239)	-	(6,239)	(3,308)	-	-	-	**9,547**
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:								
Statutory provision for the financing of capital investment.	1,025	-	1,025	-	-	-	-	**(1,025)**
Voluntary provision above MRP	-	-	-	-	-	-	-	**-**
Capital expenditure charged against the General Fund balance.	148	-	148	-	-	-	-	**(148)**

9. Adjustments between Accounting Basis and Funding Basis under Regulations (continued)

		Usable Reserves 2016/17 (continued)						2016/17
2016/17	**General Fund Balance £000**	**Earmarked General Fund Reserves £000**	**Total General Fund Balance £000**	**Capital Receipts Reserve £000**	**Major Repairs Reserve £000**	**Revenue Grants Unapplied £000**	**Capital Grants Unapplied £000**	**Movements in Unusable Reserves £000**
Adjustments primarily involving the Capital Grants Unapplied Account:								
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement.	14,834	-	14,834	-	-	-	(14,834)	**-**
Application of grants to capital financing transferred to the Capital Adjustment Account.	-	-	-	-	-	(80)	11,283	**(11,203)**
Adjustments primarily involving the Capital Receipts Reserve:								
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement.	-	-	-	-	-	-	-	**-**
Use of the Capital Receipts Reserve to finance new capital expenditure.	-	-	-	3,827	-	-	-	**(3,827)**
Use of the Capital Receipts Reserve to repay Debt.	(209)	-	(209)	209	-	-	-	**-**
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals.	-	-	-	-	-	-	-	**-**
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	-	-	-	-	-	-	-	**-**
Transfer from Deferred Capital Receipts Reserve upon receipt of cash.	-	-	-	-	-	-	-	**-**
Adjustments primarily involving the Deferred Capital Receipts Reserve:								
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement.	-	-	-	-	-	-	-	**-**

9. Adjustments between Accounting Basis and Funding Basis under Regulations (continued)

		Usable Reserves 2016/17 (continued)						2016/17
2016/17	**General Fund Balance £000**	**Earmarked General Fund Reserves £000**	**Total General Fund Balance £000**	**Capital Receipts Reserve £000**	**Major Repairs Reserve £000**	**Revenue Grants Unapplied £000**	**Capital Grants Unapplied £000**	**Movements in Unusable Reserves £000**
ADJUSTMENT PRIMARILY INVOLVING THE MAJOR REPAIRS RESERVE:								
Reversal of Notional Major Repairs Allowance credited to the HRA.	-	-	-	-	-	-	-	**-**
Use of the Major Repairs Reserve to finance new capital expenditure.	-	-	-	-	-	-	-	**-**
ADJUSTMENT PRIMARILY INVOLVING THE FINANCIAL INSTRUMENTS ADJUSTMENT ACCOUNT:								
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements.	269	-	269	-	-	-	-	**(269)**
ADJUSTMENTS PRIMARILY INVOLVING THE PENSION RESERVE:								
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see note 49).	(25,507)	-	(25,507)	-	-	-	-	**25,507**
Employer's pension contributions and direct payments to pensioners payable in the year.	16,034	-	16,034	-	-	-	-	**(16,034)**
ADJUSTMENTS PRIMARILY INVOLVING THE COLLECTION FUND ADJUSTMENT ACCOUNT:								
Amount by which council tax and non-domestic rating income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rating income calculated for the year in accordance with statutory requirements: Council Tax	593	-	593	-	-	-	-	**(593)**
NDR	(6,657)	-	(6,657)	-	-	-	-	**6,657**

9. Adjustments between Accounting Basis and Funding Basis under Regulations (continued)

		Usable Reserves 2016/17 (continued)							2016/17
2016/17	**General Fund Balance £000**	**Earmarked General Fund Reserves £000**	**Total General Fund Balance £000**	**Capital Receipts Reserve £000**	**Major Repairs Reserve £000**	**Revenue Grants Unapplied £000**	**Capital Grants Unapplied £000**	**Movements in Unusable Reserves £000**
ADJUSTMENTS PRIMARILY INVOLVING THE EQUAL PAY ADJUSTMENT ACCOUNT:								
Amount by which amounts charged for Equal Pay claims to the Comprehensive Income and Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements.	-	-	-	-	-	-	-	**-**
ADJUSTMENTS PRIMARILY INVOLVING THE ACCUMULATED ABSENCES ACCOUNT:								
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements.	(117)	-	(117)	-	-	-	-	**117**
Total Adjustments	**(23,047)**	**-**	**(23,047)**	**728**	**-**	**(80)**	**(3,551)**	**25,950**

10. Transfers to/from Earmarked Reserves (Balance Sheet page 19)

This note sets out the amounts set aside from the General Fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2017/18.

	Balance as at 1 April 2016 £000	Movements Out 2016/17 £000	Movements In 2016/17 £000	Balance at 31 March 2017 £000	Movements Out 2017/18 £000	Movements In 2017/18 £000	Balance at 31 March 2018 £000
General Fund	**(7,894)**	1,894	-	**(6,000)**	-	-	**(6,000)**
Earmarked Reserves:							
Balances held by schools under a scheme of delegation	**(8,616)**	7,733	(6,567)	**(7,450)**	7,633	(7,514)	**(7,331)**
Other Earmarked Reserves:							
Synthetic Pitch Replacement Reserve							
This will be used towards replacing one synthetic pitch within the Borough.	**(18)**	-	(15)	**(33)**	-	(15)	**(48)**
Training Reserve							
To undertake corporate training across the Council.	**(595)**	595	(5)	**(5)**	5	-	**-**
Insurance Reserve							
Funds earmarked for future claims and to carry out various risk management initiatives.	**(2,414)**	1,000	(725)	**(2,139)**	481	(1,024)	**(2,682)**
Delegated Service Budgets							
Revenue budget under/overspends to be carried forward as part of the Council's Medium Term Financial Plans.	**(5,951)**	3,279	(1,441)	**(4,113)**	2,767	(2,534)	**(3,880)**
ICT Development							
Investment in new ICT to improve efficiency Council-wide.	**(736)**	44	-	**(692)**	692	(180)	**(180)**
Dedicated Schools Grant (DSG)							
Government grant specifically for the funding of schools and schools' related services.	**(787)**	787	(724)	**(724)**	724	(929)	**(929)**

10. Transfers to/from Earmarked Reserves (continued)

	Balance as at 1 April 2016 £000	Movements Out 2016/17 £000	Movements In 2016/17 £000	Balance at 31 March 2017 £000	Movements Out 2017/18 £000	Movements In 2017/18 £000	Balance at 31 March 2018 £000
Economy Contingency Reserve							
To cover potential adverse effects of economic conditions on the Council's finances, such as reduced income streams.	**(20)**	20	-	**-**	-	-	**-**
Elections Reserve							
To smooth the elections budget across the 4 year Municipal cycle.	**(224)**	76	(18)	**(166)**	70	(228)	**(324)**
Transformation Reserve							
Money set aside to pump prime the achievement of the next stage of efficiencies through the Transformation Programme.	**(659)**	766	(253)	**(146)**	556	(607)	**(197)**
Interest Rate Reserve							
To smooth the effect on the Council's budget of volatile movements in interest rates.	**(472)**	180	(50)	**(342)**	138	(107)	**(311)**
Waste Levy Reserve							
To smooth the effects on the Council's budget of movements in the waste levy over the medium term.	**(1,588)**	-	(551)	**(2,139)**	1,146	(477)	**(1,470)**
Long Term Accommodation Decant Reserve							
To cover the cost of accommodation changes arising from the Long Term Accommodation Project.	**(470)**	-	-	**(470)**	-	-	**(470)**
Employment Rationalisation Reserve							
To cover the cost of rationalising the employment of staff by the Council.	**(2,296)**	400	-	**(1,896)**	284	-	**(1,612)**

10. Transfers to/from Earmarked Reserves (continued)

	Balance as at 1 April 2016 £000	Movements Out 2016/17 £000	Movements In 2016/17 £000	Balance at 31 March 2017 £000	Movements Out 2017/18 £000	Movements In 2017/18 £000	Balance at 31 March 2018 £000
Capital Reserve							
Investment in disabled facility schemes.	**(10)**	-	-	**(10)**	1,730	(2,000)	**(280)**
LAA Performance Reward Grant Reserve							
Revenue element of grant to be allocated to schemes via the Trafford Partnership.	**(249)**	82	-	**(167)**	55	-	**(112)**
Prepaid Revenue Grants Reserve							
To hold revenue grants included in the Comprehensive Income and Expenditure Statement which are paid in advance and which no conditions exist.	**(187)**	100	-	**(87)**	-	(67)	**(154)**
Winter Maintenance Reserve							
To provide emergency funds to cover the costs of highway & footway maintenance during periods of adverse weather conditions.	**(120)**	-	-	**(120)**	-	-	**(120)**
NDR Deficit Reserve							
Reserve established towards meeting Trafford's share of the NDR Deficit.	**-**	-	(6,640)	**(6,640)**	1,384	-	**(5,256)**
NDR Levy Reserve							
Reserve established to manage the timing differences between accounting for and payment of NDR Levy on business rates growth (Levy is payable immediately, however growth is only released based on prior year estimate).	**384**	-	(8)	**376**	-	(376)	**-**

10. Transfers to/from Earmarked Reserves (continued)

	Balance as at 1 April 2016 £000	Movements Out 2016/17 £000	Movements In 2016/17 £000	Balance at 31 March 2017 £000	Movements Out 2017/18 £000	Movements In 2017/18 £000	Balance at 31 March 2018 £000
Economic Development Reserve							
Reserve set aside to earmarked grant specifically for economic development related projects (previously held within Service Earmarked Reserve).	**(491)**	44	(528)	**(975)**	46	(113)	**(1,042)**
Troubled Families Reserve							
Reserve set aside to strengthen the team and provide an opportunity for Partner agencies to develop integrated services.	**(200)**	200	(164)	**(164)**	164	-	**-**
Manchester Airport Dividend Smoothing Reserve							
2015/16 Dividend received above budget to be used to support future years' Revenue Budgets.	**(1,245)**	-	-	**(1,245)**	-	-	**(1,245)**
Budget Support Reserve							
To smooth out potential volatility in Revenue Budget funding and the significant level of savings required over the medium term.	**(2,800)**	-	(2,842)	**(5,642)**	3,058	(2,747)	**(5,331)**
Investment Fund Reserve							
To be used on measures that provide sustainable benefits to the budget in future years.	**-**	-	(2,481)	**(2,481)**	-	(2,481)	**(4,962)**
Business Rates Reserve							
The business rate risk reserve was established to be used to offset any fluctuation in the significant level of business rate income that will be supporting the budget in 2018/19 and later years.	**-**	-	-	**-**	-	(6,689)	**(6,689)**

Transformation Fund Reserves							
Monies allocated from Greater Manchester Health and Social Care Partnership for the transforming of health and social care services, in addition to monies set aside by the Council to match fund expenditure in the Transformation Fund.	**-**	-	-	**-**	-	(2,885)	**(2,885)**
Other Reserves							
Other amounts earmarked for specific purposes.	**(1,447)**	361	(1,069)	**(2,155)**	213	(3,007)	**(4,949)**
Total Earmarked Reserves (incl. Schools)	**(31,211)**	**15,667**	**(24,081)**	**(39,625)**	**21,146**	**(33,980)**	**(52,459)**
Total Reserves	**(39,105)**	**17,561**	**(24,081)**	**(45,625)**	**21,146**	**(33,980)**	**(58,459)**

11. Other Operating Expenditure (Comprehensive Income & Expenditure Statement page 17)

2016/17 £000		2017/18 £000
66	Parish council precepts (i)	84
30,737	Levies (ii)	32,613
5,593	Amount written off on disposal of non-current assets	5,197
(3,308)	Sale proceeds from disposal of non-current assets	(2,269)
33,088	**Total**	**35,625**

(i) Partington Town Council at its meeting on 14 November 2016 elected to keep the level of Band D Council Tax at £42.50, the same as in 2016/17. With a 2017/18 Parish Tax Base of 1,517 (1,555 in 2016/17) the precept was £64,473 (£66,088 in 2016/17). The Council also agreed to provide grant of £10,000 to support the 2017/18 precept, the same as in 2016/17, in addition to the Parish Council grant of £26,048 (£26,048 in 2016/17), both of which are contained within the Cost of Services.

Two other Parish Councils agreed to set a precept for the first time in 2017/18 as follows. Dunham Massey at its meeting on 10 January 2017 set a Band D Council Tax at £50.00, which with a Tax Base of 228 generated a precept of £11,400. Warburton at its meeting on 17 January 2017 also set a Band D Council Tax at £50.00 and with a Tax Base of 162 raised a precept of £8,100.

(ii) Included are levies as follows:

2016/17 Expenditure £000		2017/18 Expenditure £000
137	Flood Defence	139
14,496	Waste Disposal Authority	23,682
16,104	GM Combined Authority	8,792
30,737	**Total**	**32,613**

12. Financing and Investment Income and Expenditure (Comprehensive Income & Expenditure Statement page 17)

2016/17 £000		2017/18 £000
6,309	Interest payable and similar charges	6,404
(19,198)	Interest income on plan assets (pensions)	(16,915)
27,129	Interest cost on defined benefit obligation (pensions)	23,249
(2,135)	Interest receivable and similar income (i)	(1,931)
(1,018)	Income and expenditure in relation to investment properties and changes in their fair value (ii)	1,715
29	Residual (Surplus)/deficit on trading undertakings (iii)	31
(4,022)	Other investment income (iv)	(4,815)
3,954	(Profit)/Loss on Disposal of Academy non-current assets (v)	6,228
11,048	**Total**	**13,966**

(i) During 2017/18 the average amount invested in the money market was £77.6m, at an average interest rate of 0.82%. Investment interest generated for the year was £1.931m, including £1.043m of interest receivable from Manchester International Airport following the renegotiation of loan debt held by each of the Greater Manchester Authorities in February 2010. For 2017/18 the average amount invested was £105.6m at an average rate of 0.87%, producing £2.135m of investment interest, including £1.043m from the Airport.

(ii) Includes increase/(decrease) in the fair value of investment properties £3.510m (£0.495m in 2016/17). Net expenditure/(income) on investment properties is £(1.795)m, (£(1.512)m in 2016/17), also included in note 16.

(iii) Details on the financial activity of trading operations are included in note 32.

(iv) During 2017/18 a share dividend of £4.813m was received from Manchester International Airport (£4.006m in 2016/17) and in 2016/17 MaST LIFTCo issued a share dividend of £0.016m for the first time.

(v) During 2017/18 a net loss on the disposal of assets was realised of £6.228m (£3.954m loss in 2016/17). This arises where the value of proceeds received, which is zero in the case of school academy transfers, is less than the value of those assets held on the balance sheet.

13. Taxation and Non-Specific Grant Income (Comprehensive Income & Expenditure Statement page 17)

2016/17 £000		2017/18 £000
(84,205)	Council Tax income	(89,700)
(34,005)	Non domestic rates*	(70,970)
(30,701)	Non ring-fenced government grants*	(5,172)
(14,834)	Capital grants and contributions*	(11,253)
(163,745)	**Total**	**(177,095)**

** Further detail on grants is shown in note 40.*

14. Property, Plant and Equipment (Balance Sheet page 19) Movements on Balances 2017/18:

	Other land & buildings £000	Vehicles, plant & equipment assets £000	Infrastructure assets £000	Community assets £000	Surplus assets £000	Assets under construction £000	Total £000
COST OR VALUATION:							
As at 1 April 2017	**301,636**	**21,161**	**217,594**	**22,489**	**9,767**	**2,799**	**575,446**
Additions	9,375	933	9,743	504	28	6,425	**27,008**
Disposals (incl. adj. for academy school transfers)	(12,316)						**(12,316)**
Reclassification to Assets Held for Sale					1,115		**1,115**
Other Reclassifications	(1,600)		34	9	1,400	(464)	**(621)**
Accumulated depreciation and impairment written out on revaluation adjustment	(7,206)						**(7,206)**
Revaluation increases/(decreases) recognised in the revaluation reserve	14,417				970		**15,387**
Revaluation increases/(decreases) recognised in the surplus/deficit on the provision of services							
As at 31 March 2018	**304,306**	**22,094**	**227,371**	**23,001**	**13,280**	**8,760**	**598,813**

14. Property, Plant and Equipment (continued):

	Other land & buildings £000	Vehicles, plant & equipment assets £000	Infrastructure assets £000	Community assets £000	Surplus assets £000	Assets under construction £000	Total £000
DEPRECIATION AND IMPAIRMENTS:							
As at 1 April 2017	**(45,247)**	**(18,909)**	**(59,473)**	**(5,042)**	**(1,427)**		**(130,098)**
Depreciation charged to CIES (ii)	(8,979)	(528)	(4,223)	(474)			**(14,204)**
Revaluation downwards charged to CIES	(3,995)				(4)		**(3,999)**
Impairment written off to Revaluation Reserve							
Revaluation Reserve							
Disposals	2,935						**2,935**
Reclassifications							
Accumulated depreciation and impairment written out on revaluation adj.	7,206						**7,206**
Revaluations							
As at 31 March 2018	**(48,080)**	**(19,437)**	**(63,696)**	**(5,516)**	**(1,431)**	**-**	**(138,160)**
NET BOOK VALUE:							
Balance Sheet amount as at 31 March 2018	**256,226**	**2,657**	**163,675**	**17,486**	**11,849**	**8,760**	**460,653**
Nature of Asset Holding							
Owned	244,303	**2,657**	**163,675**	**17,486**	**11,849**	**8,760**	**448,730**
Finance Lease							
PFI (i)	11,923						**11,923**
Total	**256,226**	**2,657**	**163,675**	**17,486**	**11,849**	**8,760**	**460,653**

(i) Analysis of movement in the value of the PFI asset is as follows:

Movement in PFI Asset Value	£000
Opening Value 1 April 2017	**11,945**
Additions	172
Less Depreciation	(194)
Less Impairment	
Closing Value 31 March 2018	**11,923**

(ii) Depreciation is provided for on all non-current assets, with the exception of freehold land, investment property and assets held for sale. New assets are not depreciated in the year of acquisition and assets under construction are not depreciated until they become operational.

All other assets, including components, are written down using the straight line method over the estimated useful life of the asset, or in the case of intangible assets (software licences), the length of the licence.

The estimated useful lives of the assets are shown below:-

Asset Category	Useful Life
Vehicles, plant and equipment	Between 3 and 8 years
Intangibles	20 years
Infrastructure and Community assets	Between 10 and 40 years
Buildings	Between 15 and 60 years

There are no changes to depreciation methods used between 2016/17 and 2017/18.

Comparative Movements in 2016/17:

	Other land & buildings £000	Vehicles, plant & equipment assets £000	Infrastructure assets £000	Community assets £000	Surplus assets £000	Assets under construction £000	Total £000
COST OR VALUATION:							
As at 1 April 2016	**295,626**	**20,821**	**201,638**	**21,736**	**10,970**	**16,475**	**567,266**
Additions	6,537	319	12,961	446	56	764	**21,083**
Disposals (incl. adj. for academy school transfers)	(11,323)				(13)		**(11,336)**
Reclassification to Assets Held for Sale	(2,705)						**(2,705)**
Other Reclassifications	11,321	54	2,995	307	(288)	(14,440)	**(51)**
Accumulated depreciation and impairment written out on revaluation adjustment	(10,005)	(9)			(1,003)		**(11,017)**
Revaluation increases/(decreases) recognised in the revaluation reserve	12,185	(24)			45		**12,206**
Revaluation increases/(decreases) recognised in the surplus/deficit on the provision of services							
As at 31 March 2017	**301,636**	**21,161**	**217,594**	**22,489**	**9,767**	**2,799**	**575,446**

Comparative Movements in 2016/17 (Continued):

	Other land & buildings £000	Vehicles, plant & equipment assets £000	Infrastructure assets £000	Community assets £000	Surplus assets £000	Assets under construction £000	Total £000
DEPRECIATION AND IMPAIRMENTS:							
As at 1 April 2016	**(48,590)**	**(18,327)**	**(55,288)**	**(4,589)**	**(2,430)**		**(129,224)**
Depreciation charged to CIES (ii)	(8,024)	(591)	(4,185)	(453)			**(13,253)**
Revaluation downwards charged to CIES	(1,709)						**(1,709)**
Impairment written off to Revaluation Reserve							
Revaluation Reserve							
Disposals	3,071						**3,071**
Reclassifications							
Accumulated depreciation and impairment written out on revaluation adj.	10,005	9			1,003		**11,017**
Revaluations							
As at 31 March 2017	**(45,247)**	**(18,909)**	**(59,473)**	**(5,042)**	**(1,427)**		**(130,098)**
NET BOOK VALUE:							
Balance Sheet amount as at 31 March 2017	**256,389**	**2,252**	**158,121**	**17,447**	**8,340**	**2,799**	**445,348**
Nature of Asset Holding							
Owned	244,444						
Finance Lease							
PFI (i)	11,945						
Total	**256,389**	**2,252**	**158,121**	**17,447**	**8,340**	**2,799**	**445,348**

Valuation of Non-Current Assets held at fair value

This statement shows the progress of the Council's rolling programme for the revaluation of non-current assets. The valuations were carried out by Mr David Enston, FRICS, who is employed by Amey Consulting, a company which provides property services to the Council as part of the One Trafford Partnership. The basis for valuation is set out in the statement of accounting policies.

