



TRAFFORD
COUNCIL

Statement of accounts



2021

www.trafford.gov.uk

Contents

	PAGE
Narrative Report	1
Statement of Responsibilities for the Statement of Accounts	29
Audit Opinion	30
Comprehensive Income and Expenditure Statement	31
Balance Sheet	33
Movement in Reserves Statement	35
Cash Flow Statement	38

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS:

1. Expenditure and Funding Analysis	39
2. Expenditure and Income Analysed by Nature	48
3. Accounting Concepts & Policies	49
4. Accounting Standards that have been issued but have not yet been adopted	67
5. Critical Judgements in Applying Accounting Policies	67
6. Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty	69
7. Material Items of Income and Expense (Comprehensive Income & Expenditure Statement page 31)	71
8. Events After the reporting Period	71
9. Adjustments between Accounting Basis and Funding Basis under Regulations	72
10. Transfers to/from Earmarked Reserves (Balance Sheet page 33)	80
11. Other Operating Expenditure (Comprehensive Income & Expenditure Statement page 31)	86
12. Financing and Investment Income and Expenditure (Comprehensive Income & Expenditure Statement page 31)	87
13. Taxation and Non-Specific Grant Income (Comprehensive Income & Expenditure Statement page 31)	88
14. Property, Plant and Equipment (Balance Sheet page 33)	89
15. Heritage Assets (Balance Sheet page 33)	95
16. Investment Properties (Balance Sheet page 33)	96
17. Intangible Assets (Balance Sheets page 33)	97
18. Financial Instruments	99
19. Inventories (Balance Sheet page 33)	111
20. Work in Progress (Construction Contracts)	111
21. Debtors (Balance Sheet page 33)	111
22. Cash and Cash Equivalents (Balance Sheet page 33)	113
23. Assets Held for Sale (Balance Sheet page 33)	114
24. Creditors and Receipts in Advance (Balance Sheet page 33)	115
25. Provisions (Balance Sheet page 33)	117
26. Usable Reserves (Balance Sheet page 33)	120
27. Unusable Reserves (Balance Sheet page 33)	121
28. Cash Flow Statement – Operating Activities (page 38)	126
29. Cash Flow Statement – Investing Activities (page 38)	128
30. Cash Flow Statement – Financing Activities (page 38)	128
31. Acquired and Discontinued Operations	129
32. Trading Operations (See also note 12)	129
33. Agency Services	129
34. Road Charging Schemes	130
35. Pooled Budgets	131
36. Members' Allowances	132

37. Officers' Remuneration	133
38. External Audit Costs	140
39. Dedicated Schools Grant	141
40. Grant Income (Comprehensive Income & Expenditure Statement page 31, Balance Sheet page 33)	142
41. Related Parties	147
42. Capital Expenditure and Capital Financing	150
43. Leases	152
44. PFI and Similar Contracts	153
45. Impairment Losses	155
46. Capitalisation of Borrowing Costs	155
47. Termination Benefits	155
48. Pension Schemes Accounted for as Defined Contribution Schemes	155
49. Defined Benefit Pension Schemes	156
50. Contingent Liabilities	161
51. Contingent Assets	163
52. Nature and Extent of Risks Arising from Financial Instruments	164
53. Trust Funds	169
54. Effect of Prior Period Adjustments	169
Collection Fund Statement	170
Notes to the Collection Fund	172
GROUP ACCOUNTS STATEMENTS:	
Group Accounts	177
Glossary	194

Narrative Report

This document provides the detail behind the Council's financial performance for the year 1 April 2020 to 31 March 2021.

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 2020/21 (the Code), supported by International Financial Reporting Standards (IFRS).

As with the 2019/20 Accounts, the deadline for the preparation of the 2020/21 Accounts has been extended due to the pandemic. The Ministry of Housing, Communities and Local Government (MHCLG) introduced the Accounts and Audit (Amendment) Regulations 2021, which changed the statutory audit deadlines for all Local Authorities. The draft accounts, must be issued by 31 July 2021 and the publication deadline for audited accounts has moved from 31 July to 30 September 2021.

The requirement for the public inspection period to include the first 10 working days of June has also been removed. Instead the Council must commence the public inspection period for its Statement of Accounts on or before the first working day of August 2021.

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 with an understanding of the financial position of the Council in 2020/21, 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 2021 and key issues that have affected the accounts during the year.

As a result of the COVID-19 pandemic, every part of society has experienced unprecedented challenges on many levels. The financial repercussions will be felt for many years and there has been a range of Government initiatives providing numerous packages of support for citizens, businesses, Council Tax and Business Rate payers. The impact of the pandemic is expanded on within this foreword.

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 approximately 13,540 businesses, ranging from cutting edge digital and creative companies to advanced manufacturing and green technology. The 237,579 strong population of Trafford is one of the most highly skilled and educated in the North West of England with 51% qualified at NVQ4 and above compared to the North West Average of 39%. The population is projected to increase by around 8% to 257,000 by 2040. 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 29%, whilst those aged 85 and over will increase by 44% 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 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.

Trafford's Housing Options Service (HOST) has helped to prevent 293 households from becoming homeless in 2020/21 whilst also providing housing advice to 41,392 households/individuals which is an increase of 6,907 from the previous year.

Trafford has seen 1,301 new build homes developed in 2020/21 with 1,582 units receiving planning permission. Full consultation and engagement on the Draft Trafford Local Plan was carried out between 4 February 2021 and 18 March 2021, paving the way for planning policies to help secure the right mix and affordability of new homes in the borough.

The Council has kept its promise to provide more affordable homes by submitting a planning application with housing developer Seddon Development Ltd to build 48 townhouses and 38 apartments – including at least 21 affordable - on the site of the former Sale Magistrates Court off Ashton Road. In addition, a state-of-the-art social housing development - named in honour of one of the borough's most popular councillors, Cllr Ray Bowker – will provide 30 social housing units – 20 one-beds and 10 two-beds – in a three-storey development at Carrfield Avenue in Timperley.

During 2020/21 the Council has helped more people into work with the Council directly supporting around 63 people into employment in Trafford via the Trafford Pledge.

An amount of £17.6m was received to regenerate and transform Stretford town centre after the Council applied for the funding. Stretford was chosen as one of only four areas of the North West to receive the full allocation from the Ministry of Housing, Communities and Local Government's £830m Future High Streets Fund.

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 11 green flag parks and open spaces and has the third highest recycling rate in the North West. This helps to keep Council Tax down and is great for the environment. In November 2020, One Trafford Partnership's Wilding Trafford project was presented with the prestigious Bees' Needs Champions Award 2020 by the Department of Environment, Food and Rural Affairs (DEFRA) recognising how the project has helped support the bee population in Trafford by creating pockets of nature rich areas where they can thrive.

Our ambitious plans to support safer and greener borough wide travel led to the creation of a cycle lane along the A56. TfGM "network intelligence data" points to more journeys being made by bike across GM, cycle trips were up 25% compared to March 2021 vs March 2020. Trafford had one of the highest increases at 139%.

Trafford Council the Organisation

Trafford is made up of 21 wards each comprising of three councillors with a political make up at the start of 2021/22 as follows:-

- 40 Labour
- 17 Conservative
- 3 Liberal Democrats
- 3 Green Party

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.

The management structure, headed by the Corporate Leadership Team was reviewed in 2020 and comprises the Chief Executive (the Head of the Paid service) five corporate directors and one director

- Corporate Director, Place
- Corporate Director, Adults Services
- Corporate Director, Children's Services
- Corporate Director of Governance and Community Strategy; (Monitoring Officer)
- Corporate Director, Strategy and Resources
- Director of Finance and Systems (S151 officer)

Trafford is one of the lowest spending councils in the UK and is proud to be delivering effective high quality services through both direct service delivery and effective partnership working.

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, e.g. 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 2020 the Council employed 1,909 full time equivalent staff (excluding school based staff); this had increased to 1,928 by 31 March 2021. Employee health and well-being is a key priority and during the year the Employee Health and Wellbeing Strategy organised numerous on-line events to support workforce

wellbeing and work life balance. Performance and development reviews and an appropriate range of blended learning and development opportunities supported our staff to undertake their roles throughout the year.

The Corporate Plan

At the heart of the Council's vision, as set out in The Corporate Plan, is a common cause to make Trafford a better borough; a place where everyone has a chance to succeed and where everybody has a voice. The Council knows it has to do things differently as it cannot do it all and, by virtue of its democratic mandate, will lead the way in ensuring that this is a shared endeavour and that across Trafford there will be a more joined up approach to service delivery.

During 2021 the corporate plan, strategic priorities and the 'kind of council we want to be' will be refreshed to revisit the focus and priorities for 2021/22 and beyond. This will ensure the corporate plan has a strong focus addressing inequalities, inclusivity and recovery from the impacts of the pandemic.

The vision, it is making a commitment to work together across different services and agencies to make the best use of its resources.

The Council's long term vision is "**Working together to build the best future for all our communities and everyone in Trafford.**"

These are exciting times for Trafford and the vision aims to meet the opportunities and challenges that lie ahead. Over the next few years, this vision will be at the forefront of everything the Council does and aims to achieve.

Partnerships and collaboration will underpin the approach across Trafford and, using a place based approach, the Council will work together with partners to deliver co-ordinated support that empowers the individual, makes the most of its assets and focusses on prevention. It will start from a basis of what people can do, not from what they can't do. This will mean that it can achieve things it can't do alone and ensure that it keeps improving the lives of our residents.

The Council has identified seven strategic priorities that it believes are crucial to enabling Trafford residents, businesses and staff to thrive. These priorities set out the aspirations for our people, place and communities, and how they can affect and improve their daily lives.



Building Quality, Affordable and Social Housing

Trafford has a choice of quality homes that people can afford



Health and Wellbeing

Trafford residents health and Well-Being is improved and Reducing Health Inequalities



Successful and Thriving Places

Trafford has successful and thriving town centres and communities



Children and Young People

All Children and Young People in Trafford will have a fair Start



Pride in Our Area

People in Trafford will take pride in their Local Area



Green and Connected

Trafford will maximise its Green Spaces, Transport and Digital Connectivity



Targeted support

People in Trafford will get support when they need it most

To deliver on the plan it is also necessary to develop the way we work given the ten years of austerity that the Council has been through and therefore during the latter part of 2019, the Council embarked on a Modernisation journey to improve the way it delivers its services by thinking differently and fundamentally reshaping the Council and its services. There is a need to work smarter, make use of digital technology and collaborate with partners where it can. The Council takes a leading role in shaping how joined up services across the sector can best support the local area and people and is continuously shaping our culture, practices, processes and business models to respond to people's changing needs and expectations. It is working to improve the way it delivers services to meet the needs of a modern Trafford and has been holding focus groups, workshops and ongoing discussions in recent months for staff and partners to input to and help determine the change projects that will be delivered in the future. This is being done so that by 2023:-

The Council will be a people-focused, digitally enabled, commercially minded Council where our high-performing place based services will provide an excellent customer experience making the most of our assets in the borough.

It is acknowledged that Council employees are its greatest resource. A significant cultural change programme has taken place with a strong focus on a more strategic commercial and performance orientated culture. Equal weight is put on how things are done not just what is achieved and in order to achieve the vision and plan, a number of key values have been co-produced with staff:-

- **EMPOWER** – We inspire and trust our people to deliver the best outcomes for our customers, communities and colleagues.
- **PEOPLE CENTRED** – We value all people, within and external to the organisation and give those around us respect. We will act with honesty and integrity in all that we do.
- **INCLUSIVE** – We are committed to creating an environment that values and respects the diversity and richness differences bring.
- **COLLABORATE** – We build relationships, collaborate; treat people as equal partners and work together to make things happens.

Impact of COVID-19 on our Corporate Plan

The global COVID-19 pandemic has had significant impact on all aspects of our borough. We have faced unprecedented changes and challenges while also showing our communities and local public services at their best: with creative and innovative ways of working, making better use of data and digital service delivery, collaborating more and supporting and unleashing a shared common purpose across communities.

At the start of the pandemic we established a response team to deliver at pace to meet a clear set of needs during the emergency and work with other multi agency teams and ultimately to save lives.

As we continue to respond to COVID-19 we will take each learning and use this to inform and build our recovery strategy. The response work to COVID-19 continues and is constantly changing and therefore our recovery strategy needs to be agile. The lessons learnt during the pandemic will be used to identify opportunities to build on new ways of working. Part of this work included the aim and objectives of the recovery which have been designed to support the strategic priorities and corporate plan. Through the delivery of the Recovery programme, we will shape and develop a new social and economic model for Trafford that grasps the opportunity for sustainable and inclusive growth while proactively supporting those most in need.

The aim of the Recovery programme is to create a bolder, more focussed council building on the strengths of our people, communities and partnerships to shape and develop a new social and economic model for Trafford that grasps the opportunity for sustainable and inclusive growth while proactively supporting those most in need and addressing inequalities that may exist.

Our recovery will build on the momentum and positive experience of collaborative, pre-emptive action and care shown by those involved in meeting the evolving needs of residents and businesses impacted by COVID-19. The recovery aims and objectives are designed to support the strategic priorities and corporate plan. The work delivered through recovery will accelerate the ambitions set out in the Modernisation programme while also incorporating and supporting the Digital Strategy, Workforce Reintegration, Investing in Children and Localities programmes. Our people have been truly amazing through the pandemic and continue to be our greatest asset. We remain committed to investing our workforce of the future.

Our Recovery objectives are:

Working together - facilitating collaboration between residents, members, staff, partners and businesses by transparently and honestly sharing challenges and co-signing solutions to realise an adaptable and resilient future.

A focussed council - using data and insights to proactively address inequalities and co-creating holistic, integrated and prevention led services which encourage residents and businesses to address their own needs and realise better outcomes.

Enabling all - continuing to empower people to manage their health while connecting, adults, children's, employment, health and skills provision through community and preventative led care and support.

Creating Sustainable and Inclusive Growth - working with communities, schools, colleges and businesses to shape the future economy and associated skills, housing and infrastructure needs, including using our assets to catalyse the local economy and develop affordable and accessible housing.

Building Resilience - by building a collective understanding of how we make the economy more resilient to future economic shocks, through a broader economic base. Working to create sustained and sustainable economic growth that addresses inequalities and weaknesses whilst meeting our commitments to becoming carbon neutral and improving air quality.

A bolder council - redefining our role in the borough to develop people and place focussed services which maximise the use of available resources to ensure a resilient and focussed council for Trafford.

Priorities will be refreshed during 2021 to ensure the recovery stage from the COVID-19 pandemic can be as effective as possible and allow the Council to "Build Back Better".

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, determining 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.

There are 15 strategic risks identified in the SRR, which is updated on a quarterly basis and continues to include the financial position and outlook as a key risk to the organisation. Three risks were added to the register in 2020/21 Climate Change Emergency, Leisure Services and Demand for School Place and one risk was removed UA92.

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

- Significant disruption as a consequence of the COVID-19 outbreak. The risks posed by the pandemic are far reaching and effect nearly all service areas. The risks are monitored and managed via six Silver Thematic Groups covering Adults Health and Social Care, Children's Health and Social Care, Infrastructure & Economy, Infrastructure, Environment and Physical Activity, Staffing Digital and Modernisation and Resourcing.
- The continuing uncertainty regarding the Council's medium term financial position - which could suffer due to the uncertainty arising from issues such as Brexit, financial pressures caused by the pandemic and uncertainty about future levels of Government support including possible changes to the grant funding regime. The resilience of the Council will be stretched over the medium term because of its relatively low level of reserves to support the financial consequences of these events and the uncertainty surrounding the Government review of local government financing including business rates, fairer funding and social care.
- The appropriate handling of personal/ sensitive and commercial data to comply with legal and regulatory requirements, avoid reputational and financial damage has been highlighted as a significant risk. This is following an increase in delays in Subject Access requests, Freedom of Information responses and two significant data breaches. Improvement plans have focused on reviewing physical storage, retention of electronic records, investment in digital technology, staff training and awareness and focused recruitment to address backlogs in SAR and FOI requests.

The provision of Leisure services operated by Trafford Leisure Community Interest Company has been challenged by the prolonged closures due to the pandemic. This has had a knock on effect on the timeframes and options to refurbish a number of buildings and the impact of new developments largely due to budget pressures on both the Council and the CIC. A further report on the refurbishment and a new operating agreement will be presented to the Executive in autumn 2021.

- Impact of Brexit and COVID-19- On 23 June 2016, Britain voted in a referendum to leave the European Union (EU) and on 1 January 2021 the UK left the EU with a Trade Deal covering new rules for how the UK and EU will co-operate, and trade together. The rules surrounding the agreement are complex in nature and to date there is evidence to show it is impacting on the way businesses operate. The free movement of people from the EU to the UK is having an impact on recruitment and meeting skills gaps. A high level Transition Preparedness Plan identifying key priorities/issues for each Service area has been produced by the Transition Preparedness Group as a focus for activity going forward. The Preparedness Plan is a combination of actions and issues that are monitored and reviewed by the Group on regular basis.
- Safeguarding vulnerable children - Safeguarding children is an area of Council responsibility that requires constant high levels of vigilance to guard against the risk of harm or abuse to children that could have been prevented through early help, identification, assessment and support. Trafford Children's Services was inspected under the Inspection of Local Authority Children's Service Framework in March 2019 and received an overall rating of inadequate. The sub-judgements were Requires Improvement for children in need of protection, Requires Improvement for children in care and care-leavers and Inadequate for Leadership. Following this judgement a number of actions were progressed to address the issues. This risk has subsequently been reviewed from a high risk to medium, following the most recent DfE review in May 2021 which concluded that **"The service has continued to improve throughout the last six months and the council remains driven and committed to improving outcomes for the children, young people and families of Trafford"**

Future resilience of key partners and ability of the Council to support them, in part caused by the pressures arising from COVID-19.

- The impact of climate change is considered to have a very high likelihood, in that all available indicators suggest that climate change is already occurring and will, if anything, become more prominent. The consequence of climate change could give rise to unpredictable and severe weather events – and events that occur with increasing regularity. These will in turn have significant impacts on our environment, economy and society which are wide ranging and cross cutting in character. The Council has prepared a draft Carbon Neutral Action Plan as a means of establishing actions to reduce emissions in Trafford. These will contribute to wider Low Carbon targets across Greater Manchester. Regular meetings of the Trafford Air Quality and Climate Change Commission are now taking place and further activity is focussed on supporting businesses which account for a significant portion of emissions. Additional capacity has been added to the Council including a newly appointed Strategic Planning and Growth manager.
- In the first three months of 2021/22 the council has seen unprecedented levels of additional demand from families newly resident in Trafford, particularly with children arriving from Hong Kong. In many planning areas schools are operating to full capacity. School Places & Capital Group and Place Shaping Board have oversight of school place planning and school expansion projects and key activities to mitigate risk are being actioned. This includes new capacity being brought on stream earlier than scheduled to accommodate oversubscription, emergency measures have been agreed and funded in order to accommodate specific capacity in local areas, updating and reviewing most recent GP data, planned housing developments and links with DfE Place Planning Teams to monitor impact of inbound migration

The strategic risk associated with UA92 was removed from the SRR in 2020/21 as many of the risks associated with the project have been addressed such as the signing of a long term lease by UA92, outline planning permission being granted for the Lumina Village development and progression of the Civic Quarter Action Plan.

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. The Annual Governance Statement sets out how the Authority has complied with the systems and processes, culture and values in the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' and also how it meets the Accounts and Audit (Amendment) Regulations 2021.

In response to the COVID-19 Pandemic, an Extraordinary meeting of Council on the 15th May 2020 passed arrangements to enable Trafford Council to continue to function throughout the Pandemic. These arrangements included delegating powers for the Corporate Director of Governance and Community Strategy to make changes to the Constitution where required to enable implementation of the recommendations agreed by Council. Those powers remained in place until the meeting of Annual Council on the 25th November 2020.

The council was required to adapt its procedures to maintain full Governance, this was demonstrated through the Governance team working in collaboration with the Council's IT department, Members, and Officers enabling the delivery of a full calendar of Public Meetings following changes in legislation, which enabled virtual meetings during the extended lock down periods. This ensured that Trafford Council's decision-making process remained open and transparent throughout the Pandemic and enabled the Council to provide communications and leadership during the crisis to meet its responsibilities for Governance.

The Council's Adult Services managed a full-scale shift in delivering services by adapting to changes in guidance as soon as they were identified, thus ensuring that the impact of the pandemic on residents was kept to a minimum. This included the establishment of Community Hubs which have been a remarkable success during a period of unrivalled challenge to the Council and the community. The Local Care Alliance (LCA) Board performed a critical role during the pandemic in holding a leading position in the coordination of the Trafford Health and Social Care response to the pandemic.

Other changes included the creation of the Trafford COVID-19 Public Engagement Board which has been an excellent example of the Council's commitment to public and stakeholder engagement. The Board has met every two weeks since the first meeting on the 11th August 2020 and has had a strong membership, made up of Councillors, Officers from Public Health, Trafford Council, Trafford CCG, Health and Social Care Providers, and representatives of Voluntary and Community Sector Organisations. The Board has served as an excellent conduit for information sharing during the pandemic and nowhere is this more evident than the role of the board and its members in helping to tackle vaccine hesitancy across the borough.

The strong connections made during this time will be maintained and utilised in the Council's continued improvement journey to deliver the highest level of services.

The Budget Process 2020/21

On 20 February 2020 the Executive recommended the Council approve an overall net revenue budget of £175.22m, this was adjusted during the year to £175.52m following a late announcement to the Government settlement. 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 Table 2 below.

In determining the budget for 2020/21 an overall budget gap of £18.50m was addressed by a combination of additional funding of £3.98m, use of reserves of £4.47m and £10.05m of service savings and additional income. This means that since 2010 the Council has addressed an overall budget gap over the period of £218m.

There was a 1.99% increase in Council Tax in April 2020 for Trafford services and a 2% 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 £1,343.78. This Band D Council Tax increased to £1,643.03 when precepts for the GMCA Mayoral Police and Crime Commissioner and GMCA Mayoral General Precept (including Fire Services) are added; ensuring Trafford had one of the lowest council tax levels in the country.

At the time of setting the budget for 2020/21 the overall gross budget gap for the next three years stood at £42.13m 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 coupled with a reset of the business rate baselines and cost pressures which include demographic pressures in social care, national living wage and other inflationary pressures. These pressures have been exacerbated as a result of the pandemic with huge uncertainty facing the economic outlook. 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 have remained relatively buoyant prior to COVID-19 and have helped to support the budget in recent years through a continued focus on economic regeneration. This approach, coupled with the 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

There are many wide-ranging and existing strategies and programmes of work underpinning the Corporate Plan and strategic priorities and all of these work together to deliver for the benefit of the residents and businesses of Trafford. During 2020/21 the Council continued to work and deliver on a number of key areas including the Inclusive Economic Recovery Plan, Equalities Strategy, Carbon Neutral Action Plan, Economic Growth Framework, Poverty Strategy, Trafford Pledge Youth Engagement Task Force and Trafford Locality Plan amongst others.

Each strategic priority has a number of key performance indicators (KPIs) with annual and / or quarterly targets which are monitored and reported, using performance dashboards at a service directorate and council priority level, some examples are given below in Table 1.

Table 1

Priority Area	Sample Measure
Building Quality, Affordable and Social Housing	The number of housing completions
Health and Wellbeing	Smoking prevalence in adults
Successful and Thriving Places	Through the Trafford Pledge increase the number of people into employment
Children and Young People	Children who are "looked after" rate per 10,000
Pride in our area	Percentage of household waste which has been collected for recycling
Green and Connected	Number of green flag awards achieved in Trafford
Targeted Support	Delayed Transfers of Care attributable to Adult Social Care per 100,000 pop 18+

Performance is monitored by individual service directorates, the Corporate Leadership Team, Executive Members and Scrutiny Committee. Full details of the quarterly reports can be found on the Council's website.

Any performance concerns are shared by Corporate Directors with Executive Members and where necessary a detailed improvement plan is put in place to address these.

The impact of the COVID-19 pandemic during the year has meant the Council adapting a more flexible and dynamic approach to supporting our residents, businesses and communities. Many performance targets have been effected, with some being suspended, as the Council, residents and businesses have focused on dealing with the impact of COVID-19 whilst simultaneously continuing our Recovery Plan to build back better.

There are 18 key performance indicators of which the vast majority 13 were met to a satisfactory level. Reporting on a couple of indicators have been suspended due to COVID-19, however, we are doing better than expected in some measures such as the number of admissions to residential and nursing has gone down due to COVID-19 and there has been a significant reduction in the level of nitrogen dioxide measured at the monitoring stations.

Three indicators were highlighted for attention, Trafford Pledge to increase the number of people into employment, the number of apprenticeships in the Council and affordable housing completions and that action plans are in place setting out how improvements can be made.

Performance against budget

The Council's net revenue expenditure was £172.718m and this represents a saving of £2.804m against budget; a specific report on the draft outturn position is available on the Council's web site, which contains more details on the financial performance against budget.

During the course of the year the implications of COVID-19 have had a major and unprecedented impact on the Council's finances. Pressures have been experienced in all service areas as well as income sources such as strategic investment returns and collection of Council Tax and Business Rates. Government support has been extensive both in direct grants to the Council as well as reliefs and grants for businesses and the community which the Council has administered. Full details of the impact of COVID-19 are shown in a separate section of this foreword.

The revenue outturn against budget is summarised in Table 2 and a reconciliation between the revenue outturn (also known as the management accounts) and the statutory accounts is shown in a later section.

Table 2:

Revenue Budget	Revised Budget £m	Actual Exp. £m	Variance £m	%
Children's Services	41,996 *	40,746	(1,250)	(3.0)%
Adult Services (incl. Public Health)	49,385	47,411	(1,974)	(4.0)%
Public Health	12,381	11,959	(422)	(3.4)%
Place	29,360	36,070	6,710	22.9%
Strategy and Resources	5,227 *	7,045	1,818	34.8%
Finance & Systems	7,900	7,711	(189)	(2.4)%
Governance & Community Strategy	6,518	6,727	209	3.2%
Directorate Budgets	152,767	157,669	4,902	3.2%
Council-wide Budgets	22,755	15,049	(7,706)	(33.9)%
Net Service Expenditure Outturn	175,522	172,718	(2,804)	(1.6)%
Financed by:				
Business Rates	(65,792)	(65,792)		
Council Tax	(103,990)	(103,990)		
Collection Fund Surplus	(1,216)	(1,216)		
Reserves	(4,524)	(4,524)		
Funding variance	(175,522)	(175,522)		
Net Revenue Outturn	0	(2,804)	(2,804)	(1.6)%

Major variances in the revenue outturn include:-

- The impact of COVID-19 had a significant impact on our management outturn with additional expenditure and lost income of approximately £51.94m. This was offset by Central Government COVID-19 Support Grants and contributions via the Clinical Commissioning Group from their allocation given by the NHSE. In addition changes in legislation allowed the deficits on the Council Tax and Business Rates collection fund to be spread over the next three years rather than the made good the following year. After the application of Government and CCG support and the removal of the Collection Fund deficits, this resulted in a net pressure relating to the pandemic of £8.82m.
- The COVID-19 pressures above were offset by savings across other service and corporate contingency budgets to arrive at a net underspend of £2.804m
- Underspends were made in Adults Service of £1.97m and Children's Services of £1.25m largely consisting of higher client care costs being met by the CCG from their allocation for the hospital discharge programme given by the NHSE along with savings in staffing costs due to delays in recruitment and restructuring.
- The above underspend for Adults Services was after a contribution to reserves of £1.0m to a Disabled Facility Grant Reserve to cover anticipated demand and therefore additional pressures on the capital budget for disabled facilities in 2021/22, this will enable clients to remain in a home environment for longer. A further £2.0m was transferred to an earmarked reserve to address short term pressures in client care costs and public health in to 2021/22.
- Place directorate overspend of £6.7m which was largely due to the impact of the pandemic on service income of £5.407m including parking fees and fines, property rentals, planning fees and support for Trafford Leisure CIC. The Strategic Investment Property Portfolio delivered a net benefit in 2020/21 of £6.371m, although this was lower than budget by £1.061m due to factors associated with the pandemic.