	Other land & buildings £000	Vehicles, plant & equipment £000	Surplus assets £000	Investment Assets £000	Total £000
Held at historic cost		**2,657**			**2,657**
Valued at current value in:					
Current Year (1 April 2017)	129,364	-	11,849	72,200	**213,413**
Previous year (1 April 2016)	84,150	-	-	-	**84,150**
Two years ago (1 April 2015)	23,817	-	-	-	**23,817**
Three years ago (1 April 2014)	10,816	-	-	-	**10,816**
Four years ago (1 April 2013)	8,079	-	-	-	**8,079**
Total	**256,226**	**2,657**	**11,849**	**72,200**	**342,932**

Assets have been revalued within a five year period by the Council's internal valuation service, except for the valuation of land at Manchester Airport which has been provided by the valuation service of Manchester City Council. All assets are reviewed during the year to ensure that the carrying amount of the asset on the balance sheet does not differ materially from that which would be determined using the fair value at the end of the reporting period.

Significant commitments under capital contracts as at 31 March 2018

As at 31 March 2018 the Council was contractually committed to capital expenditure which amounted to approximately £33.93m. Major contracts included the following schemes:

	£000
Metrolink extension into Trafford Park	13,000
Capital Investment Fund – Site K, Talbot Road, Stretford	10,500
Broadheath Primary School, Altrincham	5,539
Brooklands Primary School, Sale	3,155
Altrincham - Library / Community Facility	1,737
Total at 31 March 2018	**33,931**

15. Heritage Assets (Balance Sheet page 19)

In accordance with FRS 30, the Council is required to recognise and measure Heritage Assets at fair valuation. Heritage assets are assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical value.

The heritage assets held by the Council include silver, paintings, furniture, statues, civic regalia, artefacts, sculptures and historic buildings. The movement in asset values is shown below:-

Movement in Heritage Asset Value	**2016/17 £000**	**2017/18 £000**
Opening Value 1 April	1,014	1,008
Additions		
Reclassifications		
Disposals		
Less Depreciation	(6)	(6)
Less Impairment		
Closing Value 31 March	**1,008**	**1,002**

16. Investment Properties (Balance Sheet page 19)

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

	2016/17 £000	2017/18 £000
Balance at start of year	**34,879**	**34,399**
Additions:		
Purchases		40,950
Construction		
Subsequent expenditure		
Disposals		
Net gains/losses from fair value adjustments	(495)	(3,510)
Transfers:		
to/from Inventories		
to/from Property, Plant & Equipment		361
Other changes	15	
Balance at end of year	**34,399**	**72,200**

The fair value for the investment properties has been based on the market approach using comparable market data, including income streams, tenure, lease terms and other relevant information for similar assets in the local authority area. As such all of the Council's directly held investment assets have been assessed as Level 2 in the fair value hierarchy. Additionally, there have been no transfers between Levels during the year.

The Council's 4.64% interest in land held at Manchester airport has been valued at £9.10m and has also been assessed as Level 1 in the fair value hierarchy.

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure statement:

	2016/17 £000	2017/18 £000
Rental income from investment property	(2,301)	(3,210)
Direct operating expenses arising from investment	789	1,415
Net (gain)/loss	**(1,512)**	**(1,795)**

17. Intangible Assets (Balance Sheet page 19)

The Council accounts for its software as intangible assets, to the extent that software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include both purchased licenses and internally generated software.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful lives assigned to the major software suites used by the Council are:

Useful Life	Other Assets
5 years	Telephony Software System – Voice over IP
7 years	Payroll System
10 years	Easy Software Upgrade
10 years	Liquid Logic – Social Care System
20 years	SAP - Finance System Council Tax System

None of the software are internally generated.

The carrying amounts of intangible assets is amortised on a straight-line basis. The amortisation of £0.641m charged to revenue in 2017/18 was charged to the IT Administration cost centre and then absorbed as an overhead across all the service headings in the Net Expenditure of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

The movement on Intangible Asset balances during the year is as follows:

	2016/17			2017/18		
	Internally Generated Assets £000	Other Assets £000	Total £000	Internally Generated Assets £000	Other Assets £000	Total £000
Balance at start of year:						
Gross carrying amounts		4,556	4,556		5,312	5,312
Accumulated amortisation		(1,710)	(1,710)		(2,255)	(2,255)
Net carrying amount at start of year		**2,846**	**2,846**		**3,057**	**3,057**
Additions:						
Internal development						
Purchases		706	706		416	416
Transfer from Assets under Construction		50	50		261	261
Acquired through business combinations						
Assets reclassified as held for sale						
Other disposals						
Revaluations increases or decreases						
Impairment losses recognised or reversed directly in the Revaluation Reserve						
Impairment losses recognised in the Surplus/Deficit on the Provision of Services						
Amortisation for the period		(545)	(545)		(641)	(641)
Other changes						
Net carrying amount at end of year		**3,057**	**3,057**		**3,093**	**3,093**
Comprising:						
Gross carrying amounts		5,312	5,312		5,989	5,989
Accumulated amortisation		(2,255)	(2,255)		(2,896)	(2,896)
		3,057	**3,057**		**3,093**	**3,093**

Intangible assets relate to software licences acquired as part of the development of the Council's Integrated Business Information System (SAP) and HR Shared Service System and social care system.

There are no items of capitalised software that are individually material to the financial statements.

18. Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet:

	Long Term 31 March 2017 £000	Short Term 31 March 2017 £000	Long Term 31 March 2018 £000	Short Term 31 March 2018 £000
FINANCIAL ASSETS				
Available For Sale Financial Assets				
Manchester Airport Group (MAG) Shareholding (See note on "Interest in Companies" on page 82)	43,700	-	51,900	-
Church Commissioner Local Authority Fund:				
Principal	4,740	-	4,965	-
Accrued Interest	-	60	-	60
Sub-total – Available For Sale Financial Assets	48,440	60	56,865	60
Loans & Receivables – Other Investments				
Principal	-	58,400	2,500	35,098
Accrued Interest	-	187	-	85
Sub-total – Other Investments	-	58,587	2,500	35,183
Sub-Total Investments	**48,440**	**58,647**	**59,365**	**35,243**
Loans & Receivables - Cash and cash equivalent:				
Cash at Bank	-	10,634	-	10,825
Principal	-	19,300	-	30,280
Accrued interest	-	3	-	5
Sub-total Cash and Cash equivalent	**-**	**29,937**	**-**	**41,110**
Loans & Receivables – Other Financial Instruments				
MAG Loans (included within Long term debtors)	8,693	-	8,693	-
Homestep Loans (included within Long term debtors)	1,100	-	996	-
Capital Loans	3,483	2,076	3,944	5,302
Section 106 debtors (included within Short term debtors)	-	599	-	1,984
Trade Debtors (included within Short term debtors)	-	6,176	-	8,541
Sub-total	**13,276**	**8,851**	**13,633**	**15,827**
TOTAL FINANCIAL ASSETS	**61,716**	**97,435**	**72,998**	**92,180**

	Long Term 31 March 2017 £000	Short Term 31 March 2017 £000	Long Term 31 March 2018 £000	Short Term 31 March 2018 £000
FINANCIAL LIABILITIES				
Financial Liabilities at Amortised Cost - Borrowings				
Principal	(101,360)	(3,874)	(160,254)	(4,178)*
Accrued Interest	-	(864)	-	(1,316)
Market loans EIR adjustments	(2,377)	-	(2,351)	-
Sub-total	**(103,737)**	**(4,738)**	**(162,605)**	**(5,494)**
Financial Liabilities at Amortised Cost - Other Financial Instruments				
Trade Creditors (included within short term creditors)	-	(2,280)	-	(3,268)
Sub-total	**-**	**(2,280)**	**-**	**(3,268)**
Other Long Term Liabilities				
PFI and finance lease liabilities	(5,556)	(222)	(5,319)	(237)
Sub-total	**(5,556)**	**(222)**	**(5,319)**	**(237)**
TOTAL FINANCIAL LIABILITIES	**(109,293)**	**(7,240)**	**(167,924)**	**(8,998)**

*Includes a £158k Public Works Loan Board loan maturing on 30th March 2018 but due to this date being a bank holiday funds were not paid until 3rd April 2018.

On 29 September 2015, the Council placed £5m in the Church Commissioners Local Authority Property Fund which is a fund only available to Local Authorities. It is envisaged that the investment will be for a period in excess of five years. The objective of this fund is to generate long-term growth by investing in commercial property throughout the UK whilst also generating returns in the form of annual rental dividends. The figure stated in the above table represents the value of the amount invested as at 31 March 2018.

Under accounting requirements the carrying value of the financial instruments is shown in the balance sheet which includes the principal amount borrowed or lent and further adjustments for breakage costs or stepped interest loans (measured by an effective interest rate calculation) including accrued interest. Accrued interest is shown separately in current assets or liabilities where the payments or receipts are due within one year. The effective interest rate (EIR) is effectively accrued interest receivable under the instrument, adjusted for the amortisation of any premiums or discounts reflected in the purchase price.

During 2017/18, the Council advanced £100k of soft loans in accordance with its Town Centre Regeneration scheme at an interest rate of 0% repayable over a maximum period of 3 years. In addition to this the Council had £5.1m of loans as at 31 March 2018 which are repayable over four years commencing in 2017/18 from Salix Finance at a rate of interest of 0% in respect to its Street Lighting Replacement Programme. These types of loans, which have been undertaken at rates of interest below market levels, are deemed to be soft loans and an accounting adjustment in the Comprehensive Income and Expenditure Statement for the present value of the interest should be carried out. Calculations have been undertaken to determine this position and for the loans outstanding of £5.1m, this would reduce the balance sheet value marginally by £229k to £4.9m. Due to the low value of this transaction and in accordance with the CIPFA Code of Practice regarding materiality, no adjustment to the Council's accounts has been undertaken to reflect either the Salix or Town Centre Regeneration financial instruments.

Fair values

IFRS 13, paragraphs 76–90 stipulates that the Council must ensure consistency and comparability in the way it reports its Financial Assets and Liabilities and in order to be able to do so the following 3 techniques have been used:

Level 1 Inputs – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date.

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

Level 3 Inputs – unobservable inputs for the asset or liability.

Fair Value of Financial Assets

Some of the authority's financial assets are measured in the balance sheet at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them.

Financial assets measured at fair value				
Recurring fair value measurements	**Input level in fair value hierarchy**	**Valuation technique used to measure fair value**	**As at 31/3/18 £000**	**As at 31/3/17 £000**
Available for Sale				
Church Commissioners Local Authority Property Fund	Level 1	Unadjusted quoted prices in active markets for identical shares	4,965	4,740
Manchester Airport Group	Level 2	Earning Based	51,900	43,700
Total			**56,865**	**48,440**

Equity shareholding

Church Commissioners Local Authority Property fund;- on 29 September 2015 the Council placed £5m into this fund for an expected minimum period of 5 years and after entry costs enabled 1,643,872 of units to be purchased worth £4.73m. Updated market unit prices are produced on a monthly basis and as at 31 March 2018 the value of the Council's shareholding was £4.97k.

Manchester Airport Group;- the shares in this company are not traded in an active market and the fair value of the shares of £51.9m has been calculated by an independent external expert. The method involves the application of a price earnings ratio to maintainable or prospective earnings or post tax profits and draws on data from comparable quoted companies. The data is then adjusted by discount factors to allow for the fact that the shares are not publically traded and that the Council holds a minority interest with no voting rights. These unobservable inputs have been developed using the best information about the assumptions that the market participants would use when pricing the asset.

The valuation has been made using annual audited accounts of Manchester Airport Group for 2015,2016 and 2017 along with interim 6 month reports for the period ending 30 September 2017. These shares are subject to an annual valuation and in 2017/18 increased in value by £8.20m.

The valuation provided is based on estimations and assumptions and therefore, should the Council sell its shareholding, the value held in these statements may not be realised.

Transfers between Levels of the Fair Value Hierarchy

There were no transfers between the input levels 1 and 2 during the year.

Changes in the Valuation Technique

There has been no change in the valuation technique used during the year for the financial instruments.

Fair value of Assets and Liabilities carried at Amortised Cost

Financial liabilities and financial assets represented by loans and receivables are carried on the balance sheet at amortised cost (in long term assets / liabilities with accrued interest in current asset / liabilities). Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the PWLB and other loans payable, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures. As the Debt Management Office provides a transparent approach allowing the exit cost to be calculated without undertaking a repayment or transfer it is appropriate to disclose the exit price;
- For investments the prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the principal outstanding or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount;
- Valuation for Financial Instruments - As at 31st March 2018 the Council held £79.1m financial assets and £166.6m financial liabilities for which Level 2 valuations will apply. All the financial assets are classed as Loans and Receivables and held with Term Deposits, Money Market Funds and Notice Accounts. The financial liabilities are held with PWLB and Market lenders. All of these investments and borrowings were not quoted on an active market and a Level 1 valuation is not available. To provide a fair value which provides a comparison to the carrying amount, the financial model valuation provided by Link Asset Services has been used. This valuation applies the Net Present Value approach, which provides an estimate of the value of payments in the future in today's terms as at the balance sheet date. This is a widely accepted valuation technique commonly used by the private sector. The Council's accounting policy uses early repayment rates to discount the future cash flows.

The fair values calculated are as follows:

Liabilities							
	31 March 2017		**31 March 2018**				
	Carrying Amount £000	**Fair Value £000**	**Principal £000**	**Add EIR adjustment £000**	**Add accrued Interest £000**	**Carrying Amount £000**	**Fair Value £000**
Financial Liabilities (Long and Short Term) – Measured at amortised cost							
PWLB	43,960	63,233	103,348*	-	946	104,294	138,966
Market	64,515	124,811	61,084	2,351	370	63,805	120,625
Trade creditors (included within short term creditors)	2,280	2,280	3,268	-	-	3,268	3,268
Sub total	**110,755**	**190,324**	**167,700**	**2,351**	**1,316**	**171,367**	**262,859**
PFI & finance lease	5,778	8,142	5,556	-	-	5,556	7,414
Sub total	**5,778**	**8,142**	**5,556**	**-**	**-**	**5,556**	**7,414**
Total	**116,533**	**198,466**	**173,256**	**2,351**	**1,316**	**176,923**	**270,273**

*Includes a £158k Public Works Loan Board loan maturing on 30th March 2018 but due to this date being a bank holiday funds were not paid until 3rd April 2018.

Assets						
	31 March 2017		31 March 2018			
	Carrying Amount £000	Fair Value £000	Principal £000	Add accrued Interest £000	Carrying Amount £000	Fair Value £000
Loans & Receivables						
Cash & Cash equivalents						
- Cash at bank	10,635	10,635	10,825	-	10,825	10,825
- Deposits	19,303	19,303	30,280	5	30,285	30,285
Sub total	**29,938**	**29,938**	**41,105**	**5**	**41,110**	**41,110**
Deposits over 1 year	-	-	2,500	-	2,500	2,500
Deposits under 1 year	58,648	58,648	35,098	145	35,243	35,245
CCLA Property Fund	4,740	4,740	4,965	-	4,965	4,965
MAG Loans (included within Long term debtors)	8,693	8,693	8,693	-	8,693	8,693
Homestep Loans (included within Long term debtors)	1,100	1,100	996	-	996	996
Capital Loans	5,598	5,598	9,246	-	9,246	9,246
Section 106 debtors (included within Short term debtors)	599	599	1,984	-	1,984	1,982
Trade Debtors (included within Short term debtors)	6,176	6,176	8,541	-	8,541	8,541
Sub total	**85,554**	**85,554**	**72,023**	**145**	**72,168**	**72,168**
Available For Sale Financial Assets						
MAG Shareholding	43,700	43,700	51,900	-	51,900	51,900
Sub total	**43,700**	**43,700**	**51,900**	**-**	**51,900**	**51,900**
Total	**159,192**	**159,192**	**165,028**	**150**	**165,178**	**165,178**

The fair value is greater than the carrying amount because the Council's portfolio of liabilities and assets includes a number of fixed rate instruments where the interest rate payable and receivable are higher than the rates available for similar transactions in the market at the balance sheet date. This shows a notional future loss (based on economic conditions at 31 March 2018) arising from a commitment to pay interest to lenders above current market rates.

The fair values for both financial liabilities and assets have been determined by reference to the Public Works Loan Board (PWLB) redemption rules which provide a good approximation for the fair value of a financial instrument and includes accrued interest. This measures the economic effect of the terms agreed with the lender compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value measures the additional interest that the authority will pay over the remaining terms of the loans under the agreements with the lender, against what would be paid if the loans were at prevailing market rates.

However, the authority has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. A supplementary measure of the additional interest that the authority will pay as a result of its liabilities commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the principal amount for PWLB loans of £103.2m and Market loans of £61.1m would be valued at £116.5m and £101.4m respectively. But, if the authority were to seek to avoid the projected loss by repaying the loans, a charge for early redemption in respect of the interest that will not now be paid will be incurred. The exit price including principal, accrued interest and the penalty charge for PWLB loans would be £139.0m and for Market loans £120.6m.

The Council's shareholding in the Churches Commission Local Authority Property fund of £4.97m are tradeable in an active market and the fair value of £4.97m has been based on the funds valuation as at 31 March 2018.

The Council's shareholding in Manchester Airport Group are not traded in an active market and fair value of £51.9m has been made on an analysis of the assets and liabilities in the Company's latest audited accounts by an independent accountancy firm BDO.

Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments and referred to in notes 12 and 27(ii) are made up as follows;

	2016/17				2017/18			
	Financial Liabilities measured at amortised cost £000	**Financial Assets: Loans & Receivables £000**	**Financial Assets: Available for Sale £000**	**Total £000**	**Financial Liabilities measured at amortised cost £000**	**Financial Assets: Loans & Receivables £000**	**Financial Assets: Available for Sale £000**	**Total £000**
Interest Expense	6,310			**6,310**	6,404			**6,404**
Interest & Dividend income		(6,156)		**(6,156)**		(6,746)		**(6,746)**
(Gains)/Loss on Revaluation			(3,825)	**(3,825)**			(8,425)	**(8,425)**
Net gain/(loss) for the year	**6,310**	**(6,156)**	**(3,825)**	**(3,671)**	**6,404**	**(6,746)**	**(8,425)**	**(8,767)**

Included in the above Gains and Losses, in 2017/18, are ;

- The revaluation of the shareholding in Manchester Airport which resulted in an increase in value from £43.7m to £51.9m (£39.8m to £43.7m in 2016/17) and
- The Church Commissioners Local Authority Property Fund investment valued at £4.97m increased from £4.74m (£4.8m to £4.7m in 2016/17).

The net movement of £(8.4)m, has been included in the CIES within Other Comprehensive (Income) and Expenditure.

The Council has the following financial instruments that are classed as Available for Sale

31.3.16 £000	31.03.17 £000		31.03.18 £000
39,800	43,700	Shareholdings in MAG	51,900
4,815	4,740	Church Commissioners Local Authority Property fund	4,965
44,615	**48,440**	**Total**	**56,865**

19. Inventories (Balance Sheet page 19)

The Council held the following inventories at 31 March 2017 and 2018. All are related to consumable stores.

Consumable Stores		
	31.3.17 £000	**31.3.18 £000**
Balance outstanding at start of year	**78**	**92**
Purchases	2,487	2,682
Recognised as an expense in the year	(2,473)	(2,691)
Written off balances	-	-
Balance outstanding at year-end	**92**	**83**

20. Work in Progress (Construction Contracts)

This refers to work in progress, but not yet complete, that the Council is undertaking on behalf of other organisations on a fee basis. There are no such contracts to report.

21. Debtors (Balance Sheet page 19)

(Balance Sheet page 19)

Long Term Debtors & Prepayments

31.3.17 £000		31.3.18 £000
18	Council Houses (Mortgages)	18
785	Probation Service (i)	723
8,693	Manchester Airport Plc. (ii)	8,693
675	Sale PFI – lifecycle replacement (iii)	527
1,100	Homestep Loans (iv)	996
1,000	Local Authority Mortgage Scheme (v)	-
2,483	Capital Loans (vi)	3,944
5	Town Centre Loans (vii)	10
14,759	**Total**	**14,911**

(i) The Council acts as 'lead' authority in providing loans to the Greater Manchester Probation Service (GMPS) to assist in the financing of their capital programme. These advances are repaid with interest over varying periods finishing in 2031/32.

(ii) The Council together with the other nine Greater Manchester authorities is a shareholder in Manchester Airport plc. During 2009/10, in exchange for a greater level of coupon rate receivable, all ten councils agreed to restructure the long term loans that had previously been made to the Airport to finance capital expenditure. As a result of this, these loans which were previously classed as secure loans have become unsecured loans. The revised loan agreement is due to expire in 2055.

(iii) Private Finance Initiative (PFI) – The Council has a PFI scheme for the provision of new office and community facilities in Sale Town Centre. Amounts payable under the arrangement to the PFI operator in respect of lifecycle costs are included as prepayments. These amounts will be written down to the asset when lifecycle works are undertaken.

(iv) Homestep Loans – these are loans provided to first time buyers to assist key workers to purchase a home. The amount advanced has been included as a long term debtor and is repayable when the property is sold.

(v) Local Authority Mortgage Scheme – as part of the scheme launched in May 2012, the Council provides an indemnity to Lloyds bank to allow suitable first time buyers to access the housing market with a 5% deposit instead of a usual 25% deposit. In effect, the Council provides a 'cash backed' indemnity to Lloyds bank to cover the 20% of the mortgage price in the event of a default within the first 5 years of the mortgage period. Following the success of the original £2m advanced in 2012/13, a further £1m was provided to Lloyds bank in 2013/14. The initial £2m advanced was repaid in 2017/18 and the remaining £1m has been included as a short term debtor.

(vi) Lancashire CCC loan - a £4m loan which will be repaid by 2027 has been provided by the Council at commercial rates of interest to Lancashire County Cricket Club (LCCC) to assist in partly financing the construction of a new purpose built 150 room franchised hotel. This project will generate new employment opportunities and provide a boost to the local economy.

(vii) Town Centre Loans – The Council offers an interest-free loan scheme for businesses that want to occupy ground floor, vacant premises in Altrincham, Sale, Urmston or Stretford town centres to part-fund works, overheads and marketing costs that are needed to bring a vacant unit back into use. The loans are advanced in two instalments and the first instalment is made within Long Term Debtors and Prepayments. Once the second instalment is made, the debt is transferred into our debtor collection system and appears in Short Term Debtors.

Short Term Debtors and Payments in Advance		
31st March 2017 £000	**Amounts falling due within one year**	**31st March 2018 £000**
7,418	Council Tax	6,860
5,496	Business Rates	11,987
7,491	Other Government Departments	11,104
1,714	Payments in advance	3,519
2,000	Local Authority Mortgage Scheme	1,000
-	Capital loans (i)	4,285
18,898	Other (iii)	24,265
43,017	**Sub Total**	**63,020**
(19,138)	Less Provision for Bad and Doubtful Debts (ii)	(24,580)
23,879	**Total**	**38,440**

(i) Capital Loans – Includes deposit for purchase of K Site £1.2m and Developer Loan for £3.1m related to No. 1 Old Trafford.

(ii) Provision for Bad and Doubtful Debts – Increase in balance includes £4.6m as a result of inheriting the Government's share of the historic Bad Debt provision balance, which from 2017/2018 is now allocated to Trafford under the 100% Business Rates Retention Scheme.

(iii) Other Debtors – Includes Debtors relating to Housing Benefit Overpayment £5.9m, Adults Social Care Debtors £3.6m, General System Debtors £5.2m and Manual Accruals £6.7m. The following significant balances are included within Manual Accruals, £1.5m Section 31 Compensation Grants relating to Business Rates, £1.2m relating to the Working Well Programme and £1.1m Transformation Fund monies.

Short-term debtors are also analysed by the party to which they relate, in accordance with the Code:

Short Term Debtors and Payments in Advance by Party		
31st March 2017 £000		31st March 2018 £000
4,462	Central Government Bodies	8,149
1,809	Other Local Authorities	3,405
3,029	National Health Service Bodies	2,955
-	Public Corporations and Trading Bodies	-
14,579	Bodies External to General Government	23,931
23,879	**Sub Total**	**38,440**
23,879	**Total**	**38,440**

22. Cash and Cash Equivalents (Balance Sheet page 19)

The balance of Cash and Cash Equivalents is made up of the following elements:

31st March 2017 £000		31st March 2018 £000
10,635	Cash held by the Council/Bank current accounts	10,825
19,302	Short-term deposits	30,285
29,937	**Total Cash and Cash Equivalents**	**41,110**

23. Assets Held for Sale (Balance Sheet page 19)

All assets held for sale are classified as current as they are expected to be sold within the next financial year; there are no long term assets held for sale.

	Current assets	
	2016/17 £000	**2017/18 £000**
Balance at start of year	**7,097**	**8,521**
Assets newly classified as held for sale:		
Property, Plant and Equipment	2,705	351
Intangible Assets		
Other assets/liabilities in disposal group		
Revaluation losses		
Revaluation gains		
Impairment losses		
Assets held as declassified for sale:		
Property, Plant and Equipment		
Intangible Assets		
Other assets/liabilities in disposal group		
Assets sold	(1,281)	(2,044)
Transfers from Assets Held for Sale to Surplus Assets (i)		(1,115)
(Other movements)		
Balance at year-end	**8,521**	**5,713**

Strict criteria restricts what assets can be classed as held for sale and the Council's surplus property included within Property, Plant and Equipment (note 14) has been reviewed by the Council's valuers and reclassified where necessary to this category.
(i) Relates to property no longer included in the land sales programme

24. Creditors and Receipts in Advance (Balance Sheet page 19)

Long Term Creditors

This includes £(0.036)m (£(0.036)m in 2016/17) for the maintenance of graves at cemeteries.

Long-Term Liabilities – Deferred		
31 March 2017 £000		**31 March 2018 £000**
(5,555)	Sale PFI – Finance Lease liability (i)	(5,319)
(1,515)	Sale PFI liability (ii)	(1,746)
(442)	Environmental Surcharge Crematoria (iii)	(522)
(563)	Greater Manchester Debt Administration Fund – MIA (iv)	(433)
(9)	Council house mortgages (v)	(9)
(93)	Trafford Park Development Corporation (vi)	(86)
(1,313)	Commuted sums/S106 agreements (vii)	(1,313)
(9,490)	**Total**	**(9,427)**

(i) This relates to the lease liability on the Sale Waterside PFI scheme (note 44).

(ii) Sale PFI liability – amount set aside to cover the final bullet payments due at the end of the PFI contract (note 44).

(iii) Since 2007 the Council has included an Environmental Surcharge within its Crematoria fees associated with works required to comply with statutory mercury abatement guidance issued by DEFRA at that time. The sum is either spent on essential environmental works in-year or carried forward as a liability to fund works in future years as required.

(iv) This is the deferred long term liability relating to Manchester Airport debt (see note 50(b)).

(v) £0.009m is due from the sale of council houses and other dwellings where buyers have entered into a mortgage agreement with the Council. Therefore the repayments will be received in instalments over a number of years.

(vi) Prior to its wind up on 31 March 1998 the Trafford Park Urban Development Corporation paid the sum of £1.3m in recognition of the Council agreeing to pay some of the corporation's outstanding liabilities and carrying out certain works. There is a remaining balance of £0.086m as at 31 March 2018.

(vii) The Council has also received commuted sums from developers, in particular for the development and maintenance of open spaces. This will be released to the revenue account when the cost of providing these services falls due.

Short Term Creditors		
31st March 2017 £000		**31st March 2018 £000**
(2,912)	HM Revenue and Customs	(3,089)
(21,008)	Other Government Departments	(10,831)
(23,479)	Sundry Creditors	(25,644)
(4,000)	Employees – accumulated absences	(3,635)
(3,783)	Receipts in Advance – Council Tax	(3,881)
(3,250)	Receipts in Advance – NDR	(6,671)
(2,243)	Other Receipts in Advance	(1,297)
(60,675)	**Total**	**(55,048)**

Short-term creditors and receipts in advance are also analysed by the party to which they relate, in accordance with the Code:

Short Term Creditors by Party		
31st March 2017 £000		**31st March 2018 £000**
(19,661)	Central Government Bodies	(5,021)
(7,536)	Other Local Authorities	(11,149)
(259)	National Health Service Bodies	(17)
(298)	Public Corporations and Trading Funds	-
(32,921)	Bodies External to General Government	(38,861)
(60,675)	**Total**	**(55,048)**

25. Provisions (Balance Sheet page 19)

The Council has the following total provisions at 31 March 2018:

Total Provision	Balance 1 April 2016 £000	Net Movement in Year £000	Balance 1 April 2017 £000	Net Movement in Year £000	Balance 31 March 2018 £000
Insurance (i)	(3,968)	529	(3,439)	481	(2,958)
Equal Pay (ii)	(250)	6	(244)	19	(225)
VAT on DFG Admin fees (iii)	(14)	-	(14)	(106)	(120)
Employment Rationalisation (iv)	(205)	95	(110)	101	(9)
MMI Clawback (v)	(281)	189	(92)	-	(92)
NDR Appeals (vi)	(13,972)	(5,618)	(19,590)	(19,369)	(38,959)
Land charges litigation costs (vii)	(81)	47	(34)	-	(34)
Ordinary Residence Cases (viii)	-	(1,060)	(1,060)	1,060	-
Schools with deficit cash balances (ix)	-	-	-	(196)	(196)
Total	**(18,771)**	**(5,812)**	**(24,583)**	**(18,010)**	**(42,593)**

(i) Insurance £2.958m – The Council is effectively self-insured with high excesses on most insurance policies. The Council mitigates its insurance risk with the use of reserves, provisions and catastrophe cover from an insurance company, which for 2017/18 was primarily Zurich Municipal. The Council is therefore obliged to make a provision each year in respect of potential claims, most of which are received in future years. The level of provision is assessed annually. In 2017/18, from a starting balance of £3.439m net contributions of £0.063m were made to the provision, £0.544m of claims were paid, leaving a balance on the provision of £2.958m which is deemed an appropriate balance to cover any outstanding liabilities. This balance includes the outstanding claims estimate under Municipal Mutual Insurance Scheme of Arrangement, as shown in note 50(a).

(ii) Liabilities arising from claims under Equal Pay legislation from employees who may have been disadvantaged under the Council's previous pay scheme operating up to 31 December 2008 have been estimated at £0.225m. The movements in year of £0.019m are in respect of 1 settled claim and the associated tax payment to HMRC. The Council is actively engaged in trying to settle the final claims in the next period.

(iii) VAT on DFG Admin fees of £0.120m. These monies are held pending the outcome of a Tax Tribunal case.

(iv) Employment Rationalisation – the Council has severance agreements with a number of staff which may or may not be taken up pending the rationalisation of employment within the Council. The estimated cost of these agreements is £0.009m (£0.110m in 2016/17).

(v) MMI Clawback - In January 1994 the Council's former insurer, Municipal Mutual Insurance, made a scheme of agreement 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. The scheme of arrangement was triggered during 2012/13 and there are no financial obligations currently outstanding.

(vi) In 2013/14, the administration of NDR changed following the introduction of a business rates retention scheme which aims to give Councils a greater incentive to grow businesses but also increases the financial risk due to volatility, caused by for example new appeals and changes in reliefs, and non-collection of rates. Authorities are expected to finance an element of appeals made in respect of rateable values as defined by VOA as at 31 March 2018. As such, authorities are required to make a provision for these amounts. Appeals are charged and provided for in proportion of the precepting shares. The total provision charged/(credited) to the collection fund for 2017/18 has been calculated at £(0.626)m, of which Trafford's share at 99% is £(0.620)m. The movement in business rates provision includes £19.989m as a result of inheriting the Government's share of historic balances under the 100% Business Rates Retention Scheme

(vii) Land charges litigation costs - Local Land Charges – a group of property search companies sought to claim refunds of fees paid to the Council for land charges data. This provision covers the anticipated costs set aside to settle these claims.

(viii) Ordinary Residence Cases - The secretary of state made a determination in April 2017 that the Ordinary Residence of two clients was not within Trafford. The ruling goes back a number of years and the payment of their packages of care is to be claimed from the respective authorities. The claims were settled in full in the 2017/18 financial year hence the provision has been written out of the Balance Sheet.

(ix) Schools with deficit cash balances - are monies set aside to cover estimated deficits on schools in special measures transferring to academy status in 2018/2019.

Movement in provisions at 31 March 2018 is summarised as follows:

	Outstanding Legal Cases £000	Injury and Damage Compensation Claims £000	Business Rates Appeals £000	Other Provisions £000	Total £000
Balance at 1 April 2017	**(258)**	**(4,625)**	**(19,590)**	**(110)**	**(24,583)**
Additional provisions made	-	(63)	620	(205)	352
Inherited share of Central Government Business Rate Appeals	-	-	(19,989)	-	(19,989)
Amounts used	(87)	1,604	-	110	1,627
Unused amounts reversed	-	-	-	-	-
Unwinding of discounting	-	-	-	-	-
Balance as at 31 March 2018	**(345)**	**(3,084)**	**(38,959)**	**(205)**	**(42,593)**

An element of the above provisions have been classified as short-term on the balance sheet based on the assumption that there is a high likelihood that they will be used within 12 months of the balance sheet date:

Balance 31 March 2017 £000	Provisions	Balance 31 March 2018 £000
(828)	Insurance	(724)
(244)	Equal Pay	(225)
(110)	Employee Rationalisation	(9)
(92)	MMI Clawback	(92)
(14,692)	NDR Appeals	(29,219)
(34)	Land charges litigation costs	(34)
(1,060)	Ordinary Residence Cases	-
-	Schools with deficit cash balances	(196)
(17,060)	**Total Short Term**	**(30,499)**
(2,611)	Insurance	(2,234)
(4,898)	NDR Appeals	(9,740)
(14)	VAT on DFG Admin fees	(120)
(7,523)	**Total Long Term**	**(12,094)**
(24,583)	**Total**	**(42,593)**

26. Usable Reserves (Balance Sheet page 19)

Movement in the Council's usable reserves are detailed in the Movement in Reserves Statement and in note 9. The following additional information is provided relating to reserves held by schools.

(i) Reserves & Balances held by Schools under Delegated Schemes

In accordance with the Council's approved scheme for delegating budgets to schools, the amount of any budget not spent in the year is carried forward. These reserves are not available to the Council for general use, it is for each school to determine how they are spent. The net surplus revenue balances at 31 March 2018 were £(7.383)m (£(7.510)m at 31 March 2017).

At 31 March 2018 there were 5 schools with a deficit balance on their revenue reserves, amounting to £0.499m, whilst 62 schools had surplus balances amounting to £(7.882)m.

In addition, there are unspent devolved formula capital balances of £(0.327)m, which are included within Capital Grants and Contributions on the balance sheet (note 40).

(ii) Capital Receipts Reserve

The balance is held in the Capital Receipts Reserve to meet new capital expenditure, debts or other liabilities.

2017 £000	Capital Receipts Reserve	2018 £000
(9,250)	**Balance carried forward at 1 April**	**(8,523)**
(3,308)	Capital receipts in the year from sale of assets(net of disposal costs)	(2,269)
(12,558)	**Sub-total**	**(10,792)**
3,826	Amount used to finance capital expenditure in year	6,189
-	Local Authority Mortgage Scheme – accounting treatment adjustment *	(2,000)
209	Amount used to repay debt	-
(8,523)	**Balance carried forward at 31 March**	**(6,603)**

* In 2012/13 the Loan Advance relating to the Local Authority Mortgage Scheme was incorrectly accounting for using Capital Receipts. This was corrected in 2017/18 , reinstating the Capital Receipts Reserve and removal from the Capital Adjustment Account. See opporsite entry in Note 27 Capital Adjustment Account

27. Unusable Reserves (Balance Sheet page 19)

Total unusable reserves balances and movements are shown in the Movement in Reserves Statement and in note 9. The following notes give an explanation by individual reserve.

31 March 2017 £000	Unusable Reserves	31 March 2018 £000
(45,267)	Revaluation Reserve (i)	(55,427)
(33,225)	Available for Sale Financial Instruments Reserve (ii)	(41,651)
(320,730)	Capital Adjustment Account (iii)	(313,473)
5,134	Financial Instruments Adjustment Account (iv)	4,864
231,355	Pensions Reserve (v)	229,512
3,752	Collection Fund Adjustment Account (vi)	7,604
4,000	Accumulated Absences Account (vii)	3,635
(154,981)	**Total Unusable Reserves**	**(164,936)**

(i) Revaluation Reserve

- The Revaluation Reserve contains the gains made by the Council arising from the increases in the value of its Property, Plant and Equipment (and Intangible Assets). The balance is reduced when assets with accumulated gains are:
- revalued downwards or impaired;
- used in the provision of services and the gains are consumed through depreciation, or;
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2016/17 £000	Revaluation Reserve	2017/18 £000
(37,869)	**Balance as at 1 April**	**(45,267)**
(12,206)	Upward revaluation of assets	(20,514)
-	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	5,127
(50,075)		**(60,654)**
-	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	-
1,666	Difference between fair value depreciation and historical cost depreciation	2,287
3,142	Accumulated gains on assets sold or scrapped	2,940
4,808	**Amount written off to the Capital Adjustment Account**	**5,227**
(45,267)	**Balance as at 31 March**	**(55,427)**

(ii) Available for Sale Financial Instruments Reserve

The Available for Sale Financial Instruments Reserve contains the gains made by the Council arising from the increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. 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.

In 2017/18 the Council revalued its shareholding in Manchester Airport which resulted in an increase in value from £43.7m to £51.9m and the original investment of £10.214m forms part of the Capital Adjustment Account balance.

The Council during 2015/16 invested £5m in the Church Commissioners Local Authority Property fund and this enabled 1,643,872 units to be purchased. The value of these units decreased from an opening position of £4.74m at 1 April 2017 to close at £4.97m at 31 March 2018 and it is expected that this investment will be in place for a minimum period of 5 years.

The movements in both of these valuations are reflected in the Available for Sale Financial Instruments reserve.

2016/17 £000	Available for Sale Financial Instruments Reserve	2017/18 £000
(29,401)	**Balance as at 1 April**	**(33,225)**
(3,900)	Upward revaluation of investment	(8,200)
76	Upward revaluation of investments not charged to the Surplus/Deficit on the Provision of Services	(225)
(3,824)		**(8,425)**
-	Accumulated gains on assets sold and maturing assets written out to the Comprehensive Income and Expenditure Statement as part of Other Investment Income	-
(33,225)	**Balance as at 31 March**	**(41,651)**

(iii) Capital Adjustment Account

The Capital Adjustment Account absorbs 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 Capital Adjustment Account contains amounts required by statute to be set aside from capital receipts and Government grants together with the amount set aside from revenue accounts for the repayment of debt. It also contains the amounts used from revenue, capital receipts and grants to finance the capital programme. The reserve is not available to supplement spending programmes of the Council. A credit balance on this account reflects that capital finance has been set aside at a faster rate than non-current assets have been consumed.

2016/17 £000	Capital Adjustment Account	2017/18 £000
(326,487)	**Balance as at 1 April**	**(320,730)**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
13,244	- Charges for depreciation and impairment of non-current assets	14,210
1,710	- Revaluation losses on Property, Plant and Equipment	3,998
545	- Amortisation of intangible assets	641
1,226	- Revenue expenditure funded from capital under statute	1,119
9,547	- Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	11,426
26,272		**31,394**
(4,808)	Adjusting amounts written out of the Revaluation Reserve	(5,227)
21,464	**Net written out amount of the cost of non-current assets consumed in the year**	**26,167**
	Capital financing applied in the year:	
(3,827)	- Use of the Capital Receipts Reserve to finance new capital expenditure	(6,189)
	- Local Authority Mortgage Scheme – accounting treatment adjustment *	2,000
(11,203)	- Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(12,241)
(1,025)	- Statutory provision for the financing of capital investment charged against the General Fund Balance	(1,986)
(148)	- Capital expenditure charged against the General Fund Balance	(4,003)
(16,203)		**(22,419)**
496	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	3,510
(320,730)	**Balance as at 31 March**	**(313,473)**

* In 2012/13 the Loan Advance relating to the Local Authority Mortgage Scheme was incorrectly accounting for using Capital Receipts. This was corrected in 2017/18 , reinstating the Capital Receipts Reserve and removal from the Capital Adjustment Account. See opporsite entry in Note 26 Capital Receipts Reserve

(iv) Financial Instruments Adjustment Account

2016/17 £000	Financial Instruments Adjustment Account	2017/18 £000
5,402	**Balance as at 1 April**	**5,134**
-	Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement	-
-	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with Statutory requirements	-
(268)	Less annual charge for premiums incurred in previous financial years and stepped loan EIR adjustment	(270)
-	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	-
5,134	**Balance at 31 March**	**4,864**

The above table details the transactions generated in accordance with the Code and includes outstanding premium incurred from past debt restructuring exercises on which the replacement loan does not meet one of following criteria;

- Replaced on same day;
- Replaced with same lender;
- Net Present Value of future cash flows of the repaid loan compared to the replacement loan does not produce a saving of less than 10%.

In addition to this, the equalisation of interest on the two stepped interest rate market loans calculated over their full life was transferred into this account with the annual recharge to the Comprehensive Income & Expenditure Statement changing from that actually incurred to one calculated on an Effective Interest Rate basis. The balance on the account at 31 March 2018 will be charged to the General Fund in accordance with statutory arrangements over the next 25 years.

(v) Pensions Reserve/Liability

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer’s contributions to pension funds or eventually pays any pensions for which it is directly responsible.

Any difference between the IAS19 values and the statutory pension fund contributions is accounted for in the Movement in Reserves Statement via a transfer to the Pensions Reserve. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2016/17 £000	Pensions Liability	2017/18 £000
(226,011)	Balance as at 1 April	(231,355)
4,129	Re-measurements of the net defined benefit liability/(asset)	20,672
(25,507)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(34,028)
16,034	Employer's pension contributions and direct payments to pensioners payable in the year	15,200
-	Balance of Advance Pension Payment *	24,192
(231,355)	**Balance as at 31 March ***	**(205,319)**

* Balance on Pension Reserve is £229.511m

In previous years the Pension Reserve and Pension Liability have reflected these movements and have therefore been equal and opposite. However as a result of the accounting treatment of the Advanced Pension payment this has meant that the pension reserve does not equal the pension liability. This is a natural consequence of three year's payment being made and accounted for as a reduction of the Pension Liability but only one year being charged to the general fund. The difference in the Pension Liability and Pension Reserve is represented by a figure of £24.2m relating to the balance of the three year advanced pension contribution yet to be utilised.

(vi) Collection Fund Adjustment Account

Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2016/17 £000	Collection Fund Adjustment Account	2017/18 £000
(2,312)	**Balance as at 1 April**	**3,752**
(593)	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	314
6,657	Amount by which non domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from non-domestic rates income calculated for the year in accordance with statutory requirements	3,538
3,752	**Balance as at 31 March**	**7,604**

(vii) Accumulated Absences Account

The 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 or from the Account.