- Strategy and Resources directorate overspent by £1.8m largely due to lost income from schools catering and cleaning income due to the pandemic closures.
- Council-wide/Corporate Budgets – underspend of £7.71m due to the additional COVID-19 support grants £17.93m being held as a central resource and the release of contingency budgets £1.7m. Offset by losses from our strategic investments in Manchester Airport Group £5.6m and a contribution to COVID-19 reserves of £5.2m to address further pressure over the medium term and other positive movements worth £1.1m.
- Funding from Council Tax – There was an in year shortfall in Council Tax income of £2.66m of which Trafford’s share was £2.18m, this was largely the result of the pandemic effecting collection rates, delays in new properties coming online and an increase in hardship awards. The deficit has in part been offset by a Government grant, and will be spread over the three years 2021 to 2024 in line with revised Government regulators. Further details of Council Tax collection can be found in a later section in this foreword.
- Funding from Business Rates – There was an in year shortfall in Business Rates of £91.98m of which Trafford’s share was £91.06m. Included in this figure is £88.60m of COVID-19 rates reliefs, where businesses in the retail, hospitality, leisure and nursery sector were awarded 100% relief due to the pandemic. The Council has received a compensation grant of £87.71m for its share of this part of the deficit and this has been transferred to an earmarked reserve in order to refund the Collection Fund in 2021/22. The remaining balance of the deficit of £3.38m relates to a shortfall in other rates income, such as lower cash collections, premises undergoing refurbishments, demolitions and changes in the levels of appeals. Trafford’s share of the deficit was £3.35m. In a similar manner to the Council Tax deficit this will be spread over the three years 2021 to 2024. Further details of Business Rates collection can be found in a later section in this foreword.
- Business Rates Growth Pilot Monies - A further release from Greater Manchester Combined Authority of growth pilot monies from 2019/20 £1.73m and 2020/21 £3.42m have been used to bolster our budget support reserves in line with our budget plans agreed in February 2021.

Reserves

Due to a number of ring-fenced Government COVID-19 grants being carried forward on the balance sheet, usable reserves have been temporarily increased from a balance brought forward of £91.35m to £200.35m at year end, an increase of £109.00m. The reserve balances can be split into the General Reserve and Other Earmarked Reserves.

The General Reserve represents the minimum balance to allow for a cushion against unforeseen or emergency expenditure.

The balance at the start of the year was £7.0m and was increased to £8.0m as agreed by the Council on 17 February 2021 to reflect increased risk of a wider economic downturn due to the pandemic, Brexit and risks associated with the Asset investment Strategy.

The level of other earmarked reserves has increased by £108.00m due to a combination of changes which are detailed in the movement in reserves statement. This exceptionally large increase includes £97.35m of COVID-19 Government support grants relating to Business Rates Relief, Council Tax and Business Rates compensation schemes. These will be drawn down to repay the Collection Fund deficit and support our budget plans agreed in February 2021.

It must be stressed that the long term impact of the pandemic remains a significant risk for the Council in future years. As such the Council has utilised its favourable outturn and general COVID-19 support grants to bolster its COVID-19, Budget Support Reserves and specific earmarked reserves.

Notable movements include

- £88.48m increase in Corporate Reserves (inc. General Reserve) largely related to the balances of Government COVID-19 funding associated with rates relief and collection fund support, as mentioned above, which is fully committed in 2021/22 and 2022/23.
- A £4.46m increase in Service Earmarked reserves, largely to address the risk of delayed pressures and also the balance of unspent earmarked COVID-19 support grants carried over to be used for future commitments.
- £13.81m increase in other earmarked reserves including £4.524m reduction to support the 2020/21 budget as agreed by Council in February 2020 and £4.72m drawn down in respect of unspent general COVID-19 grant received in 2019/20 which was brought forward and held in reserve.
- A COVID-19 General Reserve has been increased by £5.23m met from unspent COVID-19 grants received in 2020/21 to provide additional resilience for potential ongoing financial pressures over the medium term.
- After the application of support for the in-year budget, mentioned above, the Budget Support reserve increased by £10.55m which included benefits of £5.15m from the Business Rates 2019/2020 and 2020/2021 Growth Pilot, an amount of £2.5m from GMCA relating to the Waste Levy refund and the £2.8m in-year underspend. The Budget Support Reserve balance at 31st March 2021 was £6.348m, of which £2.803m will be used to support the 2021/22 budget in line with our plans. The projected balance will be £3.54m at the end of 2021/22, which remains below our target level of at least 50% of the net annual pressure of approximately £5.5m.
- £7.27m of other increases included £2.31m Strategic Investment Reserve, to provide a cushion against a downturn in market conditions, £1.46m Transformation Fund Reserve which is fully committed within the parameters of the scheme, £0.7m Leisure Reserve to support ongoing pressures experienced by the Leisure CIC due to the pandemic, £1.13m Council Tax Hardship to support the extension of the hardship scheme in 2021/22 and £1.09m Sale PFI reflecting a technical adjustment relating to a payment due at the end of the PFI contract previously held as a long term creditor.
- Schools Reserves held under delegated powers increased by £4.26m and there was a £1.97m reduction in Capital Reserves.

Capital Investment

The Capital Programme for 2020/23 was initially approved at the Council meeting of 19 February 2020 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 2020/21 to 2022/23, was set at £369.38m in February 2020, however, a subsequent review of the programme was agreed by the Executive in September 2020, which increased the three year programme to £454.23m. Of this, £202.12m was originally programmed for 2020/21, however, was subsequently changed to £182.15m, with the approval of the Council's Executive.

Financing of the investment proposals was made up of grants and contributions of £122.24m relating to specific areas of investment, e.g. schools and highways, a requirement for capital receipts of £34.61m generated from the disposal of assets, revenue and reserves contributions £1.07m, and prudential borrowing of £296.31m 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 £2.76m of over-programming

Investment across the 3 years included addressing specific Council priorities:

- Leisure Centre Strategy;

- Investment in Highways;
- Secondary Schools - Expansion Programme and Improvement;
- One Public Estate, particularly relating to new health related provision and best use, including rationalisation of public sector assets;
- Adult Social Care – In-house dementia support;
- Affordable Housing;
- Regeneration of Strategic Locations including, Stretford Civic Quarter, Sale Town Centre and the development of the Stretford Town Centre Masterplan;
- Major infrastructure schemes to support new housing development, including Carrington Relief Road - A1 Route;
- Asset Investment Strategy, including the acquisition of commercial properties, provision of senior development or investment debt and direct development of council owned sites.

In October 2018 the Council approved an updated Investment 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. An increase to the Fund was made in February 2020 of £100m meaning that the total Fund is £500m, supported by prudential borrowing.

By the end of 2020/21 a number of transactions had been made or committed to by the Investment Management Board, leaving a balance for further investment of £164.47. This investment has provided a net benefit to support the revenue budget in 2020/21 of £6.37m, which is £1.06m less than the budgeted target for the year.

- 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, the Council has set up three joint ventures with Bruntwood Development Holdings Ltd. These entities will be responsible for the ownership and redevelopment of three key sites in Trafford; the Stretford Mall, Stretford, the Stamford Quarter, Altrincham, and the K-Site, Old Trafford. These entities form part of the Council’s group accounts.

The Council spent £105.01m on its Capital Programme in 2020/21 compared to the budgeted spend of £182.15m. 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	8.30	7.6	(0.7)
Supporting Infrastructure	1.55	0.45	(1.1)
Regeneration Projects	16.72	15.01	(1.71)
Highways / Transport Improvements	9.96	6.65	(3.31)
Social Services	2.18	1.99	(0.19)
ICT Investment	2.26	1.19	(1.07)
Recreation & Culture	1.83	1.06	(0.77)
General Programme	42.80	33.95	(8.85)
Investment Programme	139.35	71.06	(68.29)
Total Programme	182.15	105.01	(77.14)
FINANCED BY:			
Grants and Contributions	(17.27)	(16.21)	1.06
Capital Receipts	(1.91)	(0.01)	1.90
Earmarked Reserves	(0.66)	(0.22)	0.44
Borrowing	(162.31)	(88.57)	73.74
	(182.15)	(105.01)	77.14

The variance between the budgeted capital expenditure and the final outturn for the year was £77.14m and this will require re-profiling into 2021/22 and later years along with the associated financing.

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 2020/21 the Council complied with its legislative and regulatory requirements, including compliance with all treasury management prudential indicators.

Debt - at 31 March 2021 the Council's total external level of debt was £380.1m compared to £377.3m at 1 April 2020. The net increase of £2.8m is a result of planned debt repayments of £108.6m together with the receipt of new debt of £111.4m. The new debt taken consisted of £9.7m from the Public Works Loan Board and £101.7m from other Local Authorities to fund capital schemes including the Council's Investment Strategy which generates a revenue income stream sufficient to repay borrowing costs and action to reduce the under borrowed position. Whilst the Council continues to maintain a deliberate policy of being under borrowed, debt interest continues to be saved as a result of this action.

The average external rate of interest payable during the year was 2.57%, which compares favourably with 2.90% in 2019/20. The following table provides further details, including the interest rate at the beginning and end of the financial year.

	as at 1.4.20	as at 31.3.21
Average weighted maturity of long term loans (in years)	31.03	29.42
Number of loans	33	35
Value of loans (Principal)	£377.3m	£380.1m
Loan rate	2.68%	2.53%

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 £79.8m as at 31 March 2021 and this compares to £88.4m as at 31 March 2020. In 2020/21 an average investment rate of 0.76%, 0.83% above the market benchmark (London Inter-bank BID 7 day rate), was achieved. This compares with an average return of 1.12%, in 2019/20 which was 0.58% above the LIBID 7 day rate. In addition to this the Council entered into a £17.6m loan facility agreement in 2019/20 which has a maximum duration of 5 years and is secured on 4 prominent properties within Manchester City Centre.

Impact of the COVID-19 pandemic

The financial year 2020/21 has been unlike any other year. The Council had to adapt to evolving events as the country moved in and out of lockdown and various tiered restrictions. It required flexibility and adaptability to respond to an ever changing national and local scene.

Following on from procedures initiated in March 2020, enhanced management arrangements which included our Clinical Commissioning Group partners, continued with a structure based on Gold (Strategic), Silver (tactical) and Bronze (operational) groups. This ensured rapid responses to the evolving position, supporting appropriate decision making (including the use of emergency powers as allowed for in the Council's Constitution), clear communication and inter-agency cooperation. Although this structure remains in place, the frequency of meetings reduced from January 2021 and is reviewed regularly to ensure oversight, prompt decision making and risk management. The response required from each of the Council's service areas was different but nonetheless important.

At the frontline initially were the Health and Social Care teams and whilst the intensity of this work reduced during the year as systems and processes became embedded, the scale of the challenge has not diminished

and will continue to impact into 2021/22. The focus remains on supporting our residents to live well in our community and at home and with short stays in hospital.

Additional resource was recruited to support the delivery of tracing, testing and vaccination programmes and officers were rapidly deployed to support the distribution of Personal Protection equipment; establishing new processes and procedures.

Our Community Hubs have continued to provide support to residents, including the clinically extremely vulnerable; working with partners and local Voluntary Organisations, Community Groups and Social Enterprises. In addition a Community Engagement team was established to support COVID-19 engagement across our four neighbourhoods, providing a coordinated rapid community response. Trafford has a diverse population who faced many challenges during the COVID-19 pandemic and the team are well placed to understand local neighbourhood needs and behaviours, ensuring that the response is coproduced with residents, businesses and partners working under the guidance of the Public Health team.

The Council has worked closely with schools to manage closures for all except the children of key workers and then to work through the practical issues of re-opening schools and testing the wider schools family. As there were several closures and re-opening instances, the practical issues became clearer although no less challenging, but good working relationships have been maintained. Of key importance was the balancing of the health and wellbeing of the children, school staff and the wider community.

The pandemic has had a widespread impact on the workforce of the Council and the way in which the Council delivered services. The Council utilised technology to allow office based staff to work seamlessly from home to minimise disruption to services. For those who could not work from home, working practices were adapted to ensure their safety, health and wellbeing. Where appropriate, staff were redeployed to services such as the Community Support Hubs, community swabbing and vaccination support functions. Our people have been truly amazing through the pandemic. They continue to be our greatest asset and supporting their wellbeing is a key focus.

It is clear that there will not be a return to a traditional office based service provision. The new opportunities provided by technology show how home working can be successful and a blended approach to home/office working is likely to be introduced post pandemic.

Many Council facilities, including schools and libraries, were required to close and reopen as various restrictions were eased and then re-introduced. Libraries continued to provide click and collect services for people wanting to borrow physical books and over 69,400 physical books have been borrowed and e-newspaper take up has increased 164% year on year.

The pandemic has had a dramatic impact on both the local and national economy. To offset the adverse impact on local taxpayers a number of short term support measures were introduced, including additional support for council tax through the Council Tax Support and Council Tax Hardship Scheme and a range of business grants and rates relief measures for business ratepayers.

Right from the outset, the Adult Social Care team had to implement new working arrangements. Under the Council's emergency decision making powers a range of short-term initiatives were agreed for either immediate or phased implementation. These were aimed at assisting the system wide efforts to ensure as far as possible, there was sufficient capacity in the local hospitals to provide hospital based care to those in greatest need and to ensure that care providers operating in neighbourhoods were able to continue to support vulnerable people, facilitate discharge and prevent admissions to hospital.

These new measures included making advanced payments and payments to providers based on commissioned/planned rather than actual activity. An additional £1 per hour uplift for home care, £50 or £60 additional per week per residential and nursing client, plus the payment for all PPE costs over the 'normal' costs homes would have had within a month. In addition to this additional PPE was purchased by the Council for onward distribution with no charge to the care homes. Plus purchasing of capacity in care homes falling below 90% occupancy.