2016/17 £000	Accumulated Absences Account	2017/18 £000
3,884	**Balance as at 1 April**	**4,000**
(3,884)	Settlement or cancellation of accrual made at the end of the preceding year	(4,000)
4,000	Amounts accrued at the end of the current year	3,635
116	Amount by which amounts officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(365)
4,000	**Balance as at 31 March**	**3,635**

28. Cash Flow Statement – Operating Activities (page 23)

The cash flow from Operating Activities includes the following:

28a - Adjustments to net surplus or deficit on the provision of services for non-cash movements		
2016/17 £000		**2017/18 £000**
(13,244)	Depreciation/Impairment charged to I and E	(18,208)
(545)	Amortisation of Intangible Assets	(641)
501	(Increase)/Decrease in Creditors	(5,260)
(3,142)	Increase/(Decrease) in Debtors	14,461
14	Increase/(Decrease) in Inventories	(9)
(9,473)	Pensions Liability	(18,828)
-	Balance of Pension Liability	24,192
(5,812)	Contributions to/(from) Provisions	(18,011)
(1,710)	Revaluation Losses	-
(9,547)	Carrying value on disposal of Property, Plant and Equipment, Investment Property and Intangible Assets	(11,426)
(495)	Investment Properties Losses (Gains)	(3,509)
25	Other non-cash adjustments	26
(43,428)		**(61,405)**

28b - Adjustments for items included in the net surplus or deficit on the provision of services that are investing or financing activities		
2016/17 £000		**2017/18 £000**
-	Proceeds from short-term and long-term investments	(23,303)
15,053	Capital Grants credited to the surplus or deficit on the provisions of services	11,545
3,308	Proceeds from the sale of non-current assets	2,270
18,361		**(9,488)**

28c - The cash flows for operating activities include the following items:		
2016/17 £000		**2017/18 £000**
(2,058)	Interest received	(2,131)
5,988	Interest paid	5,571
(4,022)	Dividends received	(4,813)

28d - The cash flows relating to the Advanced Pension Contribution		
2016/17 £000		**2017/18 £000**
-	Pension Advance Payment covering 3 years (17/18, 18,19 and 19/20	(36,288)
-	1/3 Drawn down representing 17/18	12,096
-		**24,192**

29. Cash Flow Statement – Investing Activities (page 23)

The cash flows for investing activities include the following items:

2016/17 £000		**2017/18 £000**
23,644	Purchase of property, plant and equipment, investment property and intangible assets	65,501
19,100	Purchase / (proceeds) of short-term and long-term investments	2,500
250	Other payments for investing activities	149

(3,308)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(2,269)
(13,734)	Other receipts from investing activities – Capital Grants Received	(11,514)
25,952	**Net cash flows from investing activities**	**54,367**

30. Cash Flow Statement – Financing Activities (page 23)

The cash flows for financing activities include the following items:

2016/17 £000		2017/18 £000
(4,761)	Cash receipts of short and long-term borrowing	(62,914)
-	Other receipts from financing activities	-
209	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	222
3,749	Repayments of short and long-term borrowing	3,716
180	Other payments for financing activities – Net Cash inflow from NDR Agency arrangements	15,533
(623)	**Net cash flows from investing activities**	**(43,443)**

31. Acquired and Discontinued Operations

None to report.

32. Trading Operations (See also note 12)

		2015/16 £000	2016/17 £000	2017/18 £000
Building Cleaning	Turnover	(2,004)	(2,062)	(2,145)
	Expenditure	1,985	2.110	2,149
	(Surplus)/Deficit	**(19)**	**48**	**4**
Cumulative (Surplus)/Deficit over last three financial years was £33k				
Education Catering	Turnover	(6,959)	(7,317)	(7,575)
	Expenditure	6,664	7,298	7,602
	(Surplus)/Deficit	**(295)**	**(19)**	**27**
Cumulative (Surplus)/Deficit over last three financial years was £(415)k				
Net (surplus)/deficit on trading operations		**(314)**	**29**	**31**

All the above figures are inclusive of depreciation.

Trading operations are incorporated into the Comprehensive Income and Expenditure Statement. Some are an integral part of one of the Council's services to the public whilst others are support services to the Council's services to the public (e.g. Schools Catering and Cleaning). The expenditure of these operations is allocated or recharged to headings in the Net Operating Expenditure of Continuing Operations. Only a residual amount of the net surplus on trading operations is charged as Financing and Investment Income and Expenditure (see note 12):

	2016/17 £000	2017/18 £000
Net surplus on trading operations	**29**	**31**
Services to the public included in Expenditure of Continuing Operations	-	-
Support services recharged to Expenditure of Continuing Operations	-	-
Net surplus credited to Other Operating Expenditure	**29**	**31**

33. Agency Services

Council Tax and NDR

The Code determines that billing authorities act as agent when collecting local taxes, as follows:

- Council tax – the billing authority acts as the agent of its major preceptors when collecting council tax on their behalf. In Trafford, the two major preceptors are the Police and Crime Commissioner for Greater Manchester and the Greater Manchester Fire and Rescue Authority. No fee is chargeable for this service;

- Non-Domestic Rates (NDR) – the billing authority acts as agent for Central Government and Greater Manchester Fire and Rescue Authority in collecting NDR. The Government paid Trafford an allowance for the cost of this collection in 2017/18 of £0.443m (£0.461m in 2016/17).

Greater Manchester Combined Authority

The Council is acting as the lead authority on behalf of the Greater Manchester Combined Authority providing the Working Well Expansion Programme. The full costs of this are met from grants received from the Mental Health Trailblazer and the Transformation Challenge Award, and performance related funding from the Department of Work and Pensions and the European Social Fund. The Council charges a management fee of £0.011m per annum, starting in the 2016/17 financial year. This income and expenditure does not form part of the Council's Income and Expenditure Account, however any funds not spent are carried forward and included within the Council's balance sheet under short term liabilities to be repaid to GMCA when the agency arrangements finish. Details of the Income and Expenditure are shown below:

	2016/17 £000	**2017/18 £000**
Expenditure Incurred on Working Well and Talking Therapies	4,015	6,337
Total Expenditure	**4,015**	**6,337**
Income Received from grants	(1,400)	(3,500)
Net (Surplus)/Deficit for the year	**2,615**	**2,837**
Balance b/fwd	**(3,863)**	**(1,248)**
Balance c/fwd	**(1,248)**	**1,589**

The Council has not acted in an agency capacity for any other external bodies in the 2017/18 financial year.

34. Road Charging Schemes

The Council does not operate any such schemes.

35. Pooled Budgets

Learning Disability Pooled Budget

Trafford has operated a pooled fund for Learning Disability Services in conjunction with Trafford Clinical Commissioning Group (CCG) (previously Trafford Primary Care Trust (PCT)) since 1 April 2003. Trafford MBC acts as the lead accounting officer for the pooled fund, which is managed jointly by the Council and the CCG. The pool provides a wide variety of services to Learning Disability adults in Trafford, including a joint community team, extensive specialist residential provision, a range of supported placements, support in the home and external and in-house day care.

The gross 2017/18 budget was £22.315m, which after grant income and fees of £1.103m left net planned expenditure of £21.212m to be funded jointly by the Council and the CCG. The net budget was overspent by £0.298m in year and is included in the Children, Families & Wellbeing Service outturn figure.

	2016/17 £000	2017/18 £000
Funding provided to the pooled budgets:		
the Council	(19,091)	(19,091)
Trafford CCG	(2,121)	(2,121)
	(21,212)	**(21,212)**
Expenditure met from the pooled budget:	21,495	21,510
Net (surplus)/deficit arising on the pooled budget during the year	**283**	**298**
Contribution from Service Outturn	(283)	(298)
Previous year's (surplus)/deficit carried forward	-	-
Contribution to Reserve	-	-
Balance to be carried forward	**-**	**-**

Better Care Pooled Fund Account

The Better Care Pooled Fund Account is a joint pooled account with Trafford Clinical Commissioning Group (CCG) and Trafford Council's Adult Care service to jointly commission services in line with Government requirements under section 75 of the Health Act 2006. The fund is hosted by Trafford CCG and commenced on 1st April 2015.

The Better Care Fund creates a local single pooled budget to incentivise the NHS and local government to work more closely together around people, placing their well-being as the focus of health and care services. Locally, the primary aims of the fund are:

- Reducing non-elective admissions and reducing residential admissions by providing the right care and support within the community
- Facilitating earlier hospital discharge
- Supporting Carers in their caring role
- Supporting people to remain independent in the community

Financial performance in the year to 31st March 2018 was as follows:

	2016/17 £000	2017/18 £000
Total Allocation	(16,092)	(20,769)
Less Performance Adjustment	-	-
Final Allocation	**(16,092)**	**(20,769)**
Funding provided to the pooled budgets:		
Trafford Council	(1,688)	(6,107)
Trafford CCG	(14,404)	(14,662)
Total Funding	**(16,092)**	**(20,769)**
Expenditure met from the pooled budget:		
Trafford Council	7,234	11,753
Trafford CCG	8,858	9,016
Total Expenditure	**16,092**	**20,769**
Net (surplus)/deficit arising on the pooled budget during the year	**-**	**-**

36. Members' Allowances

The Council paid the following amounts to members of the council during the year.

	2016/17 £000	2017/18 £000
Basic Allowances	409	406
Special Responsibility Allowances	293	298
Expenses	3	5
Total	**705**	**709**

The Council consists of 63 elected Members (Councillors) and 10 co-opted/independent Members to whom £0.709m was paid in allowances in the year (£0.705m in 2016/17).

37. Officers' Remuneration

The number of employees whose remuneration, excluding employer's pension contributions, was £50,000 or more in bands of £5,000 in 2016/17 and 2017/18 was:

2016/17		Remuneration Band	2017/18	
Schools Staff	Other Staff		Schools Staff	Other Staff
-	-	£165,000 - £169,999	-	1
-	1	£160,000 - £164,999	-	-
-	-	£155,000 - £159,999	-	-
-	-	£150,000 - £154,999	-	-
-	-	£145,000 - £149,999	-	-
-	-	£140,000 - £144,999	-	-
-	-	£135,000 - £139,999	-	-
-	-	£130,000 - £134,999	-	-
-	-	£125,000 - £129,999	-	-
-	-	£120,000 - £124,999	-	-
-	1	£115,000 - £119,999	-	1
-	1	£110,000 - £114,999	-	1
-	1	£105,000 - £109,999	-	-
-	-	£100,000 - £104,999	-	-
-	-	£95,000 - £99,999	1	-
-	-	£90,000 - £94,999	-	-
1	-	£85,000 - £89,999	1	2 (1)
-	6 (2)	£80,000 - £84,999	-	9 (1)
1	2	£75,000 - £79,999	2	-
8 (1)	3 (2)	£70,000 - £74,999	7	1
8 (1)	7 (3)	£65,000 - £69,999	6 (1)	7 (1)
13 (1)	7	£60,000 - £64,999	15	10
15 (1)	11 (1)	£55,000 - £59,999	8	11
16	19 (2)	£50,000 - £54,999	28	20
62 (4)	**59 (10)**	**Total**	**68 (1)**	**63 (3)**

Note : The number of leavers included in the main figures are shown in (brackets).

Remuneration includes gross taxable pay, including expenses (chargeable to income tax), plus benefits in kind and compensation payments. It excludes employer's pension contributions.

The above table excludes employees from Academy, Foundation and Voluntary Aided Schools as these staff are not employed by the Council.

37. Officers' Remuneration (Continued)

The numbers of redundancy/early retirement (R&ER) packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

(a) R&ER package cost band (including special payments)	(b) Number of compulsory redundancies		(c) Number of other departures agreed		(d) Total number of R&ER packages by cost band [(b) + (c)]		(e) Total cost of R&ER packages in each band £		(f) Number of pension strain costs agreed		(g) Total cost of pension strain in each band £	
	2016/17	**2017/18**	**2016/17**	**2017/18**	**2016/17**	**2017/18**	**2016/17**	**2017/18**	**2016/17**	**2017/18**	**2016/17**	**2017/18**
£0 - £20,000	33	3	88	74	121	77	748,181	366,950	19	14	141,982	123,842
£20,001 - £40,000	6	1	4	7	10	8	274,112	242,684	8	4	223,991	92,032
£40,001 - £60,000	2	1	2	-	4	1	170,328	43,387	2	3	97,596	143,707
£60,001 - £80,000	-	-	-	-	-	-	-	-	1	-	61,095	-
£80,001 - £100,000	-	-	-	-	-	-	-	-	1	2	83,291	186,855
£100,001 - £120,000	-	-	-	-	-	-	-	-	-	-	-	-
£120,001 - £140,000	-	-	-	-	-	-	-	-	-	-	-	-
Total	**41**	**5**	**94**	**81**	**135**	**86**	**1,192,621**	**653,021**	**31**	**23**	**607,955**	**546,436**

Pension Strain costs - occur where an employee is permitted by the employer to take pension benefits without actuarial reduction. This subsequently gives rise to the pension strain cost being met by the employer. The employee derives a benefit from the difference between the pension actually received and what the pension would have been had the actuarial reduction taken effect. The benefit therefore needs to be included in the R&ER packages disclosure above. However, these are **not payments to employees** but are costs written down against the Council's annual allowance for the early payment of pension benefits and are therefore shown separately in the above table. The numbers of pension strain costs agreed above relate to employees already included in the total number of R&ER packages shown in column (d) and are not in addition to them.

Senior Officers Remuneration

The following tables set out the remuneration disclosures for Senior Officers **(excluding** teachers), identified by job title, whose **salary** is:

(i) £150,000 per year or more; or

(ii) less than £150,000 but equal to or more than £50,000 per year and who meet at least one of the following criteria:

- statutory chief officers (per section 2(6) of the Local Government and Housing Act 1989 as amended), e.g. head of paid service, director of children's services, section 151 officer etc.

- a person who has responsibility for the management of the authority, to the extent that the person has power to plan, direct or control the major activities of the authority (in particular activities involving expenditure of money), whether solely or collectively, in accordance with accounting regulations.

37. Officers' Remuneration (Continued)

Senior Officers Salary 2017/18 Postholder	Note	Salary. fees & allowances	Compen-sation for loss of office	Bonuses	Expense allowances	Benefits in kind (e.g. Car allowance)	Pension contributions	Total
		£	£	£	£	£	£	£
Chief Executive	1	164,195	-	-	1,327	-	28,536	**194,058**
Deputy Chief Executive	2	18,771	-	-	25	-	4,520	**23,316**
Corporate Director (Children, Families & Wellbeing)	3	115,962	-	-	1,089	-	23,853	**140,904**
Corporate Director (Economic Growth, Environment & Infrastructure)	4	81,888	-	-	9,415	-	9,422	**100,725**
Acting Corporate Director (Economic Growth, Environment & Infrastructure)	5	7,809	-	-	-	-	1,593	**9,402**
Corporate Director (Transformation & Resources)	6	111,565	-	-	-	-	22,893	**134,458**
Chief Finance Officer (Section 151 Officer)	7	82,373	-	-	13	-	16,804	**99,190**
Director of Legal & Democratic Services (Monitoring Officer)	8	86,068	-	-	-	-	17,761	**103,829**
Interim Director of Public Health		81,153	-	-	-	-	16,555	**97,708**

Notes :

(1) The Chief Executive was also paid Returning Officer fees for the May 2017 Greater Manchester Mayoral Election of £8,240 and the June 2017 General Election of £6,829.

(2) The Deputy Chief Executive left the Authority on 31/5/17. They were also paid supervision duty fees for the May 2017 Greater Manchester Mayoral Election of £350.

(3) The Corporate Director (Children, Families & Wellbeing) was also paid supervision duty fees for the May 2017 Greater Manchester Mayoral Election of £225, the June 2017 General Election of £160 and the September 2017 Bucklow St. Martins by-election of £70.

(4) The new Corporate Director (Economic Growth, Environment & Infrastructure) was appointed on 2/10/17 and later left the Authority on 28/2/18. The figure includes 'pay in lieu of notice' paid in April and May 2018.

(5) The Director of Growth & Regulatory Services was appointed as Acting Corporate Director (Economic Growth, Environment & Infrastructure) on 6/3/18. The Acting up allowance and associated employer pension contributions for the period 6/3/18 to 31/3/18 included in these figures were paid in arrears in April 2018.

(6) The Corporate Director (Transformation & Resources) was also paid Deputy Returning Officer fees for the June 2017 General Election of £3,414, the September 2017 Bucklow St. Martins by-election of £120 and the October 2017 Altrincham Neighbourhood Plan Residential Referendum of £360.

(7) The Chief Finance Officer was also paid supervision duty fees for the May 2017 Greater Manchester Mayoral Election of £350 and the June 2017 General Election of £280.

(8) The Director of Legal & Democratic Services was also paid Deputy Returning Officer fees for the May 2017 Greater Manchester Mayoral Election of £2,620, the June 2017 General Election of £3,414, the September 2017 Bucklow St. Martins by-election of £120 and the October 2017 Altrincham Neighbourhood Plan Residential Referendum of £120.

37. Officers' Remuneration (Continued)

Senior Officers Salary 2016/17 Postholder	Note	Salary. fees & allowances	Compen-sation for loss of office	Bonuses	Expense allowances	Benefits in kind (e.g. Car allowance)	Pension contributions	Total
		£	£	£	£	£	£	£
Chief Executive	1	163,389	-	-	1,055	-	28,231	**192,675**
Deputy Chief Executive		110,941	-	-	408	-	22,812	**134,161**
Corporate Director (Children, Families & Wellbeing)	2	115,068	-	-	325	-	23,289	**138,682**
Corporate Director (Transformation & Resources)	3	109,822	-	-	-	-	22,404	**132,226**
Chief Finance Officer (Section 151 Officer)		75,389	-	-	115	-	15,267	**90,771**
Director of Legal & Democratic Services (Monitoring Officer)	4	83,657	-	-	-	-	17,066	**100,723**
Director of Public Health	5	27,107	40,740	-	-	-	3,862	**71,709**
Interim Director of Public Health	6	54,092	-	-	-	-	11,120	**65,212**

Notes :

(1) The Chief Executive was also paid Returning Officer fees for the May 2016 Local Election of £5,040 and the June 2016 European Referendum of £7,525.
(2) The Interim Corporate Director (Children, Families & Wellbeing) was appointed as the Corporate Director (Children, Families and Wellbeing) on 1/2/17.
(3) The Corporate Director (Transformation & Resources) was also paid Deputy Returning Officer fees for the May 2016 Local Election of £2,520 and the June 2016 European Referendum of £2,490.
(4) The Director of Legal & Democratic Services was also paid Deputy Returning Officer fees for the May 2016 Local Election of £2,520 and the June 2016 European Referendum of £2,490.
(5) The Director of Public Health left the Authority on 31/7/16.
(6) The new Acting Director of Public Health was appointed on 1/8/16.

Where individual Senior Officers were 'Acting' or 'Interim' during the year, the amounts shown represent the total remuneration received for the period they were acting in that capacity

38. External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims, statutory inspections and to non-audit services provided by the Council's external auditors:

	2016/17 £000	2017/18 £000
Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor	118	118
Fees payable to Grant Thornton for the certification of grant claims and returns	19	19
Fees payable to Grant Thornton in respect of VAT advice other services provided during the year *	9	2
Fees payable to Grant Thornton in respect of CFO Insights Software	-	13
Fees payable to the Cabinet Office in respect of other services provided during the year	4	-
Total	**150**	**152**

** The fees for other services payable to Grant Thornton in 2016/17 and 2017/18 related to specialist advice provided in 2016/17 on a number of claims to HM Revenue & Customs for the refund of VAT.*

39. Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education (DfE), the Dedicated Schools Grant (DSG). An element of DSG is recouped by the DfE to fund academy schools in the Council's area. DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance (England) Regulations 2011. 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 for 2017/18 are as follows:

	Central Expenditure £000	**ISB £000**	**Total £000**
Final DSG 2017/18 before Academy recoupment			(186,128)
Academy figure recouped for 2017/18			61,915
Total DSG 2017/18 after Academy recoupment			(124,213)
Brought forward from 2016/17			(724)
Carry forward to 2018/19 agreed in advance			-
Agreed initial budgeted distribution in 2017/18	**(22,849)**	**(101,364)**	**(124,213)**
In year adjustments	2,639	(2,639)	-
Final budgeted distribution for 2017/18	(20,210)	(104,003)	(124,213)
Less actual central expenditure	19,281	-	19,281
Less actual ISB deployed to schools	-	104,003	104,003
Local authority contribution for 2017/18	-	-	-
Carry forward to 2018/19	**(929)**	**-**	**(929)**

40. Grant and Other Income (Comprehensive Income & Expenditure Statement page 17, Balance sheet page 19)

(i) Grant and Other Income included in the Comprehensive Income and Expenditure Statement

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement:

2016/17 £000	Grants	2017/18 £000
	Credited to Taxation and Non Specific Grant Income	
	Council Tax	
(84,205)	**Council Tax Income**	**(89,700)**

	Non Domestic Rates	
84	Levy payable on business rate growth	-
(83,350)	Non Domestic Rates Income	(150,657)
44,509	NDR Tariff Payment	78,258
-	GM Pool No Detriment Payment	12,204
-	No detriment Rebate from GM Pool	(6,102)
(28)	NDR Levy Rebate from GM Pool	-
(1,783)	Section 31 Compensation Grants	(7,008)
-	Growth Pilot Income	(1,689)
(78)	Renewable Energy Disregard	(82)
6,657	NDR Collection Fund (Surplus)/Deficit	3,548
-	Local Share Contribution to Accumulated Deficit	1,384
(16)	Local Share of Collection Fund Surplus	(750)
-	Growth Pilot Section 31 Grants	(76)
(34,005)	**Non-Domestic Rates Sub-total**	**(70,970)**

	Revenue Grants:	
(22,990)	Revenue Support Grant	-
(3,075)	New Homes Bonus	(2,338)
(729)	Housing Benefit Admin Grant	(633)
(2,473)	Education Services Grant	(681)
(129)	Local Reform & Community Voices Grant	(131)
(461)	NDR Cost of Collection Grant	(443)
(287)	DWP Housing Welfare Reform Grant	(134)
(465)	Transitional Protection Grant	(458)
(92)	Other Grants	(354)
(30,701)	**Revenue Grants Sub-total**	**(5,172)**

2016/17 £000	Grants	2017/18 £000
	Capital Grants :	
(5,496)	Schools Primary Capital Programme	(3,311)
(541)	Schools Devolved Formula Capital Grant	(323)
(1,846)	Schools Condition and Modernisation	(1,802)
-	Schools Early Years Grant	(317)
(203)	Social Care Grants	(55)
(2,874)	Highway Structural Maintenance	(2,483)
(506)	Integrated Transport Grant – TfGM	(1,244)
(3,368)	Other Grants and Contributions	(1,718)
(14,834)	**Capital Grants Sub-total**	**(11,253)**
(79,540)	**Total Credited to Taxation & Non Specific Grant Income**	**(87,395)**

Contributions and Donations

Large items of Income included in Other Contributions and Donations

2016/17 £000		2017/18 £000
(5,546)	Contribution from CCG – Better Care Fund	(6,151)
(2,122)	Contribution from CCG – Learning Disability Pooled Fund	(2,122)

2016/17 £000		2017/18 £000
	Grants Credited to Services	
	Revenue Grants Credited to services:-	
(119,433)	Dedicated School Grant (DSG) incl. EY allocation	(124,213)
(61,027)	Rent Allowances, Rent Rebates and Council Tax Benefit Subsidy	(55,902)
(6,135)	Other Education Grants	(5,980)
(147)	Send Pathfinder Grant	(164)
(13,039)	Public Health Grant	-
(1,300)	Learning Skills Council Grant	(1,473)
(658)	Sale PFI Grant	(658)
(526)	Tackling Troubled Families Grant	(963)
(179)	Section 106 Other Capital Maintenance Grants	(41)
-	Adult Social Care Grant	(950)
(44)	Individual Electoral Registration Grant	(73)
(569)	PE & Sport Grant	(887)
(243)	Local Council Tax support Admin Grant	(228)
(2,879)	Universal Infants Free School Grant	(3,042)
(17)	New Burdens Property Searches Grant	-
(398)	Independent Living Fund Grant	(385)
(33)	Integrated Care Demonstrator Grant	-
(18)	Local Authority Counter Fraud Grant	-

(843)	Other Grants	(4,746)
(207,488)	**Revenue Grants Credited to Services Sub-total**	**(199,705)**
	Capital Grants Credited to services (REFCUS):-	
(351)	Primary Capital Programme	(1,371)
(1,688)	Disabled Facilities	(2,044)
(33)	Devolved Formula Capital	(31)
(465)	TfGM – Local Sustainable Transport Funds	-
(54)	TfGM – City Cycle Ambition Grant	(10)
-	Metrolink Extension contributions	(7,000)
(11)	Schools Maintenance Grants (DfE)	-
-	Schools – Early Years Grant (DfE)	(227)
(113)	Other	(300)
(2,715)	**Capital Grants Credited to services (REFCUS) Sub-total**	**(10,983)**
(210,203)	**Total Grants Credited to Services**	**(210,688)**

(i) Grant Income included in the Balance Sheet

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. These are included in the balance sheet at the year-end as follows:

2016/17 £000		**2017/18 £000**
	Short Term Liabilities:-	
	Capital Grants & Contributions Receipts in Advance:-	
(296)	Devolved Formula Capital	(328)
(189)	Personal Social Care Grant	(113)
(24)	School Travel Plans	-
(468)	Early Years Capital Grant	-
(66)	Highways – Altrincham & Stretford Town Centres	(281)
(266)	S106 & S278 Contributions	(621)
(127)	Other Grants and Contributions	(148)
(1,436)	**Total**	**(1,491)**

2016/17 £000		2017/18 £000
	Revenue Grants & Contributions Receipts in Advance (REFCUS):-	
(497)	BSF One School Pathfinder	(496)
(24)	Other Grants and Contributions	(68)
(521)	**Total REFCUS**	**(564)**
(1,957)	**Total Capital Grants Receipts in Advance**	**(2,055)**

2016/17 £000		2017/18 £000
	Other Revenue Grants Receipts in Advance:-	
(7)	NCB Independent Support Phase 1 & 2	(18)
(200)	DSG Grant	(65)
(105)	Strategic Planning Fund Grant	-
(15)	Child Protection Information Sharing Grant	-
(8)	DEFRA New Burden funding for compliance with INSPI	(8)
(30)	IER Grant	-
(11)	Arts Grant	-
(75)	MST FIT Grant	-
(72)	ASF Grant	(38)
(35)	Open Government Intelligence Grant	-
(15)	Self & Custom House Build Grant	(45)
-	KS2 Moderation & Phonics Grant – academic year 2017/18	(8)
-	Childcare & Early Years Grant	(58)
-	SEND Pathfinder	(191)
-	Homelessness Reduction Act Grant	(36)
-	Flexible Homelessness Support Grant	(186)
-	Heat Networks Delivery Unit Grant	(38)
-	New Burdens Brownfields Register Grant	(6)
(573)	**Total Short Term Grants Receipts in Advance (Revenue)**	**(697)**

2016/17 £000		2017/18 £000
	Long Term Liabilities	
	Capital Grants & Contributions Receipts in Advance:-	
(8,156)	Section 106 and S278 Contributions	(8,483)
(8,156)	**Total Capital Grants**	**(8,483)**
	Revenue Grants & Contributions Receipts in Advance (REFCUS):-	
(2,724)	S106 & S111 Contributions	(112)
(2,724)	**Total REFCUS**	**(112)**
-	**Other Revenue Grants & Contributions Receipts in Advance (Long Term) : -**	-
-	**Total Other**	**-**
(10,880)	**Total Long Term Grants Receipts in Advance**	**(8,595)**

The capital grants and contributions are used to assist in the financing of capital projects. They are carried forward until such time that they are required for specific schemes.

Included in the balance of Capital Grants & Contributions is £6.1946m of contributions received from developers, as part of their obligation under Section 106 of the Town & Country Planning Act 1990. The amounts are received as a result of the granting of planning permission where works are required to be carried out or new facilities provided as a result of that permission. The contributions are restricted to being spent only in accordance with the agreement concluded with the developer. The major balances of Section 106 receipts held by the Council during the year were as follows:

	Restated Balance at 1 April 2017 £000	Receivable in year £000	Contributions applied £000	Balance at 31 March 2018 £000
Open Space schemes	2,337	57	(329)	2,065
Education Schemes	253		(248)	5
Affordable Housing schemes	1,060	756		1,816
Highways/Transport schemes	5,792	3,699	(7,183)	2,308
Total	**9,442**	**4,512**	**(7,760)**	**6,194**

The opening position has been restated to correct the reported overstated position as at 31 March 2017

41. Related Parties

The Code requires the Council to disclose material transactions with related parties. These are organisations or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Central Government has effective control over the general operations of the Council. Details of transactions with Government departments are set out in note 40, with outstanding government debtors and creditors included in notes 21 and 24.

Members of the Council have direct control over the Council's financial and operating policies. All Members' pecuniary interests and non-financial interests which could conflict with those of the Council are available for public inspection and on the Council's website. There were no material transactions with any bodies where a Member has a controlling interest in the organisation. Similarly there were no material transactions to disclose with respect to senior officers of the Council.

During the year a number of transactions were made to other local authorities. Payments to Tameside MBC in respect of pension contributions are disclosed in the notes to the accounts (notes 48 & 49) and precept payments are shown in the collection fund accounts.

The Council also has pooled budget arrangements with Trafford CCG in relation to Learning Disability Services and the Better Care Fund (BCF). Transactions are detailed in Note 35.

A transport levy of £8.792m (£16.104m in 2016/17) was paid to the Greater Manchester Combined Authority (GMCA) and a waste levy of £23.682m (£14.496m in 2016/17, £14.358m gross levy plus top-ups of £0.138m) to Greater Manchester Waste Disposal Authority.

In 2017/18 additional resources were required by the Greater Manchester Waste Disposal Authority (GMWDA) in order to facilitate savings in the waste contract. In order to assist districts in meeting those costs the Transport levy was reduced by £87.98 million on a one off basis, £7.4m for Trafford, resulting in a substantial call on GMCA transport reserves. This switch in resources has been managed at a GM level.

In 2018/19 the funding switch has been reversed with a one-off adjustment to reinstate the GMCA transport reserves, resulting in a net movement from the Waste Disposal levy to the Transport levy for Trafford of £14.8m.

There were no other material related party transactions with the Council. However, the following notes are provided for information purposes only.

The Council no longer provides services directly through its leisure centres. These leisure centres were leased to Trafford Community Leisure Trust (TCLT) who provided relevant leisure services direct to the public until September 2015. The Council made payments to the Trust to help ensure the provision of some services at a discounted rate to particular population demographics of the community. From October 2015 the services provided by TCLT were transferred into a Community Interest Company (CIC), Trafford Leisure CIC Ltd, wholly owned by the Council. For the year 2017/18, the Council made no payments to the CIC (£0.121m in 2016/17). A similar CIC, called Trust Youth Trafford was also established on 11th March 2016 for the provision of Youth Services. The Council made payments to the Youth CIC in 2017/18 totalling £0.280m (£0.114m in 2016/17).

The CIPFA Code of Practice requires that where a Council has material financial interests and a significant level of control over one or more entities, it should prepare Group Accounts.

Whilst Trust Youth Trafford is still considered as immaterial in terms of transaction value Trafford Leisure CIC Ltd. has been included in group accounts in 2017/18.

The Council has paid grants to voluntary organisations for 2017/18 as follows:

2016/17 £	Organisation	2017/18 £
2,057	Carrington Parish Council	2,057
5,730	Dunham Massey Parish Council	5,730
26,048	Partington Town Council	26,048
2,057	Warburton Parish Council	2,057
35,892	**Total Grants**	**35,892**

In addition to the above grants, as detailed in Note 11, the Council also collected and paid over Parish precepts for Partington TC £64,473 (£66,088 in 2016/17), Dunham Massey PC £11,400 (£nil 2016/17) and Warburton PC £8,100 (£nil 2016/17). The Council also agreed to provide grant of £10,000 to Partington Town Council to support the 2017/18 precept, the same as in 2016/17, in addition to the Parish Council grant of £26,048 above. There are no debtors or creditors relating to these transactions at year end or income received from these bodies by the Council.

In 2017/18 Trafford Council ran a range of Voluntary Sector Grant schemes, enabling our investment in the local community to stretch across the borough, support smaller voluntary groups and kick-start local action by individual residents and small constituted groups.

Our main grants scheme saw 38 projects receiving a total of £61,370.28. Twenty of these groups have not received funding from us (in the last three years). We use community voting events to help groups promote themselves, raise interest in their activity and meet other groups. They would not always get this opportunity under a traditional panel-decision system, or when competing with larger organisations.

In addition to the main scheme, through our locality partnership networks we provided 65 residents with micro-grants of up to £500, totalling £18,869. This is very successful in investing in very small local action from which new community groups grow.

The Council also made payments totalling £0.215m to Trafford Centre for Independent Living, under a Service Level Agreement within Adult Social Services, for an advocacy service.

Shareholdings

Manchester Airport Group plc.

31.03.17 £m	*Manchester Airport Consolidated Profit and Loss Account and Balance Sheet (Extract)*	31.03.18 £m
127.2 *	Profit/(Loss) before Tax	157.9
119.2	Profit/(Loss) after Tax	109.7
1,542.0	Net Assets	1,520.6

* updated figure from previously quoted (was 129.1)

Note: The Group have chosen to account under International Financial Reporting Standards from the financial year ended 31 March 2006 onwards.

Manchester Airport Group Plc owns Manchester, London Stansted and East Midlands airports. Until 4 December 2017 it also owned Bournemouth Airport. This was sold to RCA, part of the Rigby Group.

Dividends of £4.813m were received in the year 2017/18 (£4.006m in 2016/17). Further information on these accounts can be obtained from the Head of Financial Accounting, Manchester Airport Group plc., 6th Floor Olympic House, Manchester Airport, Manchester M90 1QX (telephone no. 0161 489 2766).

MaST LIFTCo Ltd

The Council has a 2% shareholding of £200 (200 £1 equity shares) in MaST LIFTCo Ltd. This is a cross-sector partnership company, set up with the intent of improving primary health care facilities. A Dividend of £0.016m was received for the first time in 2016/17. Further information and details of the financial statements of MaST LIFTCo Ltd. can be obtained from: 1st Floor, Anchorage 2, Anchorage Quay, Salford Quays, Manchester M50 3YW.

42. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that is financed from borrowing. The CFR is analysed in the second part of this note.

	2016/17 £000	2017/18 £000
Opening Capital Financing Requirement Capital Investment	**134,815**	**143,977**
Capital Investment:-		
Property, Plant and Equipment	21,084	27,008
Assets Held for Sale		351
Investment Properties		40,951
Intangible Assets	706	416
Capital Debtors	2,483	5,746
Revenue Expenditure Funded from Capital under Statute	3,941	12,102
Sources of finance		
Capital receipts	(3,827)	(6,189)
Government Grants and other Contributions	(13,918)	(23,224)
Sums set aside from revenue:		
Direct revenue contributions	(148)	(4,003)
MRP/loans fund principal	(1,025)	(1,986)
Other Adjustments (including Probation)	(134)	(65)
Closing Capital Financing Requirement	**143,977**	**195,084**
Explanations of movement in the year		
Increase in underlying need for borrowing (supported by government financial assistance)		
Increase in underlying need for borrowing	9,162	51,107
Assets acquired under finance leases		
Assets acquired under PFI/PPP contracts		

Increase/(decrease) in Capital Financing Requirement	**9,162**	**51,107**

This statement shows the amount of capital expenditure during the year and how it was financed.

Year ended 31 March	2016/17 £000	2017/18 £000
SERVICE:		
Children, Families and Wellbeing	9,282	11,951
Economic Growth, Environment & Infrastructure	17,671	27,858
Transformation and Resources	1,261	46,765
Total	**28,214**	**86,574**
The main items of capital expenditure during the year included:		
Capital Investment Fund - Property Acquisitions		44,776
Schools - Primary Capital Programme (* in part)	3,379	6,362
Schools - Early Years Provision Works (* in part)		543
Schools - Devolved Formula Capital (* in part)	574	354
Schools - Capital Maintenance Programme (* in part)	2,528	1,254
LED Street Lighting replacement programme	7,832	2,210
Contribution to Metrolink Extension (*)		7,000
Highways Structural Maintenance (incl. bridges & S.278 schemes)	3,395	4,702
Town Centre Regeneration Initiatives	3,801	4,622
Traffic & Transport Schemes (inc. Integrated Transport)	776	1,106
Waste Collection and Recycling Initiatives		334
Housing Grants (Disabled Facility, Owner Occupier & Housing Standards Grants) (*)	2,000	2,582
Parks, Playgrounds & Greenspace improvements	497	520
Leisure Strategy - "Increasing Physical Activity"		450
Relocation of Depot Facilities		6,500
Public Buildings - DDA Compliance, Repairs & Refurbishments	1,143	919
ICT Initiatives (* in part)	1,233	1,245
Social Care - Agile Working Programme		438
Telecare System (*)	503	239
CCTV Initiatives		243
Other General Infrastructure Investment	553	175
Total	**28,214**	**86,574**
(*) REFCUS		

The type of capital expenditure in the year and how it was financed was as follows:			
	£000		**£000**
Fixed and Intangible Assets	68,726	Borrowing	53,158
Revenue Expenditure Funded from Capital under Statute (i)	12,102	Grants and Contributions	23,224
Debtors	5,746	Revenue Contributions & Reserves	4,003
		Capital Receipts	6,189
Total Capital Expenditure on an accruals basis	**86,574**		**86,574**

(i) Revenue Expenditure Funded from Capital under Statute (REFCUS)

This represents expenditure which is classified as revenue under the Code, but which is permitted to be funded from capital under statute, e.g. capital spending where there is no tangible asset, such as grants awarded for economic development purposes.

This expenditure, and any offsetting capital grants, is now charged directly to the appropriate service in the Comprehensive Income and Expenditure Statement, with the effect on council tax neutralised by an equivalent compensating entry in the MIRS and Capital Adjustment Account.

The deficit on the Comprehensive Income and Expenditure Statement includes revenue costs of £12.102m under this category, offset by £10.983m of Government grants applied. This amounts to a net cost of £1.119m, offset by a corresponding credit entry in the MIRS. These amounts are still treated as capital for control purposes and are hence included in the Capital Expenditure Statement above.

43. Leases

a) Council as Lessee – Finance Leases

The Council does not have any finance lease arrangements.

Operating Leases

Vehicles, Plant, Furniture and Equipment - the Council uses vehicles financed under the terms of an operating lease. The amount charged under these arrangements in 2017/18 was £209,654 (£250,692 in 2016/17).

Land and Buildings - the Council leases numerous buildings which have been accounted for as operating leases. The rentals payable in 2017/18 were £167,503 (£167,503 in 2016/17).

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

	31 March 2017 £000	31 March 2018 £000
Not later than one year	272	124
Later than one year and not later than five years	131	209
Later than five years	475	455
	878	**788 ***

* The Council's grounds maintenance, highways and street cleaning services were transferred to Amey on 4th July 2015 as part of the One Trafford Partnership. As an interim measure, the Council has continued to lease vehicles to maintain service provision until such point Amey have completed the implementation of their own fleet solution. Costs are recoverable from Amey and it is expected that all leases of vehicles by the Council associated with the One Trafford Partnership will have terminated by the end of July 2019. Only a small number of vehicles are now leased for use directly by the Council.

Council as Lessor – Finance Leases

The Council does not have any finance lease arrangements.

Operating Leases

The Council leases out property under operating leases for the following purposes:

- to assist organisations in the provision of services in support of the Council's policy objectives in respect of sports facilities, community centres, scout groups, and various third sector charitable and voluntary bodies.
- to generate rental income from assets held for investment.

The Council also has six lease agreements for commercial development schemes under which a "participation" rent is payable to the Council, determined annually by reference to the profitability of the investment asset. These rents are classed as contingent rents and are not included in the minimum lease payments receivable. In 2017/18 these rents were £0.509m (£0.502m in 2016/17). The Council also receives rent in respect of its joint ownership of Manchester International Airport of £0.449m (£0.478m in 2016/17).

Total rents receivable in 2017/18 were £2.392m (£2.400m in 2016/17).

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

	31 March 2017 £000	31 March 2018 £000
Not later than one year	1,421	1,434
Later than one year and not later than five years	4,896	5,487
Later than five years	101,791	101,137
	108,108	**108,058**

44. PFI and Similar Contracts

The Council occupies premises at Sale Waterside under a PFI arrangement. Annual rental payments are made to the private sector provider, ENGIE, and are partially offset by PFI grant from the Government.

The PFI grant received from MHCLG is £0.658m per annum, over 25 years. This income is included within the accommodation charges in the Net Cost of Services.

Under such arrangements the responsibility for operating the facilities rests with the private sector partner. A number of surplus assets were transferred to the private sector partner at the commencement of the scheme in 2003, the value of which contributed to a reduction in the annual Unitary Service Payment to ENGIE.

ENGIE can sell its interest to another company who can then seek to negotiate a new contract, subject to agreement with the Council.

An analysis of the payments due under the contract is shown in the table below. As all the payments under PFI & similar contracts are linked in full or in part to the Retail Price Index, the figures below are estimates of the cash amounts that will be paid. Lifecycle replacement costs have been included in the Service charges element.

	Payment for services £000	Reimbursement of Capital Expenditure £000	Interest £000	Total £000
Payable in 2018/19	782	237	357	**1,376**
Payable within two to five years	3,365	1,109	1,268	**5,742**
Payable within six to ten years	4,783	1,838	1,134	**7,755**
Payable within eleven to fifteen years	542	2,372	153	**3,067**
Total	**9,472**	**5,556**	**2,912**	**17,940**

Note – the amounts above are based on the PFI contractor's financial model. The actual amount paid can vary as a result of availability and performance deductions.

The estimated value of the remaining PFI payments is £17.94m. At the end of the initial period, the Council will have a number of courses of action available to it:

- walk away from the contract;
- take control of the facilities and purchase the building for a payment of £0.750m;
- negotiate with ENGIE for an extension to the contract.

The liability outstanding to pay any final sums to the contractor for capital expenditure is as follows:

	2016/17 £000	2017/18 £000
Balance outstanding as at start of year	5,986	5,777
Payments during the year	(209)	(221)
Capital expenditure incurred in the year		
Balance outstanding at year-end	**5,777**	**5,556**
Split on Balance Sheet (see also note 24):		
Short term liability (creditor)	221	237
Long term liability – deferred	5,556	5,319

The fair value of the PFI liability is shown in note 18.

45. Impairment Losses

These are disclosed in note 14.

46. Capitalisation of Borrowing Costs

The Council capitalised borrowing costs to the value of £7k in 2017/18.

47. Termination Benefits

The Council has terminated the contracts of a number of employees in 2017/18. These are included in the Comprehensive Income and Expenditure Statement as paid, or accrued where appropriate. Provision has been made for outstanding payments to employees where agreed but subject to final payment.

48. Pension Schemes Accounted for as Defined Contribution Schemes

Pension costs included in the Income & Expenditure Account

Teachers' Pensions Scheme

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE). It provides teachers with defined benefits upon their retirement, and the Council contributes towards the cost by making contributions based on a percentage of members' pensionable salaries.

The scheme is a multi-employer defined benefit scheme. Although the scheme is unfunded, the Department for Education use a notional fund as the basis for calculating the employers' contribution rate applied to all scheme employees. Valuations of the notional fund are undertaken every four years.

It is not possible to identify each authority's share of the underlying liabilities in the scheme attributable to its own employees. For the purpose of the Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2017/18 the Council paid £7.485m (£7.492m in 2016/17) in respect of teachers' retirement benefits. This was based on 16.48% of the teachers' pensionable pay (16.48% in 2016/17).

In addition, the Council is responsible for added years and premature enhancement benefits which it has awarded to teachers at its discretion, together with the related annual increases. In 2017/18, these amounted to £1.356m, representing 2.98% of pensionable pay (£1.384m or 3.04% in 2016/17). These benefits are fully accrued in the pension liability described below.

NHS Pension Scheme

A number of Public Health staff were transferred from the NHS to the Council on 1 April 2013 and continued their membership of the NHS Pension Scheme, administered by NHS Pensions, until August 2016. The scheme provides these Public Health staff with defined benefits upon their retirement, and the Council contributed towards the cost by making contributions based on a percentage of members' pensionable salaries.