All these measures were supported by extra Council investment (funded by additional Government grant) and also by the NHS via Trafford CCG accessing a £1.3bn national fund set up to support accelerated discharges from hospital including the full or enhanced cost of care packages agreed at the point of discharge and delivered in the community.

The Council has actioned a range of other Government initiatives to provide support to local businesses in the form of the administration of Business Grants and the application of additional Business Rate reliefs. Adopting the measures set out in the Government's Procurement Policy Note 2, the Council introduced measures to ensure suppliers at risk are able to resume normal contract delivery once the outbreak is over. Immediate payment terms have been introduced for suppliers, and where appropriate, the Council has paid in advance of normal contractual terms, made interim payments and paid on order rather than on receipt of goods.

The Council relaxed compliance measures in relation to Council Tax and Business Rates collection and allowed Council Tax payers and businesses to defer payments for the first three months of 2020/21 with revised payment plans over July 2020 to March 2021. The Council is also applying the Government's hardship relief scheme to Council Tax payers of working age in receipt of Council Tax Reduction. The Hardship Scheme has been extended into the 2021/22 financial year, which was met from the unspent Government hardship grant.

Other income streams, such as car parking, school catering, registrars services, licencing, planning and building control have all been interrupted and Government support has been forthcoming in the form of a Sales, Fees and Charges compensation grant to help offset a proportion of the losses. The on-going challenge will be for the Council to restore the lost or deferred income streams to avoid placing an additional burden on the people and businesses of Trafford whilst at the same time attempting to manage its finances effectively. The success in restoring income streams will not become evident for some time.

Central Government has provided a number of ring-fenced and generic cash grants to meet urgent and unforeseen costs and financial pressures impacting on the Council. Full details of the grants are detailed in the separate section below. In addition changes were made in legislation, which allowed the expected deficits on the collection fund relating to shortfalls in Council Tax and Business Rates income to be spread over three financial years, rather than the previous requirement to make good in the following year's budget plans. This was further supported by a Government Tax Income Guarantee grant aimed at meeting a proportion of the shortfall in income caused by the pandemic.

At the time the 2021/22 budget was set, the Government had assumed that the pandemic would last for the first quarter of the financial year and subsequently provided further support in the form of a general grant and the extension of the Sales, Fees and Charges compensation grant for the first three months of the year. The business rates relief scheme was also extended, allowing 100% relief for the first quarter, followed by a discount of 66% from July 2021 to March 2022. At the time of drafting this foreword, the impact of the pandemic remains unclear and even with the easing of lockdowns the longer term impact on the economy is difficult to predict.

There is no doubt, the pandemic will have a significant impact on the Council's resources over the short and medium term. It has put pressure on expenditure required to tackle the implications of changes to service provision being particularly felt in adult's social care and the need to support the NHS and the discharge process from hospitals and children's social care provision. There was also a significant impact on income streams, especially the significant dividend receipts from our strategic investments in the Manchester Airport Group and also from business rates. These will have implications on the Council's resources into the medium term which coupled with other recurrent impacts will place a strain on balancing budgets in the next few years.

Whilst the impact on the 2020/21 financial year is now clear, the pandemic sets the scene for future financial years and places additional strain on the budget for 2021/22 and later years. The main focus in our medium term financial strategy for the next three years was based on the principle of separating COVID-19 related pressures from business as usual, with the former being met from the use of reserves in recognition of their time limited nature, which for an authority like Trafford is difficult because of its low levels of available reserves.

An Economic Recovery plan has been developed to support businesses recovery. This focuses on improving town centres, supporting businesses to grow and create sustainable jobs; particularly exploring opportunities for attracting 'green' businesses, and improving skills and local job opportunities for residents. The plan also seeks to encourage inward Investment to Trafford and the development of our key sites such as Trafford Civic Quarter and the Stretford.

A Trafford Partnership Recovery Strategy has also been developed with a joint action plan around the four themes of Business Recovery, Employment and Skills, Children and Young People and Living Well in the Community. These themes have one central focus - job creation and development – helping people to get on in life by improving their skills, obtaining employment, assisting business, and investment. Digital skills,

greenspace, carbon neutrality and sustainability run throughout the action plan and are at the root of everything we do.

Trafford's recovery plan is a living document and is designed to support our strategic priorities whilst building on the momentum and positive experience of collaborative action and care shown by those involved in meeting the evolving needs of residents and businesses impacted by COVID-19. The work delivered through recovery is aligned to and will accelerate the ambitions set out in the corporate plan.

The Council and its officers are continuing to work closely with the Ministry of Housing, Communities and Local Government to monitor both the in-year and future year pressures.

The Chancellor announced the Spending Round on 25 November 2020 and included headline numbers for government departmental spending for 2021/22 only, including the level of support for ongoing COVID-19 pressures. A multi-year spending review was expected, however due to the extra pressures caused by COVID-19, the spending round focused only on one year. Until the multiyear Spending Review, now delayed until later in 2021 although with signals that this is unlikely to be achieved, which will signal the trajectory of local government for the next few years, the full extent of future budget challenges will not be known.

There are undoubted risks to the financial sustainability of many local authorities and Trafford is no different in that respect. The position is constantly evolving but to date a cautious approach has been undertaken by adding to reserves where it can, for example to cover income and valuation risks on our commercial property, bolstering general COVID-19 reserves, business rate risk and budget support until the full economic impact becomes clearer.

COVID-19 Grants

The Council received a range of grants from Central Government in 2020/21 to support the overall response to the COVID-19 pandemic. The financial impact of these grants is included within the outturn and Statement of Accounts depending on whether the Council was acting as an agent on behalf of the Government or principal.

Where the Council acted as principal, it was able to use its own discretion when allocating the amount of grant payable and subsequently all grant income and related expenditure is shown within the Council's Comprehensive Income and Expenditure Statement (CIES) in either Cost of Services or Tax and Non-Specific Grant Income. Unspent grant allocations where there are conditions attached to the grant have been carried forward on the Council's Balance Sheet as a Grant Receipt in Advance under current liabilities.

Where the Council was acting as agent the following conditions applied:

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

Where acting as agent, the grant income and expenditure was not processed through the Council's CIES. Unspent grant allocations are however shown on the Council's Balance Sheet as a Receipt in Advance under current liabilities.

COVID-19 - Business Support Grants

The Government issued a range of support grants aimed at businesses which were forced to close or were restricted to trade during the various stage of the local and national lockdowns. These are summarised below

Small Business Grant Fund (SBGF) and Retail, Leisure and Hospitality Grant Fund (RLHGF)

As the grants sums payable were £0.010m or £0.025m for each eligible business with eligibility criteria specified by Government, the Council acted as an agent in administering these grants. By the time the final grants were paid in October 2020, in total £26.82m had been paid in SBGF and £16.58m in RLHGF to businesses.

Discretionary Grant Fund

The Council determined eligibility for these grants and therefore acted as a principal for this source of funding. A total of £2.38m was paid to 253 businesses.

Local Restrictions Support Grant (LRSF)

Covering the period from August 2020 to 31 March 2021. In total the Council received £23.22m in grant across eleven separate allocations. Three rounds of the LRSF had a discretionary element and for these the Council determined eligibility and therefore acted as principal. All except one tranche of grant funding (the Christmas

Support Payments for Wet Led Pubs) remained open for final payments beyond 31 March 2021. Unspent balances relating to grants where the Council acted as agent at 31 March are included in the Council's Balance Sheet (Receipts in Advance in Short Term Creditors). Once all rounds of LRS are finally closed there will be a reconciliation and remaining funds will be repaid to Central Government.

Additional Restrictions Grant.

This grant was available for businesses which did not meet the criteria for LRS. The Council introduced specific eligibility criteria for grant support based on knowledge of the Trafford economy and the local business community. During 2020/21, two rounds of grant were received totalling £7.13m for which the Council acted as a principal. By the year end £3.32m had been spent with £3.81m being carried forward within the Council's Grants Receipts in Advance.

Restart Grants

From 1 April 2021, the Council began administering a new round of business support grants known as Restart Grants and it will continue to administer this grant regime until the closing date for final payments on 31 July 2021.

Business Rate Reliefs

As a response to the pandemic, the Government granted businesses in the retail, hospitality, Leisure and nurseries a 100% rates relief which was administered by the Council. The Council was compensated for the loss of rates income of £87.71m via a Section 31 Grant. This grant has been held in an earmarked reserve and will be used in 2021/22 to reimburse the Collection Fund for the Council's share of the deficit.

In addition to the business support grants and reliefs detailed above, during the year the Government introduced a number of specific grants. Each of these grants had its own terms, conditions and eligibility criteria, some had detailed reporting requirements and contained both elements of agency and principle, which were required to be separated for accounting purposes.

The table below sets out the summary grant information.

Grant Name	Credited to Costs of Services £000	Credited to Taxation & Non- Specific Grant Income £000	Carried Forward as Grant Receipt in Advance £000
Grants whereby Trafford acted as Principal			
COVID-19 GENERAL SUPPORT GRANTS (1ST TRANCHE) (*)	-	(4,722)	-
2019/20 unspent Grant brought forward via reserve	-	(4,722)	-
SECTION 31 BUSINESS RATES COMPENSATION GRANTS (COVID-19 RELIEF)		(87,713)	
COVID-19 GENERAL SUPPORT GRANTS (2ND, 3RD AND 4TH TRANCHE)	-	(10,587)	
CONTAIN OUTBREAK MANAGEMENT FUND	(879)	-	(5,829)
SALES, FEES AND CHARGES COMPENSATION GRANT	-	(2,620)	
INFECTION CONTROL (CARE HOMES) GRANT	(4,246)	-	
PUBLIC HEALTH/LA TEST & TRACE SERVICE SUPPORT GRANT	(555)	-	(602)
COUNCIL TAX HARDSHIP FUND GRANT	-	(1,561)	
FOOD & EMERGENCY ASSISTANCE GRANT	-	(218)	
CLINICALLY EXTREMELY VULNERABLE GRANT	-	(682)	
TEST AND TRACE/SELF ISOLATION ADMIN GRANT	(67)		
TEST & TRACE DISCRETIONARY	(64)	-	(208)
COVID-19 WINTER GRANT SCHEME (Discretionary part)	(118)		
COMPLIANCE AND ENFORCEMENT/COVID-19 MARSHALS GRANT	(107)	-	
LHA NEW BURDENS FUNDING GRANT	(1)	-	
NEW BURDENS BUSINESS RATES RELIEF GRANT	(12)	-	

NEW BURDENS COUNCIL TAX HARDSHIP GRANT	(17)	-	
NEW BURDENS ADMIN GRANT	(77)	-	
COMMUNITY CHAMPIONS FUND	(90)	-	(382)
ADULTS SOCIAL CARE RAPID TEST FUND	(550)	-	
WORKFORCE CAPACITY FUND COVID-19	(473)	-	
BUSINESS RATES TAX INCOME GUARANTEE GRANT	-	(4,061)	
COUNCIL TAX INCOME GUARANTEE GRANT	-	(767)	
ADULT EDUCATION BUDGET GRANT	(46)	-	
COVID-19 BUSINESS IMPROVEMENT DISTRICTS GRANT	(15)	-	
COVID-19 CATCH UP PUPIL PREMIUM	(1,069)	-	
CYBER RESILIENCE GRANT	-	-	(250)
DIGITAL EDUCATION PLATFORM GRANT	(13)	-	
DIGITAL INCLUSION GRANT	(46)	-	(4)
DOMESTIC ABUSE CAPACITY BUILDING FUND GRANT	(50)	-	
HOLIDAY ACTIVITIES & FOOD PROG GRANT COVID-19	(66)	-	
NEW BURDENS GENERAL GRANT	-	(170)	
REOPENING HIGH STREETS SAFELY FUND	(30)	-	
WELLBEING FOR EDUCATION GRANT	(13)	-	
BUSINESS SUPPORT GRANTS (PRINCIPAL) :-			
DISCRETIONARY COVID-19 BUSINESS SUPPORT GRANT	(2,376)	-	
ADDITIONAL RESTRICTIONS GRANT COVID-19	(3,321)	-	(1,701)
ADDITIONAL RESTRICTIONS GRANT from 5th January	-	-	(2,109)
LRS G1 (OPEN) DISCRETIONARY	(2,649)	-	
TOTAL PRINCIPAL GRANTS 2020/21	(16,950)	(108,379)	(11,085)
	Grant received during the year £000	Grant paid out during the year £000	Carried forward as Receipt in Advance £000
Grants whereby Trafford acted as agent			
SMALL BUSINESS GRANT FUND	(26,820)		0
RETAIL, HOSPITALITY AND LEISURE GRANT FUND	(16,575)		0
CLOSED BUSINESS LOCKDOWN PAYMENT GRANT 5 JANUARY	(12,033)		(4,307)
COVID-19 WINTER GRANT SCHEME	(471)		0
LRS G1 (CLOSED) NATIONAL LOCKDOWN	(4,012)		(1,499)
LRS G1 (CLOSED) TIER 3	(108)		(28)
LRS G2 (CLOSED) TIER 3 POST 2 DEC	(376)		432
LRS G2 (OPEN) POST 2 DEC	(131)		101
LRS G3 (CLOSED) ADDENDUM TIER 4 GRANT	(1,196)		(646)
LRS G4 (CLOSED) ADDENDUM GRANT FROM 5TH JANUARY 21	(12,323)		(4,428)
TEST & TRACE (SIPS) GRANT STANDARD	(299)		(77)
WET-LED PUBS GRANT COVID-19	(51)		29
TOTAL AGENT GRANTS 2020/21	(74,395)	0	(10,423)
GRAND TOTAL	(91,345)	(113,101)	(21,508)

(*) the 1st tranche of COVID-19 Support Grant was received in 2019/20 and £4.722m was carried forward in an earmarked reserve drawn down in 2020/21.

Financial Management Code

The Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Management Code was first issued in 2019/20 with full guidance following in 2020. The objectives of this code are “to support good practice in financial management and to assist Local Authorities in demonstrating their financial sustainability”. The code is based upon a series of principles which will be supported by specific standards of practice which CIPFA consider necessary for a strong foundation and builds upon the success of the CIPFA Prudential Code.