There were therefore no payments in 2017/18 (£0.009m in 16/17) in respect of retirement benefits for these Public Health staff. This was based on 14.3% of their pensionable pay in 16/17.

The NHS Pension Scheme is a defined benefit scheme. Although the scheme is unfunded, NHS Pensions use a notional fund as the basis for calculating the employers' contribution rate paid by the local authority. However, it is not possible to identify each authority's share of the underlying liabilities in the scheme attributable to its own employees. For the purpose of the Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

49. Defined Benefit Pension Schemes

Other Employees

The majority of other employees of the Council participate in the Greater Manchester Pension Fund administered by Tameside Metropolitan Borough Council. The scheme provides its members with defined benefits relating to pay and service.

The actual contribution rates to maintain the solvency of the fund vary by employing authority, reflecting the differing profiles of members, and in Trafford's case are phased in over the three years the actuarial valuation relates to. The Council's employer's contribution rate was 19.2% in 2017/18, reflecting the advance payment to cover three years of pension contributions and will be 19.2% in 2018/19. In 2017/18, the Council paid an employer's contribution of £12.895m (£13.432m in 2016/17) into the Greater Manchester Pension Fund, representing 19.2% of pensionable pay (20.4% in 2016/17). `The Council is also responsible for pension payments relating to the historic award of added years, together with related increases. In 2017/18 these amounted to £0.949m, which is 1.3% of pensionable pay (£1.210m or 1.8% in 2016/17).

Further information regarding the Pension Fund and its accounts can be obtained from the Pensions Office, Guardsman Tony Downes House, 5 Manchester Road, Droylsden , M43 6SF (Helpline: 0161 301 7000). www.gmpf.org.uk

Transactions Relating to Retirement benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment / retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

2016/17 £000		2017/18 £000
	COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT	
	Cost of Services:	
	Service Cost comprising:	
15,856	• current service cost	26,971
1,632	• past service costs	546
-	• (gain)/loss from settlements	-
	Financing and Investment Income and Expenditure:	
7,931	• net interest cost	6,334
25,419	*Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services*	33,851
-	*Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement*	-
	Re-measurement of the net defined benefit liability comprising:	
(95,028)	• Return on plan assets (excluding the amount included in the net interest cost)	(3,911)
778	• Actuarial gains and losses arising on changes in demographic assumptions	-
133,865	• Actuarial gains and losses arising on changes in financial assumptions	(16,484)
(43,744)	• Other	(277)
21,290	**Total Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement**	**13,179**
	Movement in Reserve Statement	
(9,473)	• reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(18,828)
	Actual amount charged against the General Fund Balance for pensions in the year:	
13,441	• employers' contributions payable to scheme	12,895
2,593	• retirement benefits payable to pensioners	2,305

Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the authority's obligation in respect of its defined benefit plans is as follows:

2016/17 £000		2017/18 £000
(891,585)	Present value of the defined benefit obligation	(904,547)
660,230	Fair value of plan assets	699,228
(231,355)	**Net Liability arising from defined benefit obligation**	**(205,319)**

Reconciliation of the Movements in the Fair Value of Scheme Assets

2016/17 £000		2017/18 £000
551,724	Opening fair value of scheme assets	660,230
-	Effect of Settlements	-
19,198	Interest income	16,915
	Re-measurement gain/(loss):	
95,028	• The return on plan assets, excluding the amount included in the net interest expense	3,911
-	• Other	-
15,946	Contributions from employer	39,215
4,089	Contributions from employees into the scheme	4,165
(25,755)	Benefits paid	(25,208)
660,230	**Closing fair value of scheme assets**	**699,228**

Reconciliation of the Present Value of the Scheme Liabilities (Defined Benefit Obligation)

2016/17 £000		2017/18 £000
777,735	Opening present value of scheme liabilities	891,585
15,856	Current service costs	26,971
-	Effect of Settlements	-
27,129	Interest costs	23,249
4,089	Contributions from scheme participants	4,165
	Re-measurement (gains) and losses:	
778	• Actuarial gains/losses arising from changes in demographic assumptions	-
133,865	• Actuarial gains/losses arising from changes in financial assumptions	(16,484)
(43,744)	• Other	(277)
1,632	Past service cost	546
(25,755)	Benefits paid	(25,208)
891,585	**Closing present value of scheme liabilities**	**904,547**

Pension Scheme Assets comprised:

	Period ended 31 March 2018				Period ended 31 March 2017			
Asset category	Quoted prices in active markets £000	Quoted prices not in active markets £000	Total £000	Per-centage of total asset %	Quoted prices in active markets £000	Quoted prices not in active markets £000	Total £000	Per-centage of total asset %
Equity Securities:								
Consumer	39,899	-	39,899	6%	53,663	-	53,663	8%
Manufacturing	47,864	-	47,864	7%	54,949	-	54,949	8%
Energy & Utilities	37,900	-	37,900	5%	43,951	-	43,951	7%
Financial Institutions	57,589	-	57,589	8%	67,495	-	67,495	10%
Health & Care Information	17,871	-	17,871	3%	23,688	-	23,688	4%
Technology	11,207	-	11,207	2%	16,773	-	16,773	3%
Other	6,839	-	6,839	1%	11,247	-	11,247	2%
Debt Securities:								
Corporate Bonds (investment grade)	25,919	-	25,919	4%	31,322	-	31,322	5%
Corporate Bonds (non-investment grade)	-	-	-	0%	-	-	-	0%
UK Government	6,059	-	6,059	1%	8,687	-	8,687	1%
Other	19,458	-	19,458	3%	20,858	-	20,858	3%
Private Equity:								
All	-	23,399	23,399	3%	-	18,759	18,759	3%
Real Estate:								
UK Property	-	23,939	23,939	3%	-	18,105	18,105	3%
Overseas Property	-	-	-	0%	-	-		0%
Investment Funds and Unit Trusts:								
Equities	189,205	-	189,205	27%	165,296	-	165,296	25%
Bonds	90,663	-	90,663	13%	47,126	-	47,126	7%
Hedge Funds	-	-	-	0%	-	-	-	0%
Commodities	-	-	-	0%	-	-	-	0%
Infrastructure	-	18,104	18,104	3%	-	15,222	15,222	2%
Other	18,414	39,323	57,737	8%	11,839	32,907	44,746	7%
Derivatives:								
Inflation	-	-	-	0%	-	-	-	0%
Interest Rate	-	-	-	0%	-	-	-	0%
Foreign Exchange	-	-	-	0%	-	-	-	0%
Other	-	-	-	0%	-	-	-	0%
Cash & Cash Equivalents:								
All	25,575	-	25,575	4%	18,345	-	18,345	3%
Totals	**594,463**	**104,765**	**699,228**	**100%**	**575,237**	**84,993**	**660,230**	**100%**

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc.

Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been estimated by Hymans Robertson LLP, an independent firm of actuaries, estimates being based on the latest full valuation of the scheme as at 31 March 2018.

The significant assumptions used by the actuary have been:

2016/17	Mortality assumptions:	2017/18
	Longevity at 65 for current pensioners:	
21.5 years	• men	21.5 years
24.1 years	• women	24.1 years
	Longevity at 65 for future pensioners:	
23.7 years	• men	23.7 years
26.2 years	• women	26.2 years
2.4%	Rate of inflation	2.4%
2.5%	Rate of increase in salaries	2.5%
2.4%	Rate of increase in pensions	2.4%
2.6%	Rate for discounting scheme liabilities	2.7%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant.

The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Change in assumptions at 31 March 2018:	Approximate % increase to Employer Liability	Approximate monetary amount £000
0.5% decrease in real discount rate	9%	85,722
0.5% increase in the salary increase rate	1%	10,719
0.5% increase in the pension increase rate	8%	74,136

Pensions - Summary

The overall Pension deficit at 31 March 2018 in the Balance Sheet is £229.5m. In previous years the Pension Reserve and Pension Liability items in the Balance Sheet have been equal and opposite. However as a result of the accounting treatment of the Advanced Pension payment this has meant that the pension reserve at £205.319m does not equal the pension liability. This is a natural consequence of three year's payment being made and accounted for as a reduction of the Pension Liability but only one year being charged to the general fund. The difference in the Pension Liability and Pension Reserve is represented by a figure of £24.2m relating to the balance of the three year advanced pension contribution yet to be utilised.

Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Council has agreed a strategy with the scheme's actuary to achieve a funding level of 90.5% over the next 3 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed 31 March 2019.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the act, the Local Government Pension Scheme in England and Wales and other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits.

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. The total liability of £205.319m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy:

- the deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary; and;
- finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

The Council anticipates paying £13.152m contributions to the scheme in 2018/19, however as a result of applying 1/3 of the advanced cash payment, this will be reduced to a net cashflow contribution of approximately £0.95m . The weighted average duration of the defined benefit obligation for scheme members is 17.3 years.

50. Contingent Liabilities

(a) Municipal Mutual Insurance

In January 1994 the Council's former insurer, Municipal Mutual Insurance, made a scheme of agreement 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.

The scheme of arrangement was triggered during 2012/13 and a provision was made based on an initial levy of 15%, equating to £0.419m which was paid during 2013/14. By way of a second notice the levy was subsequently increased to 25% as from 1 April 2016, equating to an additional £0.281m which was met from insurance reserves. A contingent liability still exists if the proceeds from the initial levy are not sufficient to cover the cost of future claims. In the event that an additional levy becomes payable then this will be met from the insurance reserve.

(b) Manchester Airport

The Council has made loans to Manchester Airport plc of £8.7m as disclosed in the long term debtors note. In 2009/10 these loans, which were previously secured, were restructured. The loans are no longer secured but to compensate the Council receives a higher rate of interest.

(c) Trafford Housing Trust

A number of warranties were provided to the Trafford Housing Trust (THT) and related stakeholders as a consequence of the housing stock transfer agreement entered into on 14 March 2005.

A brief summary of the salient points of the major warranties follows – complete details are available from the Director of Legal and Democratic Services.

i) Warranties of Truth; the Council has made a number of statements and assertions within the transfer agreement, such as land ownership, value of assets, and the right to exercise certain legal powers. The Council has indemnified THT against any liability should any of those statements prove to be untrue. This risk will also diminish, but over a much longer time frame.

ii) Pension Fund Guarantor; The Council has underwritten any outstanding pension liability to the Pensions Authority for staff transferring under the TUPE regulations to THT, should THT be unable to meet those liabilities. To mitigate this risk THT has taken out a £3.5m bond, which can only be accessed with the permission of the Council. The liability and the level of bond will be actuarially assessed every five years.

iii) Unadopted Drains; The Council has indemnified THT for maintenance and repair works relating to unadopted drainage systems. Should a liability arise it is likely to be of small amounts and will be paid out of the Council's revenue budget in the year of occurrence.

iv) There are a number of Environmental warranties that the Council in aggregate has indemnified THT up to £90m and an unlimited indemnification to THT's funders, the Prudential Trustee Company Ltd. The risk of these warranties is partially off-set by VAT receipts from works done by THT on the Council's behalf. The liabilities and risks of the warranties will be kept under constant review.

v) Asbestos; The Council has given THT a 30 year indemnification against any cost of works arising from asbestos above an excess in any one year of £308,500. This is a rolling excess in that should any excess in one year be unused, it will roll over into the next financial year.

vi) Pollution and Contaminated Land; The Council has extended a 30 year indemnification for any pollution clear up on land transferred where the pollution occurred before the transfer date.

(d) Timperley Sports Club

The Council has a lease agreement with Timperley Sports Club for an artificial sports pitch which was previously the responsibility of the Council.

In the event that the Club constructs a further replacement full size sports pitch with artificial turf or other artificial playing surface at any time during the demised term after 2016 and has given not less than 6 months' notice to the Landlord of the proposed timetable for construction of such new pitch, the Landlord undertakes to pay to the Club (within 28 days after the construction of such pitch and all lighting and ancillary services and access has been practically completed to the reasonable satisfaction of an independent chartered surveyor) £250,000 indexed from the date hereof until the date of payment. The obligation to make the payment under this Clause shall not arise earlier than 1 April 2018.

(e) Section 106 Agreements

A number of agreements in accordance with Section 106 of the Town and Country Planning Act 1990 exist between the Council and developers associated with the planning conditions attached to new developments. In respect of contributions received to date, should the conditions in the agreement not be met by the Council then amounts would become repayable to developers. Should developments proceed and conditions within agreements be met then the estimated value of contributions the Council will receive is £24.9m.

(f) Altrincham Interchange

An element of the financing for this major infrastructure scheme is to come from developer contributions from developments in the vicinity of the Interchange. The Council has underwritten this funding such that if after a period of six years after commencement of the works the contributions are not available then the Council will provide the funding to Transport for Greater Manchester of up to £650,000.

(g) Greater Manchester Loan Fund

The Council agreed to enter into an indemnity agreement to support the Greater Manchester Loan Fund. The fund was set up to provide loans to new and growing business in Greater Manchester. This was entered into alongside other Greater Manchester Authorities and given to Manchester City Council in order to underwrite the initial £12m to £14m capital in proportion to its percentage of GM population at the date of the establishment of the fund (June 2013). For Trafford Council the maximum indemnity will be £1.187m which is 8.48% of the total indemnity. At 31 March 2018 loans totalling £5.550m have been advanced. The risk of the indemnity being called upon is considered to be low. In December 2017 the Greater Manchester Combined Authority approved a proposal which will result in Manchester City Council being reimbursed for all the loans advanced. This will take place in 2018/19 and therefore will remove this risk in future years.

(h) Housing Investment Fund

The Greater Manchester Devolution Agreement provides for a Housing Investment Fund of £300m over ten years, to be invested in the form of recoverable loans and equity into property investments to deliver the growth ambitions of Greater Manchester (GM). The Fund was set-up on 1 April 2015 and is administered by Manchester City Council as accountable body. The Fund provides the opportunity to invest in locally prioritised schemes and give the flexibility required to stimulate the market, accelerate growth and increase housing supply. In return for GM receiving this Fund it must guarantee that 80% of the funds drawn down, to a maximum of £240m, will be repaid to Her Majesty's Treasury (HMT) at the end of the Fund life (this is likely to be in 2028 when all loans advanced are repaid). The Ministry of Housing, Communities and Local Government (MHCLG) will underwrite the first 20% of any loss to the Fund (up to a maximum of £60m). Each GM District will indemnify a proportion of the Fund based on its percentage of GM population as at 1 April 2015. For Trafford Council the maximum indemnity will be £20.415m which is 8.51% of the total indemnity. At 31 March 2018 the amount drawn down was £44.127m. It is not currently anticipated that there will be any call on this indemnity.

(i) Trafford Leisure Community Interest Company (TLCIC)

TLCIC was established on 1 October 2015 to provide leisure services in Trafford. Their headquarters are based at Marsland House in Sale and the Council has underwritten their lease at this property such that if TLCIC default on their lease the Council will be responsible for any outstanding rent and services charges.

(j) Local Land Charges

A group of property search companies sought to claim refunds of fees paid to the Council for land charges data. A number of payments have been made in settlement of these claims but potential exists for further claims in the future but the liability is unknown.

(k) AMEY Contract – Warranties, Indemnities – TUPE and Pension

A number of warranties, guarantees and indemnities are provided for within the Partnership Agreement covering the One Trafford partnership with AMEY Plc. Complete details are available from the Director of Legal and Democratic Services; however a brief summary of the salient points of the major indemnities are as follows

i) TUPE - The Council has agreed to indemnify AMEY Plc against any liability which arises, partly as a result of any omission by the Council before or after the Service Commencement, in relation to any Transferring Employee who transfers in accordance with TUPE.

ii) Pensions - Employer Contributions - The Council has endeavoured to ensure that the Contribution Rate is calculated on the basis that the liabilities for the Eligible Employees at the Relevant Transfer Date are notionally fully funded on the basis of the assumptions used by the actuary to the Pension Fund. The Council has agreed with AMEY if there is an obligation during the Agreement Period to pay employer contributions which have been determined by reference to a contribution rate greater than the actual Contribution Rate made, the Council shall pay to AMEY an "Excess Amount" equal to the difference between the amount actually paid to the Pension Fund and those which they would have been obliged to contribute.

51. Contingent Assets

(a) Section 106 Agreements

A number of agreements in accordance with Section 106 of the Town and Country Planning Act 1990 exist between the Council and developers associated with the planning conditions attached to new developments. In respect of contributions received to date, should the conditions in the agreement not be met by the Council then amounts would become repayable to developers. Should developments proceed and conditions within agreements be met then the estimated value of contributions the Council will receive is £24.9m.

52. Nature and Extent of Risks Arising from Financial Instruments

Key Risks

The Council provides statutory services to the local population on a not-for-profit basis and as such the few financial instruments used are to manage the risks arising from holding substantial levels of assets and liabilities and not for trading or speculative purposes.

The Council's activities expose it to a variety of financial risks, the key risks are:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council;
- Re-financing risk – the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms;
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments;
- 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 Managing 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 based on the Local Government Act 2003 and the associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services 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 CIPFA Treasury Management Code of Practice;
- by the adoption of a Treasury Policy Statement and treasury management clauses within its Financial Procedure rules;
- by approving annually in advance prudential and treasury indicators for the following three years limiting:
    - The Council's overall borrowing;
    - Its maximum and minimum exposures to fixed and variable rates;
    - Its maximum and minimum exposures to the maturity structure of its debt;
    - Its maximum annual 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 counterparties in compliance with the Government Guidance.

These are required to be reported and approved at or before the Council's annual Council Tax setting budget or before the start of the year to which they relate. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported semi-annually to Members.

The Council maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed periodically

The annual treasury management strategy which incorporates the policies to be adopted covering both debt and investments together with the prudential indicators for 2017/18 was approved by Council on 22 February 2017 and is available on the Council website. A summary of the policies and key indicators together with the actual outcomes are shown in the tables below;

Approved policy	Activity undertaken
Debt	
Any new borrowing undertaken will be to (a) assist finance the Council's capital Investment programme and (b) start to replace funds previously used to finance capital spend (under borrowed position) and will be subject to favourable interest rates and budget provision being available permitting this course of action.	£62m of new debt was taken in accordance with the approved policy to fund new capital spend and was undertaken in accordance with information obtained from the Council's advisors.
Debt restructuring exercises to be undertaken which produce revenue savings.	No opportunities arose during the year which would generate revenue savings.
Investment	
All investments were placed in accordance with the approved practice of Security, Liquidity & Yield.	This was fully complied with.
In compliance with MHCLG Investment Guidance the maximum amount of investments which could be placed in Non-specified investments was set at £90m.	This limit was not exceeded and at 31 March 2018 Non Specific Investments totalled £56.8m, £4.9m Church Commissioners Local Authority Property Fund and £51.9m for Manchester International Airport shares.

Prudential Indicators for 2017/18

Indicator	2017/18 Indicator set by Council	2017/18 Actual
Authorised Borrowing Limit	**£m**	**£m**
Maximum level of external debt & other long term liabilities (PFI & leases) undertaken by the authority including any temporary borrowing – this is statutory limit under section 3(1) of the Local Government Act 2003.	446.0	169.9
Operational Boundary	**£m**	**£m**
Calculated on a similar basis as the Authorised limit & represents the expected level of external debt & other long term liabilities (PFI & leases) excluding any temporary borrowing - it is not a limit.	426.0	169.9
Upper limits on fixed interest rates	**£m**	**£m**
Maximum limit of fixed interest rate exposure – debt less investment	6.1	3.3
Upper limits on variable interest rates	**£m**	**£m**
Maximum limit of variable interest rate exposure – debt less investment	2.8	2.2
Gross debt and Capital Financing Requirement		
This highlights all gross external borrowing is prudent for capital purposes and does not exceed the capital financing requirement.	During 2017/18 the Chief Finance Officer can confirm that this was complied with.	
Maturity structure of fixed rate borrowing	**%**	**%**
These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing – these are required for upper as shown and lower limits which were set at 0%.		
Under 1 year (this includes the next call date for Market loans)	20	18
1 year to 2 years	20	3
2 years to 5 years	20	14
5 years to 10 years	20	6
10 years to 20 years	20	8
20 years to 30 years	20	14
30 years to 40 years	20	14
40 years and above	90	23
Maximum principal funds invested exceeding 364 days	**£m**	**£m**
These limits are set to reduce the need for early sale of an investment and includes Manchester Airport shares £51.9m and Church Commissioners Local Authorities Property Investment Fund investment of £4.9m	90.0	56.8

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 minimised through the Annual Investment Strategy which is incorporated within the annual treasury management strategy and this stipulates that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poors Credit Ratings Services.

The Council uses the creditworthiness service provided by Link Asset Services which uses a sophisticated approach incorporating;

- Credit ratings from all three rating agencies,
- Credit watches and credit outlooks from credit rating agencies,
- Credit Default Swaps spreads to give an early warning of likely changes in credit ratings,
- Sovereign ratings to select counterparties from only the creditworthy countries.

The Annual Investment Strategy for 2017/18 was approved by Council at its meeting on 22 February 2017 and is available on the Council's website. Stated within this strategy are the maximum amounts and time limits funds can be placed with a financial institution located within each category as detailed below;

Financial Asset Category	Minimum credit rating (Fitch or equivalent)	Maximum investment	Maximum period
Banks & Building Societies	Short Term: F1	£75m	3 Years
	Long Term: AA		
Banks & Building Societies	Short Term: F1	£25m	1 Year
	Long Term: AA-		
Banks & Building Societies	Short Term: F1	£10m	1 Year
	Long Term: A-		
Money Market & Enhanced Money Market Funds	AAA	£100m	3 Years
UK Government including Local Authorities & Debt Management Office	N/A	£20m	3 Years
UK Banks – part nationalised	N/A	£20m	1 Year
The Council's own bank if the bank falls below the above criteria for transactional purposes only	N/A	n/a	1 Day
Church Commissioners Local Authority Property Investment Fund	N/A	£30m	10 Years

The following analysis summarises the Council's maximum exposure to credit risk on other financial assets, based on experience of default, adjusted to reflect current market conditions.