Due to the pandemic, the initial implementation date of 1 April 2020 was revised to 1 April 2021.

The finance service had started to work through the requirements detailed within the Code to ensure compliance before the implementation date of 1 April 2021. Whilst compliance can be demonstrated in most areas, the impact of the pandemic required the Council and the finance service to refocus its priorities and progress towards full compliance has been delayed. An action plan has been prepared and will be progressed during 2021/22 to ensure that the identified improvements are introduced and that the wider organisation embraces the recommendations of the Code.

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 £15.55m (2019/20 at £26.97m). However, the management accounts declare an outturn underspend of £2.80m (2019/20 £0.258m). 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 £41.3m surplus to a £94.5m deficit. The movement in the CIES of £135.8m primarily relates to;
- Changes in pension charges of £150.5m;
- Changes in Net Gains/Losses on asset revaluations including PPE and Investment assets £(14.92)m;
- A net reduction in financing and investment income and expenditure between 19/20 and 20/21 of £10.4m, mainly relating to a change in the fair value of financial assets of £8.6m;
- An increase in tax and non-specific grant income £(8.1)m largely related to additional COVID-19 support grants received in 2020/21, further analysis can be seen in note 40;
- A reduction in the cost of provision of services, excluding pension charges, of £(2.2)m consisting of an increase in general expenditure and service grants of approximately £22.8m partially offset by an increase in income received for charges for services of £16.4m, a £4.1m reduction of capital related adjustments such as depreciation, revenue related capital items and asset revaluations and an increase in the grant received for Dedicated schools of £5.4m and an increase in income received for services.

Balance Sheet:

Net assets have reduced from £247.6m to £153.1m, a reduction of £94.5m or 38% in the value of the balance sheet, with the key movements being:

- A reduction in the value of long term assets of £20.1m including a reduction in Long Term Debtors of £35.2m, largely related to £48.57m of strategic investment programme loans, due for repayment in the next 12 months, which have been moved to Short Term Debtors. Increases have been seen in the value of our equity and loan investments in the Manchester Airport Group of £15.31m plus a further £2.95m of deferred interest debtors related to loan support. A further advance of a loan to support our Leisure CIC during the pandemic has added £0.85m to long term debtors. There has been an increase in Property

Plant and Equipment of £12.8m largely due to revaluations upwards and an increase in assets under construction for ongoing capital works. Revaluations of investment properties has resulted in a reduction of £5.4m.

- An increase in current assets of £32.2m including £38.3m increase in short term debtors relating to £78.0m of strategic investment loans due for repayment in 2021/22 offset by £39.7m repayment of a developer loan received in 2020/21 as planned. An increase in Business Rates and Council Tax debtors of £3.6m has largely been offset by an increase in the provision for bad debt of £2.6m reflecting a potential for higher debt default due to COVID-19. There has been a reduction in cash and prepayments of £3.0m.
- An increase in current liabilities of £8.6m associated with a reduction in Short Term Borrowing of £3.6m, and a reduction in Short Term Creditors of £8.1m largely due to timing differences in payments outstanding for pay related items to HMRC and the pension authority, plus reductions in payments outstanding to Greater Manchester Combined Authority relating to our Business Rates Growth Pilot contribution. The payments in advance relating to COVID-19 grant were approximately £10.5m owed to government at the end of both financial years 2019/20 and 2020/21, hence no movement between the years. There has been an increase in income in advance of £5.5m due to NDR receipts in advance of £2.9m and Working Well Expansion programme of £1.9m and an increase in the provision for business rates appeals of £1.8m. Revenue Grants receipts in advance have increased by £11.1m, see COVID-19 Grants table above.
- An increase in long term liabilities of £97.95m primarily due to an increase in the pension liability of £93.4m, following actuarial assessment and caused by a change in assumptions in discount rates (the expected rates of returns on investments) and CPI, and an increase in long term borrowing of £6.5m.
- The bottom part of the balance sheet, reflects the reduction of £94.5m mirrored by the change in net assets above. Usable Reserves have increased by £109.00m from £91.35m to £200.35m. The largest increase relates to £92.47m being held in reserve to meet the Collection Fund Deficit as well as supporting the 2021/22 budget, consisting of movements in the Council Tax Income Guarantee Reserve £0.767m, Business Rates Tax Income Guarantee Reserve £3.99m and £87.713m Business Rates Exceptional Deficit Reserve. Details of reserve movements are shown in Note 10.
- A reduction in Unusable Reserves of £203.5m is largely related to increases in the Collection Fund Adjustment Accounts of £89.5m, relating to the Council's share of the deficits in the Collection Fund caused by COVID-19. This deficit will largely be met from the balances held in earmarked reserves as described above. In addition the change in Pension Reserve of £122.5m reflects the changes in pension liabilities plus the timing difference in accounting for the remainder of the advanced pension payment.
- **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 2021 the Council had a net liability for pensions of £350.89m, which compares with £257.03m at 31 March 2020.
- The liability includes a figure of £28.64m relating to the balance of the three year advanced pension contribution (see details page 161), which if excluded to allow for comparison would have resulted in a net liability of £379.53m and an increase in the liability of £122.50m from 2019/20. This significant movement is a result of the changes in the financial assumptions used by the pension fund Actuary surrounding the investment returns and obligations which have both been significantly different when compared with last year's assumptions at the reporting date.
- Further details on the Council's overall net pensions asset/liability are included in notes 48 and 49 on pages 155 to 161.

Collection Fund – Council Tax

The Council collected Council Tax in 2020/21 on behalf of itself, the Greater Manchester Combined Authority (Mayoral, Police and Fire) and Partington and Carrington Parish Town Councils.

A total of **£124.48m** of Council Tax was collected in respect of 2020/21, an in year performance of 97.2% (97.8% in 2019/20). Details of the Collection Fund can be found on page 170, which shows an overall accumulated deficit of £3.008m (£1.12m surplus in 2019/20).

There was an in-year deficit on the Council Tax Collection Fund was £2.66m consisting of:

- £0.86m shortfall in cash collection - During the first half of the year the challenges faced by COVID-19 placed considerable pressure on the Council Tax Collection Fund, largely related to a reduction in collection rates. As the year progressed collection rates improved steadily and at the year-end there was a shortfall on cash collection of £0.86m.
- The recovery of the Council Tax collection rates was helped by the extension of the Governments Job Retention Scheme and the application of a Government Sponsored Hardship Scheme giving 100% discount to existing working age Council Tax Support claimants.
- £1.07m shortfall in tax base income. Increasing trends in claims for discounts and reliefs (such as Single Person Discount) and delays in new properties coming online, placed further pressure on our business as usual activity resulting in a shortfall in the core tax base;
- £0.703m shortfall due to higher take up of the Local Council Tax Support Scheme. As a consequence of the pandemic, the take up of the Local Council Tax Support Scheme was higher than anticipated resulting in lost income of £0.703m;
- £0.630m Hardship Awards – Hardship awards relating to COVID-19 were £0.630m for the year and this was offset by the Government sponsored Council Tax Hardship Grant the Council received within its General Fund. The total hardship grant was £1.561m and £0.630m was transferred to the Collection Fund to offset the lost income from awards. The remaining balance of £0.931m was transferred to an earmarked reserve to support the extension of the hardship scheme in 2021/22 as agreed in the final budget report for 2021/22.

After taking into account the brought forward collection fund surplus of £1.120m and the planned budget support of £1.466m, the net impact of the above resulted in a year end cumulative deficit of £3.008m (surplus £1.12m 2019/20).

This deficit is apportioned to the Council, the GMCA Mayoral Police and Crime Commissioner and the GMCA Mayoral General Precept (including Fire Service) on a proportionate basis. Trafford's share of the deficit is £2.455m (£0.92m surplus 2019/20) which will be recovered over the three years 2021/24 in line with revised Government regulations to reflect the financial implications the pandemic had on collection rates.

The Government also announced further support under the Tax Income Guarantee (TIG) Grant which compensated councils for 75% of specific losses in Council Tax recovery caused by COVID-19. The TIG for Council Tax has been calculated at £0.767m and was credited to the General Fund in 2020/21 and transferred to an earmarked reserve to be drawn down over the next three years in line with our medium term budget assumptions as agreed in February 2021.

Collection Fund - Business Rates

The Council continues to participate in the 100% business rates pilot, along with the remaining GM districts. The level of business rate income for the year after discounts, reliefs, cost of collection and provisions was £64.079m (£154.262m in 2019/20) compared with an estimated income of £156.055m (£155.556m in 2019/20), resulting in an in-year deficit of £91.976m (deficit £1.294m in 2019/20).

The deficit includes a figure of £88.599m in lost income related to COVID-19 rates reliefs, where businesses in the retail, hospitality, leisure and nursery sector were awarded 100% relief due to the pandemic. The remaining balance of £3.377m relates to a shortfall in other rates income, such as lower cash collections, premises undergoing refurbishments, demolitions and changes in the levels of appeals.

Within its General Fund, the Council has been compensated for the loss in rates due to COVID-19 reliefs in the form of a Section 31 grant. An amount equivalent to the share of the deficit (99%) caused by these reliefs (£87.710m) has been transferred to an earmarked reserve which will be used to repay the shortfall to the Collection Fund.

The accumulated balance on the NDR element of the collection fund carried forward as at 31st March 2021 was a deficit of £87.811m (deficit £0.800m in 2019/20). The accumulated deficit is made up from the 2020/21 deficit of £91.976m and an overpayment of £4.165m made by the Council and major preceptor relating to the estimated 2019/20 deficit. The refund to the Council and Major Preceptor of the difference in the 2019/20 deficit will be made in 2021/22. The in-year deficit of £91.976m will be separated into two elements, with the shortfall relating to the COVID-19 rates reliefs of £88.599m being repaid by the Council and Major Preceptor in 2021/22 and the remaining balance of £3.377m being spread over the three financial years 2022/23 to 2024/25.

In a similar manner to the Council Tax Income Compensation Scheme, the Government also announced support of 75% of budgeted losses on business rates. A TIG grant of £4.321m was credited to the General Fund and a figure of £3.99m has been transferred to an earmarked reserve in line with our budget requirements assumed for 2021/22.

Reconciliation between Statutory Accounts and Management Accounts

The Council's management accounts outturn position is an underspend of £2.8m (analysed above), whereas the (Surplus)/Deficit on the Provision of Services in the CIES on pages 31 to 32 shows an overspend of £13.0m.

The differences between the CIES and the Council's management accounts are adjusted for in the Movement in Reserves Statement (MiRS) (pages 35 to 37) and further analysed in the Expenditure and Funding Analysis (page 39). 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 £112.2m, as detailed below:

CIES account reconciled to outturn	£m
CIES Account Deficit on Service Provision	15.6
Accounting adjustments in MiRS:	
- Capital charges and Capital Grants	(20.5)
- Pensions	(16.1)
- Collection Fund and Other Adjustments	(91.1)
Total Accounting adjustments	(127.7)
Net Transfers to/(from) reserves	
-Net transfer to/(from) schools reserves	5.4
-Net transfer to/(from) Other earmarked reserves	102.9
-Net transfer to/(from) General Reserve	1.0
Total Net transfers to/(from) earmarked reserves	109.3
Total Management Outturn (under)/Overspend *	(2.8)

* figure is £2.8m (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 2021/22.

Schools

At the end of 2020/21 the Council maintained 53 primary schools, 5 secondary schools and 3 special schools (61 in total) for which the year-end balances were included within the Council's balance sheet. Three 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 2020/21 increased by £4.866m when compared to 2019/20, to £12.822m.

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 2020/21, one secondary school converted to academy status bringing the total number of academy schools to 28.

At the end of 2020/21 a central DSG reserve of £1.753m 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 continue to prove to be a challenging period to the Council particularly due to the financial shock to both the Council and the wider economy of the COVID-19 pandemic as well as the uncertainty around local government funding. A full funding review including Business Rates was planned for 2020/21, being the end of the comprehensive spending review (CSR) period. The review was delayed due to the pandemic and the Government announced a one year settlement for the 2021/22 financial year. Details of the longer term settlement are vague and there are suggestions of a further delay until 2022/23 at the earliest.

Any review of funding will no doubt be heavily influenced by the COVID-19 crisis, especially on the impact the change in behaviour the pandemic has had on the high street and subsequently the fairness of the business rates model.

Prior to the pandemic, the Government had already signalled some major changes, including a move to a 75% business rate retention scheme and a resetting of baselines used to calculate business rate growth and the fair funding review of the relative need of authorities which will result in a redistribution of resources nationally through updated baseline funding levels. No other indication of the level of funding Local Authorities can expect to receive for 2022/23 and beyond has been announced. This, coupled with the uncertainty caused by Brexit will lead to significant financial turbulence over the period.

Since April 2016, Greater Manchester has been working to deliver its own sustainable Health and Social Care system. In order to take this forward, Trafford Council and Trafford Clinical Commissioning Group (CCG) jointly developed a Locality Plan for Health and Social Care Transformation covering the period 2016/17 to 2020/21. In delivering this Locality Plan both organisations worked together to redesign the way that Health and Social Care services are delivered in the Borough to improve services and outcomes for residents and patients, all within a system that is built upon a sustainable financial model.

In November 2020, the Government released new guidance in respect of the next steps in integrating care. This will work on the basis of Place, Provider Collaboratives, Integrated Care Systems (ICS) and national and regional bodies. It will also mean that Clinical Commissioning Groups (CCG's) will no longer exist after April 2022.

The Council's relationship with the Trafford CCG will therefore change as the system evolves and localities come together under a Greater Manchester Integrated Care System which will have a focus on population health. At a locality level a Trafford Integrated Health and Care System is being established, building on progress already made to deliver efficiencies, more effective services and to contribute to budget savings through collaboration, networks and alliances. On 11 February 2021, the Secretary of State for Health and Social Care presented to Parliament, Integration and Innovation: Working Together to Improve Health and Social Care for all, setting out legislative proposals for a Health and Care Bill likely to be enacted in 2022. The implications of this White Paper will also influence the future direction of working arrangements between the Council and NHS partners. However, the ambition remains to work closely in partnership, with the NHS and Local Government as equals in the Integrated Care system.