Deposits with banks and financial institutions	Amount at 31 March 2018 £000	Historical experience of default* %	Estimated maximum exposure to default £000
AAA rated counterparties	30,280	0.00	-
AA rated counterparties	4,000	0.02	1
A rated counterparties	33,970	0.06	20
Non rated counterparties	4,965	n/a	-
Trade debtors **	8,541	Local experience	400
Total	**81,756**		**421**

* The historical default rate has been calculated by using the average 1 year default rates from all three main rating agencies at March 2016. The 2017 figures will be published too late for the 2017/18 accounts.

** The estimated maximum exposure to default for trade debtors of £0.4m is based on the gross debt raised rather than debt outstanding at one particular date. There is no adjustment to be made for market conditions from the balance sheet date of 31 March 2018.

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies of £21k cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of non-recoverability applies to all of the Council's deposits, but there was no evidence at the 31 March 2018 that this was likely to crystallise.

No breaches of the Council's counterparty criteria occurred during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to its investments.

All the Council's deposits are made through the London Money markets and the allocation of investments between institutions domiciled in foreign countries were as follows:

Country	31 March 2017 £000	%	31 March 2018 £000	%
Qatar	10,000	12	-	-
Singapore	3,000	4	-	-
UK	60,440	73	70,715	97
United Arab Emirates	9,000	11	2,500	3
Total	**82,440**	**100**	**73,215**	**100**

The Council does not generally allow credit for its trade debtors, such that £8.5m of the £81.8m balance is past its due date for payment. The past due amount can be analysed by age as follows:

	31 March 2017 £000s	31 March 2018 £000s
Less than one year	5,451	8,180
More than one year	725	361
Total	**6,176**	**8,541**

Liquidity Risk

The Council manages its liquidity 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 Council has ready access to borrowings from the Money Markets to cover any day to day cash flow need, and for longer term funds these can be accessed from both the PWLB and Money Markets. 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.

Refinancing & Maturity Risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures 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's approved treasury and investment strategies address the main risks and the central treasury 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 maturity analysis of financial assets based on original principal lent is as follows, and excludes the Manchester airport loan, Section 106 debtors and sums due from customers;

Period	31 March 2017 £000	31 March 2018 £000
Instant access	19,300	30,280
Up to 3 Months	22,000	13,070
3 to 6 Months	24,100	10,900
6 to 9 Months	7,800	2,000
9 to 12 Months	4,500	9,500
Over 1 Year	4,740	7,465
Total	**82,440**	**73,215**

The analysis of financial liabilities is based on both the carrying amount and original maturity date – all trade and other payables due to be paid in less than one year are not shown in the table below:

Period	31 March 2017 £000	31 March 2018 £000
Under 1 Year	4,987	5,756*
1 year to 2 years	4,283	4,940
2 years to 5 years	13,042	24,507
5 years to 10 years	10,305	12,059
10 years to 20 years	16,564	23,673
20 years to 30 years	24,309	16,793
30 years to 40 years	5,556	22,980
40 years and above	35,212	62,942
Total	**114,258**	**173,650**

*Includes a £158k Public Works Loan Board loan maturing on 30th March 2018 but due to this date being a bank holiday funds were not paid until 3rd April 2018.

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; and
- investments at fixed rates – the fair value of the assets will fall.

Maturity risk - 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 surplus or deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the surplus or deficit on the Provision of Services or Other Comprehensive Income and Expenditure and affect the General Fund Balance, subject to influences from Government grants. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Other Comprehensive Income and Expenditure Statement.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The Council's treasury 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 rates borrowing would be postponed.

If all interest rates had been 1% higher as at 31 March 2018 with all other variables held constant, the financial effect would be calculated as follows:

	£000
Increase in interest receivable on variable rate investments	(353)
Decrease in fair value of fixed rate borrowings liabilities (no impact on Comprehensive Income & Expenditure Statement)	44,767

The Council's loans are all held at fixed rates of interest and consequently a movement in interest rates of +/-1% would have no impact on its financial resources.

Price risk - The Council, excluding the pension fund, does not invest in equity shares but does have shareholdings to the value of £51.9m in Manchester Airport Group and £4.9m in Church Commissioners Property Fund. Whilst these holdings are generally illiquid, the Council is exposed to losses arising from movements in the price of shares.

All movements in the share values will impact on gains and losses recognised in the Available for Share reserve. A general shift of 5% in the price of shares (positive or negative) would have resulted in a £2.84m gain or loss being recognized in the Available for Sale Reserve.

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.

53. Trust Funds

The Council administers a number of Trust Funds. The values of these funds, which are not included in the Balance Sheet, were £0.428m at 31 March 2018 and are listed below.

Value of Fund 31st March 2017 £000		Value of Fund 31st March 2018 £000
2	J Birkhead Trust Fund	2
393	Del Panno Trust	396
30	Clifford Wilcox	30
425	**Total monies held in Trusts**	**428**

54. Effect of Prior Period Adjustments

There are no Prior period adjustments relating to the core 2017/18 accounts.

Supplementary Statements

Collection fund

About this account

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers of Council Tax and Non-Domestic Rates (NDR) and its distribution to local authorities and the Government.

2016/17					2017/18		
Business Rates £000	**Council Tax £000**	**Total £000**	**Year ended 31 March**	**Notes**	**Business Rates £000**	**Council Tax £000**	**Total £000**
			INCOME				
	(100,873)	(100,873)	Income from Council Tax Payers	2		(107,090)	(107,090)
(169,517)		(169,517)	Income from Non-Domestic Rate Payers	3	(163,634)		(163,634)
			Transitional Protection Payments Receivable				
		-	Contributions towards previous years' estimated Collection Fund Deficit	3	(2,825)		(2,825)
(169,517)	**(100,873)**	**(270,390)**	**TOTAL INCOME**		**(166,459)**	**(107,090)**	**(273,549)**
			EXPENDITURE				
			Council Tax Precept Demands :				
	83,313	83,313	- Trafford Council			88,714	88,714
	11,616	11,616	- Police and Crime Commissioner for GM			12,154	12,154
	4,341	4,341	- GM Fire & Rescue Authority			4,489	4,489
			Non-domestic Rates :				
85,051		85,051	- Payment to Central Government		-		-
1,701		1,701	- GM Fire & rescue Authority		1,522		1,522
83,350		83,350	- Trafford Council		150,656		150,656

Collection fund (continued)

2016/17					2017/18		
Business Rates £000	**Council Tax £000**	**Total £000**	**Year ended 31 March**	**Notes**	**Business Rates £000**	**Council Tax £000**	**Total £000**
			Charges to Collection Fund:				
(19)	767	748	- Write offs of uncollectable amounts		418	1,314	1,732
363	(218)	145	- Increase/(Decrease) in Bad Debt Provision		1,174	(771)	403
11,465		11,465	- Increase/(Decrease) in Provision for Appeals		(626)		(626)
461		461	- Costs of Collection		443		443
78		78	- Disregarded Amounts		82		82
618		618	Transitional Protection Payments Payable		8,772		8,772
			Contributions :				
34	357	391	- Distribution of previous years' estimated Collection Fund Surplus	3	1,531	1,549	3,080
183,102	**100,176**	**283,278**	**TOTAL EXPENDITURE**		**163,972**	**107,449**	**271,421**
13,585	**(697)**	**12,888**	**(Surplus) / Deficit for year**		**(2,487)**	**359**	**(2,128)**
(1,565)	**(1,842)**	**(3,407)**	**Balance brought forward as 1 April**		**12,020**	**(2,539)**	**9,481**
13,585	(697)	12,888	Deficit/(Surplus) for the Year (as above)		(2,487)	359	(2,128)
12,020	**(2,539)**	**9,481**	**(Surplus) / Deficit as at 31 March**	4	**9,533**	**(2,180)**	**7,353**
			Allocated to:				
5,890	(2,138)	3,752	- Trafford		4,075	(1,824)	2,251
-	(293)	(293)	- Police and Crime Commissioner for GM		-	(256)	(256)
120	(108)	12	- GM Fire & Rescue Authority		95	(100)	(5)
6,010	-	6,010	- Central Government		5,363	-	5,363
12,020	**(2,539)**	**9,481**			**9,533**	**(2,180)**	**7,353**

Notes to the collection fund

1. General

The Council has a statutory requirement to operate a Collection Fund as a separate account to the General Fund. The purpose of the Collection Fund therefore, is to isolate the income and expenditure relating to Council Tax and Non-Domestic Business Rates. The administrative costs associated with the collection process are charged to the General Fund.

Collection Fund surpluses declared by the billing authority in relation to Council Tax are apportioned to the relevant precepting bodies in the subsequent financial year. Deficits likewise are proportionately charged to the relevant precepting bodies in the following year. For Trafford, the Council Tax precepting bodies in 2017/18 were the Police and Crime Commissioner for Greater Manchester (PCCGM) and the Greater Manchester Fire and Rescue Authority (GMFRA).

In 2013/14, the local government finance regime was revised with the introduction of the retained business rates scheme. The main aim of the scheme is to give Councils a greater incentive to grow businesses in the Borough. It does, however, also increase the financial risk due to non-collection and the volatility of the NDR tax base.

The scheme allows the Council to retain a proportion of the total NDR received. Up until 2016/17 Trafford's share was 49% with the remainder paid to precepting bodies. For Trafford the NDR precepting bodies were Central Government (50% share) and GMFRA (1% share). From 2017/18 the

In addition to the above, in 2015/16 and extended in 2016/17, the MHCLG awarded Greater Manchester Growth Pilot Status allowing it to retain 100% of business rates above an agreed threshold with the application of any growth including Trafford's share being decided by the combined authority.

2017/18 saw the introduction of the Greater Manchester 100% Business Rates Retention pilot, which resulted in the Government's share of business rates growth above a baseline of 50% being retained within Greater Manchester. The respective shares of the business rates income and expenditure and balance sheet items, previously allocated on a percentage split of 50/49/1 between Central Government, Trafford Council and GMFRA has been updated to 99/1 between Trafford Council and GMFRA. This revised allocation has been reflected in the amount of net business rates distributed from the Collection Fund to Trafford's General Fund as well as significant changes in the Council's balance sheet as a result of inheriting the Government's share of historic balances.

NDR surpluses declared by the billing authority in relation to the Collection Fund are apportioned to the relevant precepting bodies in the subsequent financial year in their respective proportions. Deficits likewise are proportionately charged to the relevant precepting bodies in the following year.

The national code of practice followed by Local Authorities in England stipulates that a Collection Fund Income and Expenditure account is included in the Council's accounts. The Collection Fund balance sheet meanwhile is incorporated into the Council's consolidated balance sheet.

2. Council Tax

This tax was introduced on 1 April 1993 with all domestic properties placed in one of eight valuation bands. The Government has determined that the Council Tax payable in each band will be a specified fraction of the middle valuation band, known as band D.

Each year, the Council must estimate the equivalent number of band D properties, after allowing for discounts, exemptions, losses on collection etc. For 2017/18, the calculation was as follows:

	Total No. Dwellings (i)	Specified Fraction	Band 'D' Equivalent
Band A (disb)	18	X5/9	10
Band A	15,431	x6/9	10,287
Band B	18,733	x7/9	14,570
Band C	24,173	x8/9	21,487
Band D	13,586	x9/9	13,586
Band E	7,203	x11/9	8,804
Band F	4,236	x13/9	6,119
Band G	3,910	x15/9	6,517
Band H	944	x18/9	1,888
	88,234		**83,268**
Less allowance for losses on collection			(791)
Adjustment for Annexes estimate			(76)
Less cost of Council Tax Support Scheme			(7,518)
Council Tax Base			**74,883**

The actual number of properties was 98,267, after adjusting for single person discounts, empty properties etc., the notional number of dwellings is 88,234.

The Band D Council Tax levied for the year was £1,405.83 (£1,315.17 in 2016/17).

3. Non-Domestic Rates

The business rates shares payable for 2017/18 were estimated before the start of the financial year as zero to Central Government, £1.522m to GMFRA and £150.656m to Trafford Council which were in line with the revised percentage shares under the 100% Rates Retention Scheme. These sums have been paid in 2017/18 and charged to the collection fund in year.

When the scheme was introduced, Central Government set a baseline level for each authority identifying the expected level of retained business rates and a top up or tariff amount to ensure that all authorities receive their baseline amount. Tariffs due from authorities payable to Central Government are used to finance the top ups to those authorities who do not achieve their targeted baseline funding. In this respect Trafford paid a tariff from the General Fund in 2017/18 to the value of £78.258m (see note 13 and 40).

The total income from business rate payers after discounts, reliefs and allowance for provisions for bad debt and appeals in 2017/18 was £153.371m (£156.551m in 2016/17). This sum includes £8.772m (£0.618m in 2016/17) of transitional protection payments from ratepayers, which under Government regulation should have a neutral impact on the business rate retention scheme. This sum has to be repaid to Central Government.

Authorities are expected to finance appeals made in respect of rateable values as defined by VOA as at 31 March 2018. As such, authorities are required to make a provision for these amounts. Appeals are charged and provided for in proportion of the precepting shares. The total provision charged/(credited) to the collection fund for 2017/18 has been calculated at £(0.626)m, £11.465m in 2016/17.

The movement and balance c/fwd on the provision is as follows:-

Value of Provision £ 31.03.17		**Value of Provision £ 31.03.18**
28,514	Balance at 1 April	39,979
(5,965)	Amount of appeals paid during the year	(11,496)
17,430	In year contributions to the provision	10,871
11,465	**Net Increase/(Decrease)**	**(625)**
39,979	**Balance at 31 March**	**39,354**

During 2017/18 the provision for appeals has been reassessed to take into account settled appeals in addition to potential cases for major infrastructure projects. The net impact has been a reduction in the provision for appeals of £0.625m.

The overall outturn position on the Non Domestic Rates element of the Collection Fund is an in year surplus of £(1.193m) against a deficit of £13.585m in 2016/17. This surplus will be distributed to the two proportionately to the two precepting bodies, Trafford and Greater Manchester Fire and Rescue. Trafford's share of the in-year surplus is £1.181m

From 1st April 2015, the Greater Manchester & Cheshire East (GM&CE) Business Rates pool was established, consisting of the ten Greater Manchester councils plus Cheshire East. The aim of pool is to maximise the retention of locally generated business rates and to ensure that it further supports the economic regeneration of the region. The Pool is not liable to pay any levy on business rate growth to central government and retains this locally because in aggregate the Pool is a net top-up area.

Manchester City Council acted as the lead pool authority with responsibility for all accounting and administration of the Pooled Fund including distributing top up funding, collecting tariff payments and all auditing and financing requirements as set out in relevant legislation.

In addition to the above, in 2015/16 and extended in 2016/17, the MHCLG awarded Greater Manchester Growth Pilot Status allowing it to retain 100% of business rates above an agreed threshold. In 2015/16 the Trafford's share of the growth pilot was £0.9m and was retained by the combined authority. In 2016/17, Trafford's share of the growth pilot was £3.1m and was accrued to be paid to the combined authority. Agreement was reached in 2017/18 for Trafford to retain 42% of the 2016/17 growth pilot monies which equated to £1.275m and a figure of £0.413m from the 2015/16 growth pilot monies. Both of these amounts have been accrued to the 2017/18 General Fund.

As a consequence, of the 100% Business Rates Retention Pilot introduced in 2017/18, the amount of levy Trafford would have paid to the GM Pool has been replaced with a payment designed to ensure that the Council was no better or worse off when compared with the previous sharing arrangements. Trafford has made a payment of £12.2m in 2017/2018, representing the overall benefit from being in the 100% Pilot and successfully negotiated as further rebate at 50% of this figure

The total non-domestic rateable value at 31 March 2018 is £367.6m (£390.2m 2016/17), and the national multipliers applicable for 2017/18 were 46.6p for qualifying Small Businesses, and the standard multiplier being 47.3p for all other businesses (48.4p and 49.7p respectively in 2016/17).

Estimated Surplus and Deficits

Regulations require the Council to make estimates in January each year of the surplus or deficit likely to arise at the year end, and to transfer these amounts into or out of the collection fund in the following financial year.

Council Tax Estimated Surplus/Deficit

In January 2017 it was estimated that the council tax element of the collection fund would have a surplus of £1.549m (£0.357m surplus in January 2016) . This was distributed to the relevant precepting bodies as shown below, with Trafford's element utilised to support General Fund expenditure during the year.

2016/17 £000	Distribution of Council Tax (Surplus) on Collection Fund	2017/18 £000
(300)	Trafford	(1,300)
(41)	Police and Crime Commissioner for GM	(181)
(16)	Greater Manchester Fire & Rescue Authority	(68)
(357)	**Estimated Collection Fund (Surplus)/Deficit**	**(1,549)**

NDR Estimated Surplus/Deficit

In January 2017 it was estimated that the NDR element of the collection fund would have a surplus of £1.531m (£33.5k surplus in January 2016). This was collected from the relevant precepting bodies as shown below.

2016/17 £000	Collection of NDR Deficit/Distribution of (Surplus) on Collection Fund	2017/18 £000
(16)	Trafford	(766)
(17)	Central Government	(750)
-	Greater Manchester Fire & Rescue Authority	(15)
(33)	**Estimated Collection Fund (Surplus)/Deficit**	**(1,531)**

4. Year End Surplus/Deficit 2017/18

Council Tax

The opening balance for the Collection Fund for 2017/18 regarding Council Tax was £2.539m surplus. The £2.180m surplus which had accrued at the year-end in respect of Council Tax transactions will be distributed in subsequent years to the Council's General Fund, the GMCA – Mayoral Police and Crime Commissioner and the GMCA - Mayoral General Precept component (including Fire Services).

2016/17 £000	Allocation of year-end (Surplus)/Deficit on Collection Fund	2017/18 £000
(2,138)	Trafford	(1,824)
(293)	Police and Crime Commissioner for GM	(256)
(108)	Greater Manchester Fire & Rescue Authority	(100)
(2,539)	**Estimated Collection Fund (Surplus)/Deficit**	**(2,180)**

In the Balance Sheet at 31 March 2018, the Council has included the £2.180m surplus on a disaggregated basis as a Creditor to the GMCA – Mayoral Police and Crime Commissioner and the GMCA – Mayoral General Precept Component (including Fire Services) to the value of £0.356m, and a £1.824m attributable surplus on the Council Tax Collection Fund balance alongside the General Fund.

Non Domestic Rates

The opening balance for the Collection Fund for 2017/18 regarding NDR was a deficit of £12, 020m. and is repaid in subsequent years by the Council's General Fund, the GM Fire and Rescue Authority and Central Government.

2016/17 £000	Allocation of year-end (Surplus)/Deficit on Collection Fund	2017/18 £000
5,890	Trafford	4,075
120	Greater Manchester Fire & Rescue Authority	95
6,010	Central Government	5,363
12,020	**Estimated Collection Fund (Surplus)/Deficit**	**9,533**

In the Balance Sheet at 31 March 2018, the Council has included the £9.533m deficit on a disaggregated basis as a Debtor from the GM Fire & Rescue Authority and Central Government to the value of £5,458m, and a £4.075m attributable deficit to the NDR Collection Fund balance alongside the General Fund.

Group Accounts

Introduction

The CIPFA Code of Practice requires that where an Authority has material financial interests and a significant level of control over one or more entities, it should prepare group accounts. The aim of these statements is to give an overall picture of the Council's financial activities and the resources employed in carrying out those activities.

Inclusion within the Group Accounts

The Council has a business relationship with one entity over which it has significant control or influence. From October 2015 the services provided by Trafford Community Leisure Trust were transferred into a Community Interest Company (CIC), Trafford Leisure CIC Ltd., wholly owned by the Council.

One other entity called Trafford Youth Trust, which was established on 11th March 2016 for the provision of Youth Services, has been excluded from Group Accounts on the grounds of materiality.

Group Comprehensive Income and Expenditure Statement

This statement sets out the income and expenditure relating to the Council and its subsidiary, as a whole, together with any appropriations to reserves.

2016/17 (Restated)			Year ended 31 March	2017/18			
Gross Expenditure £000	**Gross Income £000**	**Net Expenditure £000**	**Service**	**Note**	**Gross Expenditure £000**	**Gross Income £000**	**Net Expenditure £000**
186,338	(146,798)	39,540	Children's Services		197,122	(151,562)	45,560
87,286	(39,407)	47,879	Adults Services		92,509	(33,931)	58,578
34,769	(9,363)	25,406	Economic Growth, Environment & Infrastructure		43,178	(21,140)	22,038
39,694	(20,186)	19,508	Transformation & Resources		40,760	(18,979)	21,781
67,968	(63,882)	4,086	Council-wide		63,645	(59,450)	4,195
416,055	**(279,636)**	**136,419**	**Cost of Services**		**437,214**	**(285,062)**	**152,152**
36,575	(3,487)	33,088	Other Operating Expenditure		38,091	(2,466)	35,625
38,822	(27,768)	11,054	Financing and Investment Income and Expenditure		40,961	(26,979)	13,982
-	-	-	Surplus or Deficit on Discontinued Operations		-	-	-
	(163,745)	(163,745)	Taxation and Non-Specific Grant Income and Expenditure			(177,095)	(177,095)
		16,816	**(Surplus) or Deficit on Provision of Services**				**24,664**
		(104)	Tax expense/(Deferred Tax) of subsidiary				**50**
		16,712	**Group (Surplus) or Deficit**				**24,714**
		(12,205)	(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets				(15,386)
		(3,824)	(Surplus) or Deficit on Revaluation of Available for Sale Financial Assets				(8,425)
		(3,757)	Re-measurement of Net Defined Benefit / Liability				(20,797)
		(19,786)	**Other Comprehensive (Income) and Expenditure**				**(44,608)**
		(3,074)	**Total Comprehensive (Income) and Expenditure**				**(19,894)**

Group Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Group, analysed into usable reserves (i.e. those that can be applied to fund expenditure) and other reserves. The 'Surplus or Deficit on the Provision of Services' line shows the true economic cost of providing the Group's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund for Council Tax setting and dwellings rent setting purposes.