Future Budgets

Information on the planned future expenditure and the financial environment of the Council can be found in the Council's 2021/22 Budget and 2021/24 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, Finance and Systems Directorate, Trafford Council, Town Hall, Talbot Road, Stretford M32 0TH.

*Graeme Bentley CPFA
Director of Finance and Systems
30th July 2021*

Explanation of the Financial Statements

Please note that a glossary of terms can be found on page 194.

A description of the responsibilities of the Council regarding the Accounts 2021 is provided at page 29, and the Audit Report can be found on page 30.

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 50 to 66.

The main financial statements that make up the Accounts (pages 31 to 38) 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 31 to 32) 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 2020 to 31 March 2021. 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 2021 are adjusted for within the Movement in Reserves Statement on pages 35 to 37, with more detail in note 9 on pages 72 to 78. 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 35 to 37) 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 33 to 34.

The Cash Flow statement (page 38) 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 29 to 169. These notes expand on the figures, providing greater detail and information as prescribed or as necessary. Included within these notes is a statement on 2020/21 capital expenditure and how this was financed on pages 150 to 151.

The Council has the responsibility for collecting all Council Tax due in the Borough on behalf of itself, the GMCA Mayoral Police and Crime Commissioner, the GMCA Mayoral General Precept (including Fire Services) 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 170 to 171.

Main Changes to the Core Statements and Significant Transactions in 2020/21

Pension Valuation and Advance Pension Payment

In April 2020 the Council made a payment of £42.96m 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 1.1% per year over the period 2020/21 to 2023/24. This had the impact of reducing the overall pension liability on the balance sheet over the three year period.

At 31 March 2021 the Council had a net liability for pensions of £350.89m, which compares with £257.04m at 31 March 2020, an increase of £93.85m. This net liability at year end includes a figure of £28.64m 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 £379.53m and a movement of £122.49m from 2019/20 as advised by the pension fund Actuary (Hymans-Robertson).

The amount of pension movements shown within the CIES totals £122.49m (£9.9m in Cost of Services, £6.2m Financing and Investment Income and Expenditure and £106.39m in Other Comprehensive Income and Expenditure). These significant charges are the result of changes in the financial assumptions related used by the pension fund Actuary (Hymans-Robertson). These assumptions are determined by the Actuary and represent the market conditions at the reporting date. The Council relies and places assurance on the professional judgement of the Actuary and the assumptions used to calculate this actuarial valuation.

COVID-19 Income and Expenditure

During the course of 2020/21 the implications of COVID-19 have had a major and unprecedented impact on the Council's finances. The impact has resulted in significant items of additional income and expenditure across all service areas of the Council. The gross costs of the pandemic have been reported within the Council's regular monthly budget monitoring reports and returns to Government. Gross COVID-19 financial pressures were £51.94m at year end, as reported in the year end management outturn report and after the application of Government COVID-19 grants, contributions from the CCG and the facility to spread the shortfall in our Council Tax and Business Rates income over future years, this resulted in a net pressure relating to COVID-19 of £8.82m.

Most items of additional expenditure and income losses have been shown within the service areas with the Cost of Services on the face of the CIES, as have service specific grants and contributions, such as the contribution from the Clinical Commissioning Group towards the Hospital Discharge Programmes shown as income in Adults Services. Those grants which have been provided for general COVID-19 support are included in Tax and Non-Specific Grant Income on the face of CIES.

The pandemic has had a significant impact on the Collection Fund for both Council Tax and Business Rates and has resulted in significant deficits, largely due to the award of 100% relief for retail, hospitality and leisure businesses. The consequences can be seen on the face of the balance sheet, where the Collection Fund Adjustment Account has a combined deficit of £89.4m and an increase in earmarked reserves where the support from Government is held, pending its release to make good the deficit in next financial year.

Further details of the COVID-19 support provided by Government and the impact on the Collection Fund are shown in the Narrative Report.

New Debt and purchase of investment properties

In October 2018 the Council agreed an updated 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. This strategy was reviewed in February 2020, and it was agreed for the Council to continue

to grow its investment with the fund value limit increased to a potential £500m. During 2020/21 a number of new investments and other assets at a value of £34.03m were acquired and which were financed by additional borrowing. In addition a short term loan was made and repaid in year of £30.2m, made in respect of a wider commercial and regenerative facility with the Hut Group. A development loan of £44.32m was also repaid in year which fully repaid the facility associated with the Crescent residential development.

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 2021 the Council's valuers advised of an increase of £5.6m in the fair value Council share from £32.1m to £37.7m which has been reflected in the financial statements.

There are two elements to the valuation as follows:

- The main shares in MAG have been revalued upwards by £1.8m from £30.2m to £32.0m;
- An equity investment in Manchester Airport Car Park (Project Apollo) made by the Council (along with the other nine Greater Manchester District Councils) who have each invested £5.61m which was used to assist in funding the capital build of a car park in return for the issue of 3 C Shares in Manchester Airport Car Park Limited. An initial payment of £1.87m was made in 2019/20 and further payments totalling £3.74m made in 2020/21.
- There has also been a revaluation of the car park shares in 2020/21 of £90k from £5.61m to £5.70m.

MAG Relief Loans

As a result of the impact of the pandemic, in April 2020, the Executive approved further investment in the Manchester Airport Group to provide financial stability and ensure the group was best placed to rebound and rebuild business operations as COVID-19 restrictions are lifted. Along with other shareholders, the Council approved its share of the support package via a loan facility for a maximum period of 40 years of up to £12.95m, to secure the delivery of the MAG Business Plan, which includes the significant capital investment into Manchester Airport, which is key to the region's economic growth plans and the delivery of jobs to Manchester residents. As at 31st March 2021 an amount of £9.68m has been drawn down and is reflected in the balance sheet as a Long Term Debtor.

Academy School Transfer of Assets

During 2020/21 one school transferred to Academy status. However, as this was a voluntary aided school the assets are not held on the Council's balance sheet so there is no impact on the Council's accounts. Further details can be found in Notes 5 & 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 2021, and its expenditure and income for the year ended 31 March 2021.

*Graeme Bentley CPFA
Director of Finance and Systems
30th July 2021*

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.

2019/20			Year ended 31 March	2020/21			
Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Service	Note	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
233,265	(166,798)	66,467	Children's Services		223,293	(171,195)	52,098
109,088	(41,531)	67,557	Adults Services		122,053	(65,374)	56,679
53,964	(24,564)	29,400	Place		63,787	(19,323)	44,464
12,733	(2,960)	9,773	Governance and Community Strategy		8,367	(1,005)	7,361
14,927	(4,007)	10,920	Finance and Systems		14,312	(4,001)	10,311
9,243	(4,920)	4,323	Strategy and Resources and Traded Services		11,461	(5,194)	6,267
54,348	(48,775)	5,573	Council-wide		55,250	(49,092)	6,158
487,568	(293,555)	194,013	Cost of Services		498,523	(315,184)	183,339
35,906	(2,046)	33,860	Other Operating Expenditure	11	33,255	(66)	33,189
39,809	(46,348)	(6,539)	Financing and Investment Income and Expenditure	12	43,248	(39,323)	3,925
0	(194,366)	(194,366)	Taxation and Non-Specific Grant Income and Expenditure	13/40	0	(204,900)	(204,900)

Comprehensive income and expenditure statement (continued)

2019/20			Year ended 31 March	2020/21			
Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Service	Note	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
		26,969	(Surplus) or Deficit on Provision of Services				15,552
			Items that will not be subsequently classified in the Deficit on Provision of Services				
		(55,751)	Re-measurement of Net Defined Benefit / Liability	27(v)			106,371
		(35,010)	(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets	14			(25,541)
			Items that will be subsequently classified in Deficit on Provision of Services				
		22,500	(Surplus) or deficit on financial assets measured at fair value through other comprehensive income	27(ii)			(1,890)
		(68,261)	Other Comprehensive (Income) and Expenditure				78,940
		(41,293)	Total Comprehensive (Income) and Expenditure				94,492

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 2020 £000		Notes	31 March 2021 £000
510,692	Property, Plant & Equipment	14	525,408
991	Heritage Assets	15	985
113,520	Investment Property	16	108,124
5,133	Intangible Assets	17	4,751
73,101	Long Term Investments	18	79,213
136,846	Long Term Debtors	21	101,689
840,284	Long Term Assets		820,170
50,694	Short Term Investments	18	49,591
2,950	Assets Held for Sale	23	4,481
365	Inventories	19	78
80,217	Short Term Debtors	21	114,184
45,022	Cash and Cash Equivalents	18/22	43,097
179,248	Current Assets		211,431
(35,423)	Short Term Borrowing	18	(31,795)
(68,027)	Short Term Creditors	24	(65,532)
(29,814)	Short Term Provisions	25	(32,028)
(1,169)	Grants Receipts in Advance (Revenue)	40	(12,255)
(1,635)	Grants Receipts in Advance (Capital)	40	(3,034)
(136,068)	Current Liabilities		(144,644)

Balance sheet (continued)

31 March 2020 £000		Notes	31 March 2021 £000
(36)	Long Term Creditors		(36)
(14,208)	Provisions	25	(13,580)
(344,580)	Long Term Borrowing	18	(351,019)
(113)	Capital Grants & Contributions – Long-Term Receipts in Advance (REFCUS)	40	(113)
(11,787)	Grant Receipts in Advance (Capital)	40	(11,540)
(257,037)	Other Long Term Liabilities – Pensions	49	(350,887)
(8,074)	Other long-term liabilities – Deferred	24	(6,646)
(635,835)	Long Term Liabilities		(733,821)
247,629	Net assets		153,136
(7,000)	General Fund Balance	10	(8,000)
(63,185)	Earmarked General Fund Reserves	10	(174,355)
(303)	Capital Receipts Reserve	26	(281)
(3)	Revenue Grants Unapplied (REFCUS)		(64)
(20,863)	Capital Grants Unapplied		(17,649)
(91,354)	Usable Reserves	26	(200,349)
(95,173)	Revaluation Reserve	27	(116,112)
(19,848)	Financial Instrument Revaluation Reserve	27	(21,703)
(317,792)	Capital Adjustment Account	27	(304,540)
15,609	Financial Instruments Adjustment Account	27	15,048
257,037	Pensions Reserve	27	379,529
(124)	Collection Fund Adjustment Account	27	89,388
4,018	Accumulated Absences Account	27	5,603
(156,275)	Unusable Reserves		47,213
(247,629)	Total Reserves		(153,136)

*Graeme Bentley CPFA
Director of Finance and Systems
30th July 2021*

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 Collection Fund Reserves (*) £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 2020	(7,000)	0	(63,186)	(70,186)	(303)	(3)	(20,863)	(91,355)	(156,273)	(247,628)
MOVEMENT IN RESERVES DURING 2020/21										
(Surplus) or deficit on the provision of services	15,552	-	-	15,552	-	-	-	15,552	-	15,552
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	78,940	78,940
Total Comprehensive Income and Expenditure	15,552	-	-	15,552	-	-	-	15,552	78,940	94,492
Adjustments between accounting basis & funding basis under regulations (note 9) *	(127,721)	-	-	(127,721)	22	2,443	711	(124,545)	124,545	-
Net (Increase)/Decrease before transfers to Earmarked Reserves	(112,169)	-	-	(112,169)	22	2,443	711	(108,993)	203,485	94,492

	General Fund Balance £000	Earmarked Collection Fund Reserves (*) £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
Transfers (to)/from Earmarked Reserves (note 10)	111,169	(92,470)	(18,699)	-	-	(2,504)	2,504	-	-	-
(Increase)/Decrease in 2020/21	(1,000)	(92,470)	(18,699)	(112,169)	22	(61)	3,215	(108,993)	203,485	94,492
Balance as at 31 March 2021	(8,000)	(92,470)	(81,885)	(182,355)	(281)	(64)	(17,648)	(200,348)	47,212	(153,136)

(*) This additional column has been added in 2020/21 to separately identify the material levels of grant income received in the General Fund from the Government to offset the loss of collection fund income, largely due to the reliefs given to businesses during lockdown. The grant income has been transferred to a number of earmarked reserves to meet the Collection Fund deficit as well as supporting the 2021/22 budget. The balance of £92.470m consists of movements in the following reserves £0.767m Council Tax Income Guarantee Reserve, £3.99m Business Rates Tax Income Guarantee Reserve and £87.713m business rates exceptional deficit reserve.

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 2019	(7,000)	(53,814)	(60,814)	(703)	(3)	(10,827)	(72,347)	(133,988)	(206,335)
MOVEMENT IN RESERVES DURING 2019/20									
(Surplus) or deficit on the provision of services	26,968	-	26,968	-	-	-	26,968	-	26,968
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	(68,261)	(68,261)
Total Comprehensive Income and Expenditure	26,968	-	26,968	-	-	-	26,968	(68,261)	(41,293)
Adjustments between accounting basis & funding basis under regulations (note 9) *	(36,340)	-	(36,340)	400	-	(10,035)	(45,976)	45,976	-
Net (Increase)/Decrease before transfers to Earmarked Reserves	(9,372)	-	(9,372)	400	-	(10,035)	(19,007)	(22,285)	(41,293)
Transfers (to)/from Earmarked Reserves (note 10)	9,372	(9,372)	-	-	-	-	-	-	-
(Increase)/Decrease in 2019/20	-	(9,372)	(9,372)	400	-	(10,035)	(19,007)	(22,285)	(41,293)
Balance as at 31 March 2020	(7,000)	(63,186)	(70,186)	(303)	(3)	(20,863)	(91,355)	(156,273)	(247,629)

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.

2019/20 £000	Year Ended 31 March	2020/21 £000
26,969	Net (surplus) or deficit on the provision of services	15,552
(30,877)	Adjustments to net surplus or deficit on the provision of services for non-cash movements (Note 28a)	(31,836)
21,858	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities (Note 28b)	81,865
17,950	Net cash flows from Operating Activities (Note 28c)	65,581
139,450	Investing Activities (Note 29)	(91,511)
(157,362)	Financing Activities (Note 30)	(434)
(12,111)	Cash flows from Advanced Pension Contribution (Note 28d)	28,642
(12,073)	Net (increase) or decrease in cash and cash equivalents	2,278
(32,949)	Cash and cash equivalents at the beginning of the reporting period	(45,022)
	Adjustment to the opening Cash and Cash equivalents	(353)
	Cash and cash equivalents revised balance at the beginning of the reporting period	(45,375)
(45,022)	Cash & cash equivalents at the end of reporting period (Note 22)	(43,097)

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

2020/21	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	40,746	(4,437)	36,309	15,789	52,098
Adults Services	59,370	(4,476)	54,894	1,784	56,678
Place	36,066	(13,046)	23,020	21,445	44,464
Governance and Community Strategy	6,727	(1)	6,726	636	7,361
Finance and Systems	7,711	983	8,694	1,617	10,311
Strategy and Resources and Traded Services	7,045	(1,631)	5,414	853	6,267
Council-wide	15,053	(3,893)	11,161	(5,002)	6,158
Net Cost of Services	172,719	(26,501)	146,217	37,121	183,339
General Fund Financing	(175,522)	175,522	-	-	-
Other Operating Expenditure	-	32,492	32,492	697	33,189
Financing & Investment Income & Expenditure	-	(7,720)	(7,720)	11,645	3,925
Taxation and Non Specific Grant Income	-	(283,158)	(283,158)	78,258	(204,900)
Total Other Income and Expenditure	(175,522)	(82,864)	(258,387)	90,600	(167,787)
(Surplus) or Deficit	(2,803)	(109,366)	(112,169)	127,722	15,552

The table below shows the comparative information for 2019/20

2019/20	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	36,563	900	37,463	29,004	66,468
Adults Services	63,804	67	63,872	3,685	67,557
Place	35,068	(19,019)	16,050	13,350	29,400
Governance and Community Strategy	7,957	568	8,525	1,248	9,773
Finance and Systems	7,494	1,708	9,202	1,718	10,920
Strategy and Resources and Traded Services	3,267	(186)	3,081	1,242	4,323
Council-wide	15,241	(5,729)	9,511	(3,938)	5,573
Net Cost of Services	169,394	(21,689)	147,704	46,310	194,014
General Fund Financing	(169,652)	169,652	-	-	-
Other Operating Expenditure	-	33,335	33,335	525	33,860
Financing & Investment Income & Expenditure	-	(13,489)	(13,489)	6,951	(6,538)
Taxation and Non Specific Grant Income	-	(176,921)	(176,921)	(17,445)	(194,367)
Total Other Income and Expenditure	(169,652)	12,576	(157,076)	(9,970)	(167,045)
(Surplus) or Deficit	(258)	(9,113)	(9,372)	36,340	26,969

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	2019/20 £000	2020/21 £000
Opening General Fund as at 1 April	(60,814)	(70,186)
(Surplus) or Deficit on the General Fund in year	(9,372)	(112,169)
Closing General Fund as at 31 March	(70,186)	(182,355)

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.

2020/21 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	0	(33)	0	0	(4,404)	(4,437)
Adults Services			817	0	(5,293)	(4,476)
Place	(16,085)	7,349	0	3,929	(8,239)	(13,046)
Governance and Community Strategy	0	0	0	0	(1)	(1)
Finance and Systems	0	0	1,311	0	(328)	983
Strategy and Resources and Traded Services	0	(1,563)	0	0	(68)	(1,631)
Council-wide	(16,321)	(1,963)	16,257	0	(1,865)	(3,893)
Net Cost of Services	(32,406)	3,790	18,385	3,929	(20,200)	(26,501)
General Fund Financing	(86)	0	264,773	0	(89,166)	175,522
Other Operating Expenditure	32,492	0	0	0	0	32,492
Financing & Investment Income & Expenditure	0	(3,790)	0	(3,929)	0	(7,720)
Taxation and Non Specific Grant Income	0	0	(283,158)	0	0	(283,158)
Total Other Income and Expenditure	32,406	(3,790)	(18,385)	(3,929)	(89,166)	(82,865)
Difference between General Fund (surplus) or deficit and Comprehensive Income and Expenditure Statement (surplus) or deficit	0	0	0	0	(109,366)	(109,366)

Adjustments between Accounting Basis and Funding Basis 2020/21				
2020/21 Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement	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	9,685	5,368	736	15,789
Adults Services	215	1,255	314	1,784
Place	20,676	634	134	21,444
Governance and Community Strategy	46	481	108	636
Finance and Systems	682	784	151	1,617
Strategy and Resources and Traded Services	188	522	142	853
Council-wide	(5,887)	885	(1)	(5,002)
Net Cost of Services	25,607	9,930	1,584	37,121
General Fund Financing	-	-	-	-
Other Operating Expenditure	697	-	-	697
Financing & Investment Income & Expenditure	5,454	6,191	-	11,645
Taxation and Non Specific Grant Income	(11,254)	-	89,512	78,258
Total Other Income and Expenditure	(5,103)	6,191	89,512	90,600
Difference between General Fund (surplus) or deficit and Comprehensive Income and Expenditure Statement (surplus) or deficit	20,504	16,121	91,096	127,722

2019/20 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)	34	-	899	901
Adults Services	-	-	136	-	(68)	67
Place	(17,227)	(68)	(1)	996	(2,719)	(19,019)
Governance and Community Strategy	-	-	-	-	569	569
Finance and Systems	-	-	1,114	-	594	1,708
Strategy and Resources and Traded Services	-	(259)	-	-	74	(186)
Council-wide	(16,041)	9,990	7,856	2,863	(10,394)	(5,729)
Net Cost of Services	(33,268)	9,631	9,139	3,859	(11,049)	(21,689)
General Fund Financing	(67)	-	167,783	-	1,936	169,652
Other Operating Expenditure	33,335	-	-	-	-	33,335
Financing & Investment Income & Expenditure	-	(9,631)	-	(3,859)	-	(13,489)
Taxation and Non Specific Grant Income	-	-	(176,921)	-	-	(176,921)
Total Other Income and Expenditure	33,268	(9,631)	(9,139)	(3,859)	1,936	12,576
Difference between General Fund (surplus) or deficit and Comprehensive Income and Expenditure Statement (surplus) or deficit	-	-	-	-	(9,113)	(9,113)

Adjustments between Accounting Basis and Funding Basis 2019/20				
2019/20 Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement	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	19,864	9,104	36	29,004
Adults Services	1,550	2,063	72	3,685
Place	12,379	936	35	13,350
Governance and Community Strategy	171	1,044	33	1,248
Finance and Systems	242	1,439	37	1,718
Strategy and Resources and Traded Services	634	591	17	1,242
Council-wide	(6,810)	2,871	1	(3,938)
Net Cost of Services	28,031	18,048	231	46,310
General Fund Financing	-	-	-	-
Other Operating Expenditure	525	-	-	525
Financing & Investment Income & Expenditure	(23)	6,974	-	6,951
Taxation and Non Specific Grant Income	(19,263)	-	1,818	(17,445)
Total Other Income and Expenditure	(18,761)	6,974	1,818	(9,970)
Difference between General Fund (surplus) or deficit and Comprehensive Income and Expenditure Statement (surplus) or deficit	9,269	25,022	2,049	36,340

(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

	2019/20 £000	2020/21 £000
Expenditure		
Employee benefit expenses	183,191	183,744
Other service expenses	273,926	288,930
Depreciation, amortisation & impairment	33,963	31,570
Interest payments	9,013	10,377
Precepts and levies	33,335	32,492
Loss on the disposal of assets	525	697
Loss on transfer of schools to academy status	2,928	-
Pension interest costs	24,336	22,176
Change in fair value of investment property	-	5,419
Total expenditure	561,218	575,404
Income		
Fees, charges and other service income	(45,227)	(36,633)
Interest and investment income	(18,723)	(15,695)
Income from Council Tax and Business Rates	(165,965)	(170,433)
Government grants and contributions	(260,836)	(297,374)
Other grants and contributions	(23,005)	(23,732)
Change in fair value of investment property	(3,131)	0
Pension expected return on assets	(17,362)	(15,985)
Total income	(534,249)	(559,852)
(Surplus) or Deficit on the Provision of Services	26,969	15,552

3a. Accounting Concepts

The Statement of Accounts summarises the Council's transactions for the 2020/21 financial year and its position at the year-end 31 March 2021. The Council is required to prepare an Annual Statement of Accounts by the Accounts and Audit Regulations 2015 which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (The Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 21(2) of the Local Government Act 2003.

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

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

Underlying Assumptions

Going Concern

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

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

Primacy of Legislation Requirements

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

- Capital receipts from the disposal of property, plant and equipment are treated in accordance with the provisions of the Local Government Act 2003.
- The Local Government Act 2003 requires the Council to set aside a minimum revenue provision.

3b. Accounting Policies

(a) 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 is defined as income arising as a result of the Council's normal operating activities and where income arises from contracts with service recipients it is recognised when or as the Council has satisfied a performance obligation by transferring a promised good or service to the service recipient. Revenue is measured as the amount of the transaction price which is allocated to that performance obligation. Where the Council is acting as an agent of another organisation the amounts collected for that organisation are excluded from revenue;
- 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.

(b) 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.
- The Balance Sheet includes the authority's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Accounting for Business Improvement District

- A Business Improvement District (BID) scheme applies to Altrincham Town Centre from 1 April 2016. The scheme is funded by a BID levy paid by Business Rates ratepayers. The Council acts as an agent for the scheme. It collects the BID levy on behalf of the scheme and pays this to the BID body, without bearing any of the risks or rewards of the scheme.

(c) Acquisitions and Discontinued Operations

There are no acquisitions or discontinued operations to report.

(d) 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.

(e) 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.

(f) 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.

(g) 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.

(h) 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 two separate pension schemes:

- the Teachers' Pension Scheme, administered nationally by Capita plc on behalf of the Department for Education (DfE);
- 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' scheme 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 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% (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 Council Wide 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.

(i) 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.

(j) Financial Instruments

Financial Liabilities (Debt and Interest Charges)

Financial liabilities are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the CIES is the amount payable for the year according to the loan agreement.

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.

Where premiums and discounts have been charged to the CIES, regulations allow the impact on the General Fund Balance to be spread over future years. The authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the CIES to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

Financial assets e.g. investments (excluding those in companies included in the Council's group accounts) are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI).

Where the authority's business model is to hold investments to collect contractual cash flows the Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument), i.e. where assets are held to sell or receive dividends.

Financial Assets Measured at Amortised Cost

Financial assets, including simple deposits, treasury bills and gilts, money market funds, measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the authority, this means that the amount

presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Expected Credit Loss Model

The authority recognises expected credit losses on all of its financial assets held at a amortised cost [or where relevant FVOCI], either on a 12-month or lifetime basis.

The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the authority.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

The authority has grouped the loans into four groups for assessing loss allowances:

Loans

- Group 1 – the Council has previously made three loans to Manchester Airport Group
 - £8.7m in 2009/10 set to expire in 2055,
 - £11.3m in 2018/19 for repayment in 2057 and
 - £9.7m in 2020/21 set to expire in 2060.
- Group 2 – Loans made under Investment Strategy – The scope of the Council’s investment strategy covers direct investment in properties (see policy covering investment property) as well as loans made to third party developers. The Council has made a number of developer loan advances in respect of redevelopment purposes. Loss allowances for this type of loan will be assessed on an individual basis using common industry-related risk characteristics and the financial health of the companies.
- Group 3 – 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. Due to the immaterial value of these loans, Credit losses will be calculated under the simplified approach adopted for all Trade Debtors.
- Group 4 - 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. Credit losses are considered, but the council has assessed there to be no potential loss implications.

Financial Assets Measured at Fair Value through Profit and Loss (FVPL)

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price

- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets 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, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

The Council has one investment, the CCLA Property Investment Fund, which is currently classified as Fair Value through Profit and Loss. Subsequently, any Fair Value gains and losses should be recognised as they arrive in the Surplus or Deficit on the Provision of Services, thus impacting on the Council's General Fund balance. However, investments in CCLA property funds fall under the category of "pooled investment funds" as defined in Statutory Instrument SI 2018/1207. This means that until 31 March 2023, English Local Authorities are prohibited from charging to a revenue account fair value gains or losses, unless the gain or loss relates to an impairment or the sale of the asset.

The Statutory override will allow the gain or losses to be reversed via the Movement in Reserves to the Financial Instruments Revaluation Reserve.

Fair Value through Other Comprehensive Income (FVOCI)

Financial assets that are measured at FVOCI are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value.

The Council has a number of equity instruments, which by definition would automatically fall under the category of FVPL, meaning that changes in fair value would impact on the General Fund.

Due to the strategic and regional economic development nature associated with the following non-tradeable equity holdings, the Council elected to designate them as FVOCI.

- Manchester Airport Holding Limited
- Manchester Airport Holding Limited – a new investment totalling £5.6m, payable £1.87m 2019/20 and £3.73m 2020/21 to be used to part fund a new car parking facility.

The impact of this election in relation to these equity instrument is to post gains/losses in fair value to other comprehensive income to the Surplus or Deficit on the Provision of Services as they arise with such movements being reversed via the Movement In Reserve account and accumulated in the Financial Instruments Revaluation Reserve until the asset is derecognised, at which point the net gain or loss would be transferred to the General Fund Balance.

(k) 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.

(l) 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.

(m) Heritage Assets

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 Chartered 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.

(n) 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.

(o) 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.

The Trust Youth Trafford remains to be immaterial; Trafford Leisure CIC Ltd has been included in group accounts since 2016/17.

Trafford Council also has interests in three Joint Venture Companies, Trafford Bruntwood LLP is a Joint Venture Company with K Site Ltd (a wholly owned Subsidiary of Bruntwood Development Holdings Ltd) and Trafford Bruntwood (Stretford Mall) and Trafford Bruntwood (Stamford Quarter) are joint venture companies with Bruntwood Development Holdings Ltd with each investor owning a 50% share in each of the companies.