	General Fund Balance £000	Earmarked General Fund Reserves £000	Total General Fund Balance £000	Capital Receipts Reserve £000	Revenue Grants Unapplied £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Council's Share of Subsidiary £000	Total Council Reserves £000
Balance as at 31 March 2017 (Restated)	**(6,000)**	**(39,624)**	**(45,624)**	**(8,524)**	**(99)**	**(10,835)**	**(65,082)**	**(154,984)**	**455**	**(219,611)**
MOVEMENT IN RESERVES DURING 2017/18										
(Surplus) or deficit on the provision of services	24,604	-	24,604	-	-	-	24,604	-	111	24,715
Other Comprehensive Income and Expenditure								(44,484)	(125)	(44,609)
Total Comprehensive Income and Expenditure	**24,604**	**-**	**24,604**	**-**	**-**	**-**	**24,604**	**(44,484)**	**(14)**	**(19,894)**
Adjustments between accounting basis & funding basis under regulations	(37,439)	-	(37,439)	1,920	(120)	1,108	(34,531)	34,531	-	-
Net (Increase)/Decrease before transfers to Earmarked Reserves	**(12,835)**	**-**	**(12,835)**	**1,920**	**(120)**	**1,108**	**(9,927)**	**(9,953)**	**(14)**	**(19,894)**
Transfers (to)/from Earmarked Reserves	12,835	(12,835)	-	-	-	-	-	-	-	-
(Increase)/Decrease in 2017/18	**-**	**(12,835)**	**(12,835)**	**1,920**	**(120)**	**1,108**	**(9,927)**	**(9,953)**	**(14)**	**(19,894)**
Balance as at 31 March 2018	**(6,000)**	**(52,459)**	**(58,459)**	**(6,604)**	**(219)**	**(9,727)**	**(75,009)**	**(164,937)**	**441**	**(239,505)**

	General Fund Balance £000	Earmarked General Fund Reserves £000	Total General Fund Balance £000	Capital Receipts Reserve £000	Revenue Grants Unapplied £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Council's Share of Subsidiary £000	Total Council Reserves £000
Balance as at 31 March 2016	**(7,894)**	**(31,210)**	**(39,104)**	**(9,251)**	**(19)**	**(7,284)**	**(55,658)**	**(160,774)**	**(103)**	**(216,535)**
MOVEMENT IN RESERVES DURING 2016/17										
(Surplus) or deficit on the provision of services	16,526		16,526	-	-	-	16,526	-	186	16,712
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	(20,159)	372	(19,787)
Total Comprehensive Income and Expenditure	**16,526**	**-**	**16,526**	**-**	**-**	**-**	**16,526**	**(20,159)**	**558**	**(3,075)**
Adjustments between accounting basis & funding basis under regulations	(23,046)	-	(23,046)	727	(80)	(3,551)	(25,950)	25,950	-	-
Net (Increase)/Decrease before transfers to Earmarked Reserves	**(6,520)**	**-**	**(6,520)**	**727**	**(80)**	**(3,551)**	**(9,424)**	**5,790**	**558**	**(3,075)**
Transfers (to)/from Earmarked Reserves	8,414	(8,414)	-	-	-	-	-	-	-	-
(Increase)/Decrease in 2016/17	**1,894**	**(8,414)**	**(6,520)**	**727**	**(80)**	**(3,551)**	**(9,424)**	**5,790**	**558**	**(3,075)**
Balance as at 31 March 2017	**(6,000)**	**(39,624)**	**(45,624)**	**(8,524)**	**(99)**	**(10,835)**	**(65,082)**	**(154,984)**	**455**	**(219,611)**

Group Balance Sheet

The Group Balance Sheet summarises the financial position of the Council and its subsidiary as a whole. It shows the value of group assets and liabilities at the end of the financial year.

(Restated) 31 March 2017 £000			31 March 2018 £000
445,460	Property, Plant & Equipment		460,785
1,008	Heritage Assets		1,002
34,399	Investment Property		72,201
3,057	Intangible Assets		3,093
48,440	Long Term Investments		59,365
14,759	Long Term Debtors		14,911
547,123	**Long Term Assets**		**611,357**
58,648	Short Term Investments		35,243
8,521	Assets Held for Sale		5,713
109	Inventories		98
24,646	Short Term Debtors		38,709
30,686	Cash and Cash Equivalents		42,222
122,610	**Current Assets**		**121,985**
(4,738)	Short Term Borrowing		(5,494)
(62,182)	Short Term Creditors		(56,404)
(17,079)	Short Term Provisions		(30,500)
(573)	Grants Receipts in Advance (Revenue)		(697)
(1,957)	Grants Receipts in Advance (Capital)		(2,055)
(86,529)	**Current Liabilities**		**(95,150)**
(36)	Long Term Creditors		(36)
(7,523)	Provisions		(12,093)
(103,737)	Long Term Borrowing		(162,605)
(2,724)	Revenue Grants & Contributions – Long-Term Receipts in Advance (REFCUS)		(113)
(8,156)	Grant Receipts in Advance (Capital)		(8,483)
(231,929)	Other Long Term Liabilities – Pensions		(205,908)
(9,490)	Other long-term liabilities – Deferred		(9,450)
(363,595)	**Long Term Liabilities**		**(398,688)**
219,609	**Net assets**		**239,504**
(6,000)	General Fund Balance		(6,000)
(39,744)	Earmarked General Fund Reserves		(52,608)
(8,523)	Capital Receipts Reserve		(6,603)
(99)	Revenue Grants Unapplied (REFCUS)		(219)
(10,836)	Capital Grants Unapplied		(9,727)
(65,202)	**Usable Reserves**		**(75,157)**
(45,267)	Revaluation Reserve		(55,427)
(33,225)	Available For Sale Financial Instruments Reserve		(41,651)
(320,730)	Capital Adjustment Account		(313,472)
5,134	Financial Instruments Adjustment Account		4,864
231,929	Pensions Reserve		230,100
3,752	Collection Fund Adjustment Account		7,604
4,000	Accumulated Absences Account		3,635
(154,407)	**Unusable Reserves**		**(164,347)**
(219,609)	**Total Reserves**		**(239,504)**

Group Cash Flow Statement

The Group Cash Flow Statement summarises the cash flows of the Council and its subsidiary during the year.

(Restated) 2016/17 £000	Year Ended 31 March	2017/18 £000
16,712	Net (surplus) or deficit on the provision of services	24,715
(43,564)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	(37,650)
18,361	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(9,488)
(8,491)	**Net cash flows from Operating Activities**	**(22,523)**
26,041	Investing Activities	54,430
(623)	Financing Activities	(43,443)
16,927	**Net increase or decrease in cash and cash equivalents**	**(11,536)**
(47,614)	Cash and cash equivalents at the beginning of the reporting period	(30,687)
(30,687)	**Cash & cash equivalents at the end of reporting period**	**(42,223)**

Explanatory Notes to the Group Accounts

Where figures in the group accounts differ materially from the Council's accounts, the relevant explanatory notes have been prepared on a consolidated basis. The notes below give information on the areas that have materially changed on consolidation of the group entities into the Council's accounts.

G1. Group Accounting Policies

The Accounting Policies of the Council's subsidiary company have been aligned with the Council's Accounting Policies contained in Note 3. Any statutory adjustments between accounting basis and funding basis included in the Council's Accounting Policies do not apply to the subsidiary company. Notes within the group accounts have not been provided except where there are material differences to those provided in Note 3. As a subsidiary, Trafford Leisure CIC Ltd. has been consolidated on a line by line basis with all intra-group transactions and balances removed.

G2. Bodies Not Consolidated

The following have not been consolidated into Group Accounts.

Entity	Reason
Trust Youth Trafford	Subsidiary although not material

Further details can be found in Note 41. Related Parties.

G3. Bodies Consolidated

Trafford Leisure CIC Ltd. is the only body to be consolidated into the Council's 2017/18 Group Accounts. It is a leisure services provider and is fully owned by Trafford Council.

Further information and full financial statements for Trafford Leisure CIC Ltd. can be found through the Companies House website, company registration number 9764023.

G4. Group Defined Benefit Pension Schemes

Transactions Relating to Post-employment Benefits

The following transactions have been made in the Group Comprehensive Income and Expenditure Statement and the General Fund Balance through the Group Movement in Reserves Statement during the year: Further details relating to the Council's pension schemes can be found in Note 48 and Note 49.

2016/17 £000		2017/18 £000
COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT		
	Cost of Services:	
	Service Cost comprising:	
16,002	• current service cost	27,218
1,636	• past service costs	546
-	• (gain)/loss from settlements	-
	Financing and Investment Income and Expenditure:	
7,938	• net interest cost	6,351
25,576	***Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services***	**34,115**
-	*Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement*	-
	Re-measurement of the net defined benefit liability comprising:	
(95,641)	• Return on plan assets (excluding the amount included in the net interest cost)	(3,924)
805	• Actuarial gains and losses arising on changes in demographic assumptions	-
134,767	• Actuarial gains and losses arising on changes in financial assumptions	(16,596)
(43,688)	• Other	(277)
21,819	**Total Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement**	**13,318**
	Movement in Reserve Statement	
(9,499)	• reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(18,854)
	Actual amount charged against the General Fund Balance for pensions in the year:	
13,572	• employers' contributions payable to scheme	13,026
2,593	• retirement benefits payable to pensioners	2,305

Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Group's obligation in respect of its defined benefit scheme is as follows:

2016/17 £000		2017/18 £000
(896,014)	Present value of the defined benefit obligation	(909,250)
664,085	Fair value of plan assets	703,342
(231,929)	**Net Liability arising from defined benefit obligation**	**(205,908)**

Reconciliation of the Movements in the Fair Value of Scheme Assets

2016/17 £000		2017/18 £000
554,730	Opening fair value of scheme assets	664,085
-	Effect of Settlements	-
19,308	Interest income	17,021
	Re-measurement gain/(loss):	
95,641	• The return on plan assets, excluding the amount included in the net interest expense	3,924
-	• Other	-
16,077	Contributions from employer	39,339
4,129	Contributions from employees into the scheme	4,207
(25,800)	Benefits paid	(25,234)
664,085	**Closing fair value of scheme assets**	**703,342**

Reconciliation of the Present Value of the Scheme Liabilities (Defined Benefit Obligation)

2016/17 £000		2017/18 £000
780,917	Opening present value of scheme liabilities	896,014
16,002	Current service costs	27,218
-	Effect of Settlements	-
27,246	Interest costs	23,372
4,129	Contributions from scheme participants	4,207
	Re-measurement (gains) and losses:	
805	• Actuarial gains/losses arising from changes in demographic assumptions	-
134,767	• Actuarial gains/losses arising from changes in financial assumptions	(16,596)
(43,688)	• Other	(277)
1,636	Past service cost	546
(25,800)	Benefits paid	(25,234)
896,014	**Closing present value of scheme liabilities**	**909,250**

Pension Scheme Assets

	31 March 2017 £000	31 March 2018 £000
Equities	75%	66%
Bonds	16%	16%
Property	5%	7%
Cash	4%	11%
Total	**100%**	**100%**

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Both the Council and Trafford Leisure CIC Ltd. have engaged Hymans Robertson LLP, an independent firm of actuaries to assess their respective pension schemes, estimates being based on the latest full valuation of the scheme as at 31 March 2018 for both Trafford Leisure CIC Ltd. and Trafford Council.

The significant assumptions (for Trafford Leisure CIC Ltd.) used by the actuary have been:

2016/17	Trafford Leisure CIC Ltd. - Mortality assumptions:	2017/18
	Longevity at 65 for current pensioners:	
21.5 years	• men	21.5 years
24.1 years	• women	24.1 years
	Longevity at 65 for future pensioners:	
23.7 years	• men	23.7 years
26.2 years	• women	26.2 years
2.4%	Rate of inflation	2.3%
3.2%	Rate of increase in salaries	3.1%
2.4%	Rate of increase in pensions	2.3%
2.7%	Rate for discounting scheme liabilities	2.7%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below is based on possible changes to the assumptions occurring at the end of the reporting period and assumes for each assumption change all other assumptions remain constant.

The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit cost method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in 2017.

Trafford Leisure CIC Ltd. - Change in assumptions at 31 March 2018:	Approximate % increase to Employer Liability	Approximate monetary amount £000
0.5% decrease in real discount rate	12%	586
0.5% increase in the salary increase rate	4%	169
0.5% increase in the pension increase rate	9%	404

The significant assumptions used to assess the Council's Pension scheme assets and liabilities can be found in Note 49, along with an associated sensitivity analysis.

Effect of Prior Period Adjustments - Group Accounts

Prior period adjustments have been made to the Council's 2016/17 Group published financial statements relating to:-

(i) Late adjustment concerning tax expense/ (Deferred Tax) of subsidiary resulting in Group Surplus increasing by £104k. Represented by increase in Short Term Debtors of £124k , reduction in Short Term Provisions of £20k and increase Earmarked General Fund Reserves £104k.

2016/17 Group Comprehensive Income and Expenditure Statement	Net Expenditure 31 March 2016 £000
Tax Expense/ (Deferred Tax) of Subsidiary	-
Restatement (i)	(104)
Restated Group (Surplus) or Deficit	**16,712**
Restated Group Comprehensive (Income) and Expenditure	**(3,074)**

2016/17 Group Balance Sheet	Balance 31st March 2017 £000	Restated Balance 31st March 2017 £000
Short Term Debtors	**24,522**	**24,646**
Short Term Provisions	**(17,059)**	**(17,079)**
Earmarked General Fund Reserves	**(39,640)**	**(39,744)**

2016/17 Group Cash flow Statement	2016/17 £000	Restated Balance 31st March 2017
Net (surplus) or deficit on the provision of services	**16,816**	**16,712**
Adjustments to net surplus or deficit on the provision of services for non-cash movements	**(43,668)**	**(43,564)**

Glossary

Actuarial Gains and Losses

Over a reporting period, these consist of:
(A) Experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred, including reflection of any funding valuation which has taken place since the last report); and
(B) the effects of changes in actuarial assumptions (split between financial and demographic).

Better Care Fund

The BCF was announced by the Government in the June 2013 spending round to ensure a transformation in health and social care. The BCF creates a pooled budget between the Council and the Clinical Commissioning Group (CCG).

Capital Financing Charges

The annual charge to the revenue accounts in respect of interest and principal repayments of borrowed money together with leasing rentals.

Capital Financing Requirement

This reflects the Council's underlying need to borrow for a capital purpose. It forms a basis for calculating the minimum revenue provision (MRP), which is the amount required to be set aside as provision to repay debt.

Capital Grants

Grants received towards capital outlay on a particular service or project.

Capital Receipts

Money received from the sale of surplus assets such as land or buildings that is used for new capital expenditure or to repay debt.

Carrying Amount

This equates to the level of principal outstanding on loans and investments together with any accrued interest.

CIPFA/LASAAC

The Chartered Institute of Public Finance and Accountancy/Local Authority (Scotland) Accounts Advisory Committee is the body responsible for preparing, maintaining, developing and issuing the Code of Practice on Local Authority Accounting for the United Kingdom.

Collection Fund

The Collection Fund records transactions in respect of the council tax, community charge and non-domestic rates receipts and illustrates the way in which these have been distributed.

Community Assets

Non-current assets that an authority intends to hold in perpetuity and have no determinable useful life.

Coupon Rate

The interest rate stated, expressed as a percentage of the principal (face value).

Creditors

Amounts owed by the Council for work done, goods received or services rendered but for which payment has not been made at the date of the balance sheet.

Current Service Cost (Pensions)

The increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Curtailment

For a defined benefit scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service.

Curtailments include:

Termination of employees' service earlier than expected, for example as a result of closing a factory or discontinuing a segment of a business, and termination of, or amendment to the terms of, a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

DfE (Department for Education)

This is the Government department responsible primarily for schools. It administers the majority of funding for schools including Dedicated Schools Grant, the major form of financial support.

Debtors

Sums of money due to the Council but which are unpaid at the date of the balance sheet

Deferred Debtors/Deferred Capital Receipts

Corresponding entries relating to sums due at some time in the future, for example from the sale of council houses purchased with the help of mortgages granted by the Council.

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 (including notionally funded).

Defined Contribution Scheme

A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a 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.

Depreciation/Amortisation

An amount charged to revenue accounts to represent the wearing out of non-current assets.

Direct Service Organisation (DSO)

The in-house team which has won a contract to carry out work, or provide a service following a competitive tendering process.

Discretionary Benefits

Retirement benefits which the employer has no legal, contractual or constructive obligation to award and which are awarded under the authority's discretionary powers.

Effective Interest Rate

The rate at which debt charges are applied to the comprehensive income and expenditure statement.

Financial Instruments

The term covers both financial assets and liabilities. The borrowing, service concession arrangements (PFI & finance leases) and investment transactions are classified as financial instruments.

General Fund

The main revenue account of the Council into which the Council's precept from the Collection Fund and specific Government grants are paid and from which is met the cost of providing services.

Greater Manchester Combined Authority (GMCA)

Created by the Local Government, Economic Development and Construction Act, the Greater Manchester Combined Authority (GMCA) assumed its powers and duties on 1 April 2011. It took over the functions previously the responsibility of the Greater Manchester Integrated Transport Authority (GMITA), which it replaced. It also took over responsibility for transport planning, traffic control and wide loads, assumed responsibility for the transportation resources allocated to the Greater Manchester region and regional economic development functions.

Greater Manchester Waste Disposal Authority (GMWDA)

This is a levying Authority that provides waste disposal strategy, policy and services to nine of the AGMA Councils.

Heritage Assets

Heritage assets are assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical value.

Impairment

A reduction in the recoverable amount of a non-current asset. An impairment charge can be caused by a clear consumption of economic benefits or by a general fall in prices.

Income

Amounts which an authority receives, or expects to receive, from any source. Income includes fees, charges, sales and Government grants. The term "income" implies that the figures concerned relate to amounts due in a financial year irrespective of whether or not money was actually received during that year (i.e. on an accruals basis).

Indemnified

To protect against damage, loss or injury; insure.

Infrastructure Assets

Those non-current assets from which benefit can be obtained only by continued use of the asset created e.g. highways, footpaths and bridges.

Interest Costs (Pensions)

For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

Investments (Pension Fund)

The investments of the Pension Fund will be accounted for in the statements of that fund. However authorities (other than town parish and community councils and district councils in Northern Ireland) are also required to disclose, as part of the transitional disclosures relating to benefits, the attributable share of pension scheme assets associated with their underlying obligations.

MHCLG (Ministry of Housing, Communities & Local Government)

This is the Government department which has the main responsibility for Local Government.

NDR

The form of local taxation charged on non-residential premises at a level set by the Government. As part of the grant distribution system (the Business Rates Retention Scheme) business rates are collected and a share retained by the local authority and the balance paid to the local preceptor.

Business Rate Pool

Trafford continues to be part of the Greater Manchester & Cheshire business rates pool, consisting of the ten Greater Manchester councils plus Cheshire East, Cheshire West and Chester.

Past Service Cost

The change in present value of the defined benefit obligation for employee service in prior periods resulting from a plan amendment (the defined benefit plan) or a curtailment (a significant reduction by the entity in the number of employees covered by the plan).

Precept

The amount levied by one authority which is collected on its behalf by another.

Present value of defined benefit obligation

The present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

Private Finance Initiative

An agreement with the private sector to design, build and operate facilities specified by an authority in return for an annual payment.

Projected Unit Method

An accrued benefits valuation method in which the scheme liabilities make allowances for projected earnings. An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:

the benefits for pensioners and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependants, allowing where appropriate for future increases, and the accrued benefits for members in service on the valuation date.

Provisions

Sums set aside for losses or liabilities which are certain to arise but cannot be quantified with certainty.

Reserves

Amounts set aside to meet future costs.

Retirement Benefits

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either (i) an employer's decision to terminate an employee's employment before the normal retirement date, or (ii) an employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

Revenue Expenditure Funded from Capital under Statute (REFCUS)

Capital expenditure which does not produce a tangible asset (e.g. improvement grants or other expenditure on assets the authority does not own). These are charged directly to revenue in the year expenditure is incurred but are treated as capital for control purposes.

Revenue Contributions

Refers to the financing of capital expenditure directly from revenue in one year rather than from loan or other sources.

Revenue Expenditure

Recurring expenditure on day to day expenses such as employees, running expenses of buildings, equipment and capital financing costs.

Scheme Liabilities

The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflects the benefits that the employer is committed to provide for service up to the valuation date.

Settlement

Occurs when an entity enters into a transaction that eliminates all further legal or constructive obligation for part or all of the benefits provided under a defined benefit plan, for example, when a lump- sum cash payment is made to, or on behalf of, plan participants in exchange for their rights to receive specified post-employment benefits.

Soft Loan

This is where loan is either given to or received from an external organisation or individual at conditions which are more favourable than market rates.

Stepped Interest Rate Loans

A loan agreement where one rate of interest applies for the primary period of the loan and another rate for the remainder, or secondary period.

Trust Funds

Funds administered by the Council on behalf of others, for purposes such as prizes, charities, specific projects, and on behalf of minors.

Unsupported Borrowing

Borrowing undertaken to finance capital expenditure where the related debt costs are paid for by the authority or from other income.

Vested Rights

In relation to a defined benefit scheme, these are:

- for active members, benefits to which they would unconditionally be entitled on leaving the scheme:
- for deferred pensioners, their preserved benefits:
- for pensioners, pensions to which they are entitled.