In the Council's single-entity accounts the interests in Trafford Leisure CIC and the three joint ventures are recorded as long term investments at cost.

As a subsidiary, Trafford Leisure CIC Ltd. has been consolidated on a line by line basis with all intra-group transactions and balances removed.

As Joint Ventures, Trafford Bruntwood LLP, Trafford Bruntwood (Stretford Mall) and Trafford Bruntwood (Stamford Quarter) have been consolidated on an equity basis with the group accounts. The investment is shown under a separate line in the group balance sheet and adjusted by the Council's share (50%) in the joint venture's net asset movement since acquisition. The Council's share of the joint venture's operating results for the year is included within the group income and expenditure account.

(p) 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.

(q) Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. Statutory arrangements do not allow any gains or losses from a change in fair value 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.

The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

(r) Joint Ventures

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. From 2018/19 the entity forms part of the Council's group accounts and will be treated as a Joint Venture and consolidated on an equity basis.

On 4th July 2019 the Council set up two more joint venture companies with Bruntwood Development Holdings Ltd called Trafford Bruntwood (Stretford Mall) and Trafford Bruntwood (Stamford Quarter) as part of its master plans for town centre regeneration. From 2019/2020 these entities form part of the Council's group accounts and will be treated as a Joint Venture and consolidated on an equity basis.

(s) 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.

(t) 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.

(u) 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 current value when there is no market based evidence of fair value because of the specialist nature of the asset.

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 60 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.

(v) 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.

(w) 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.

(x) 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.

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.

(y) 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.

(z) 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.

(aa) 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.

(ab) 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 equity instruments 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 that will be required by a new standard which has been issued but is yet to be adopted by the 2020/21 Code.

The Code also requires that changes in accounting policy are to be applied retrospectively unless transitional arrangements are specified, this would result in an impact on disclosures spanning two financial years.

Accounting changes that are introduced by the 2021/22 code are:

- Definition of a Business: Amendments to IFRS 3 Business Combinations
- Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7
- Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

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

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 continues to be 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.
- 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 from 2016/17. Please see pages 177 to 185 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. The Council has entered into three joint ventures, with Trafford Bruntwood, and all entities forms part of the Council's group accounts and have been consolidated on an equity basis.
- 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.

- 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 school’s 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 that 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	36
Voluntary Controlled (VC) schools	1
Voluntary Aided (VA) schools	21
Foundation schools	3
Sub-Total Maintained Schools	61
Academies	28
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. This is normally a religious body or Trust in the case of Academy schools and 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.

- Investment properties have been assessed using the identifiable criteria under the international accounting standards and are being held for rental income or for capital appreciation. Properties have been assessed using these criteria, which is subject to interpretation to determine if there is an operational reason for holding the property such as regeneration.
- The Council has a 3.22% shareholding in Manchester Airport Holdings Limited (MAHL) and an equity investment relating to strategic car park infrastructure developments at the airport. Following the adoption of accounting standard IFRS 9 Financial Instruments which came into effect on 1 April 2018, the default valuation method of the Council’s equity holdings would be Fair Value through Profit and Loss. However, the shareholdings are strategic investment

and not held for trading and therefore the Council has designated the investment as fair value through other comprehensive income. It is the Council's view that this is a reasonable and reliable accounting policy for the investment.

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, especially in the current climate, certain estimates cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. Treasury management risk is considered in note 52.

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 2020 of £40.726m (of which the Council's share is £40.319m) 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 2021 the provision stands at £3.217m.	In the event that the cost of insurance claims exceeds this amount then the excess will be met from the insurance reserve.
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 Scheme Assets	Greater Manchester Pension Fund has disclosed in their statements uncertainty with the valuation of property related investments following the impact of the COVID-19 Pandemic. Following the disclosure it is our view that the uncertainty in the valuation is material to Trafford being a value of £33.2m and as such is including in these Statements for disclosure.	The valuation provided is assessed annually. If any change in valuation is material the pension scheme asset will be adjusted.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
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 31/3/20.	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 2021. 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.	As at 31 March 2021 the Council’s valuers advised of an increase of £2.50m in the fair value Council share from £35.2m to £37.7m 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.
PFI Arrangements	PFI and similar arrangements have been considered to have an implied finance lease within the agreement. In reassessing the leases the Council has estimated the implied interest rate within the leases to calculate interest and principal payments. In addition, the future RPI increase within the contracts has been estimated as remaining constant throughout the remaining period of the contract.	The Council has one PFI scheme and the impact is not material.
Future year assumptions	The impact of COVID-19 on the Councils future assumptions are yet unknown.	The impact of COVID-19 is likely to be significant in future years, however no specific assumptions have been made about this in the 2020/21 Statement of Accounts.

7. Material Items of Income and Expense (Comprehensive Income & Expenditure Statement page 31)

This note identifies material items of income and expenditure that are not disclosed on the face of the Comprehensive Income and Expenditure Statement.

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 43 Capital Expenditure and Capital Financing.

During 2020/21 the Council received additional Section 31 grants for Business Rates to the sum of £87.7m to compensate for the loss of business rates income as a result of the extra reliefs given to businesses during the pandemic. The Collection Fund deficit is associated with the additional reliefs will not be charged to the council's General Fund until 2021/22. The S31 grant income has therefore been transferred to an Earmarked reserve to offset the deficit in 2021/22.

The council received additional resources to help with the impact of COVID-19. Included in Tax and non-specific income is £20.7m of grants, and £16.9m included within Cost of Services. Further details can be found in the narrative and in note 40.

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 2020/21 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.

2020/21	Usable Reserves 2020/21							2020/21
	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.	(31,570)	-	(31,570)	-	-	-	-	(31,570)
Revaluation losses on Property, Plant & Equipment.	-	-	-	-	-	-	-	-
Movements in the fair value of Investment Properties.	(5,419)	-	(5,419)	-	-	-	-	(5,419)
Amortisation of intangible assets.	-	-	-	-	-	-	-	-
Capital grants and contributions applied.	-	-	-	-	-	-	-	-
Movement in the Donated Assets Account.	-	-	-	-	-	-	-	-
Revenue expenditure funded from capital under statute.	(2,588)	-	(2,588)	-	-	2,442	-	(1,861)
Amounts of non-current assets and current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement.	(697)	-	(697)	12	-	-	-	(685)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:-								
Statutory provision for the financing of capital investment.	7,769	-	7,769	-	-	-	-	7,769
Voluntary provision above MRP	74,520	-	74,520	-	-	-	-	74,520
Capital expenditure charged against the General Fund balance.	220	-	220	-	-	-	-	220

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

2020/21	Usable Reserves 2020/21 (continued)							2020/21
	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.	11,254	-	11,254	-	-	-	(7,501)	3,753
Application of grants to capital financing transferred to the Capital Adjustment Account.	-	-	-	-	-	-	8,211	8,211
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.	-	-	-	10	-	-	-	10
Use of the Capital Receipts Reserve to repay Debt.	(74,520)	-	(74,520)	-	-	-	-	(74,520)
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.	-	-	-	-	-	-	-	-
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)

2020/21	Usable Reserves 2020/21 (continued)							2020/21
	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 REVALUATION RESERVE:								
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.	561	-	561	-	-	-	-	561
ADJUSTMENTS INVOLVING THE FIRR								
Gain/loss on revaluation of Financial Instruments charged to FVPL	(35)	-	(35)	-	-	-	-	(35)
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 50).	(33,629)	-	(33,629)	-	-	-	-	(33,629)
Employer's pension contributions and direct payments to pensioners payable in the year.	17,508	-	17,508	-	-	-	-	17,508
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	(3,372)	-	(3,372)	-	-	-	-	(3,372)
NDR	(86,140)	-	(86,140)	-	-	-	-	(86,140)

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

2020/21	Usable Reserves 2020/21 (continued)							2020/21
	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.	(1,584)	-	(1,584)	-	-	-	-	(1,584)
Total Adjustments	(127,722)	-	(127,722)	22	-	2,443	711	(124,547)

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.

2019/20	Usable Reserves 2019/20							2019/20
	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.	(17,552)	-	(17,552)	-	-	-	-	(17,552)
Revaluation losses on Property, Plant & Equipment.	(15,984)	-	(15,984)	-	-	-	-	(15,984)
Movements in the fair value of Investment Properties.	3,131	-	3,131	-	-	-	-	3,131
Amortisation of intangible assets.	(428)	-	(428)	-	-	-	-	(428)
Capital grants and contributions applied.	0	-	0	-	-	-	-	-
Movement in the Donated Assets Account.	0	-	0	-	-	-	-	-
Revenue expenditure funded from capital under statute.	(1,767)	-	(1,767)	-	-	-	-	(1,767)
Amounts of non-current assets and current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement.	(3,453)	-	(3,453)	(1,867)	-	-	-	(5,320)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:								
Statutory provision for the financing of capital investment.	4,258	-	4,258	-	-	-	-	4,258
Voluntary provision above MRP	-	-	-	-	-	-	-	-
Capital expenditure charged against the General Fund balance.	3,138	-	3,138	-	-	-	-	3,138

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

2019/20	Usable Reserves 2019/20 (continued)							2019/20
	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.	19,263	-	19,263	-	-	-	(19,263)	-
Application of grants to capital financing transferred to the Capital Adjustment Account.	-	-	-	-	-	-	9,228	9,228
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.	-	-	-	2,015	-	-	-	2,015
Use of the Capital Receipts Reserve to repay Debt.	(252)	-	(252)	252	-	-	-	-
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)

2019/20	Usable Reserves 2019/20 (continued)							2019/20
	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 REVALUATION RESERVE:								
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.	555	-	555	-	-	-	-	555
ADJUSTMENTS INVOLVING THE FIRR								
Gain/loss on revaluation of Financial Instruments charged to FVPL	(180)	-	(180)	-	-	-	-	(180)
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 50).	(41,417)	-	(41,417)	-	-	-	-	(41,417)
Employer's pension contributions and direct payments to pensioners payable in the year.	16,395	-	16,395	-	-	-	-	16,395
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	(884)	-	(884)	-	-	-	-	(884)
NDR	(933)	-	(933)	-	-	-	-	(933)

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

	Usable Reserves 2019/20 (continued)							2019/20
2019/20	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.	(231)	-	(231)	-	-	-	-	(231)
Total Adjustments	(36,340)	-	(36,340)	400	-	-	(10,035)	(45,976)

10. Transfers to/from Earmarked Reserves (Balance Sheet page33)

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 2020/21.

	Balance as at 1 April 2019 £000	Movements Out 2019/20 £000	Movements In 2019/20 £000	Balance at 31 March 2020 £000	Movements Out 2020/21 £000	Movements In 2020/21 £000	Balance at 31 March 2021 £000
General Fund	(7,000)	0	0	(7,000)	0	(1,000)	(8,000)
Earmarked Reserves:							
Balances held by schools under a scheme of delegation	(8,254)	8,401	(8,151)	(8,004)	8,009	(13,419)	(13,414)
Other Earmarked Reserves:							
Synthetic Pitch Replacement Reserve							
This will be used towards replacing one synthetic pitch within the Borough.	(63)	0	(15)	(78)	0	(15)	(93)
Training Reserve							
To undertake corporate training across the Council.	0	0	0	0	0	0	0
Insurance Reserve							
Funds earmarked for future claims and to carry out various risk management initiatives.	(1,870)	75	(104)	(1,900)	200	0	(1,700)
Delegated Service Budgets							
Revenue budget under/overspends to be carried forward as part of the Council's Medium Term Financial Plans.	(2,847)	1,064	(398)	(2,181)	1,095	(5,534)	(6,620)
ICT Development							
Investment in new ICT to improve efficiency Council-wide.	(298)	115	(441)	(625)	371	(335)	(589)
Dedicated Schools Grant (DSG)							
Government grants specifically for the funding of schools and schools' related services.	(2,305)	46	(636)	(2,895)	1,142	0	(1,753)

10. Transfers to/from Earmarked Reserves (continued)

	Balance as at 1 April 2019 £000	Movements Out 2019/20 £000	Movements In 2019/20 £000	Balance at 31 March 2020 £000	Movements Out 2020/21 £000	Movements In 2020/21 £000	Balance at 31 March 2021 £000
Elections Reserve							
To smooth the elections budget across the 4 year Municipal cycle.	(247)	103	0	(144)	31	(195)	(308)
Transformation Reserve							
Money set aside to pump prime the achievement of the next stage of efficiencies through the Transformation Programme.	0	0	0	0	0	(306)	(306)
Interest Rate Reserve							
To smooth the effect on the Council's budget of volatile movements in interest rates.	(1,290)	137	(978)	(2,132)	1,433	(1,462)	(2,161)
Waste Levy Reserve							
To smooth the effects on the Council's budget of movements in the waste levy over the medium term.	(1,075)	16	0	(1,059)	488	0	(571)
Long Term Accommodation Decant Reserve							
To cover the cost of accommodation changes arising from the Long Term Accommodation Project.	(460)	6	(149)	(603)	54	(209)	(758)
Employment Rationalisation Reserve							
To cover the cost of rationalising the employment of staff by the Council.	(1,444)	444	0	(1,000)	334	(500)	(1,166)

10. Transfers to/from Earmarked Reserves (continued)

	Balance as at 1 April 2019 £000	Movements Out 2019/20 £000	Movements In 2019/20 £000	Balance at 31 March 2020 £000	Movements Out 2020/21 £000	Movements In 2020/21 £000	Balance at 31 March 2021 £000
Capital Reserve							
Investment in disabled facilities schemes.	0	0	0	0	0	(1,000)	(1,000)
LAA Performance Reward Grant Reserve							
Revenue element of grant to be allocated to schemes via the Trafford Partnership.	(115)	115	0	0	0	0	0
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.	0	0	0	0	0	0	0
Winter Maintenance Reserve							
To provide emergency funds to cover the costs of highway & footway maintenance during periods of adverse weather conditions.	(120)	0	0	(120)	0	0	(120)
NDR Deficit Reserve							
Reserve established towards meeting Trafford's share of the NDR Deficit.	(1,040)	1,530	(1,281)	(792)	5,405	(489)	4,124
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) and also holds the national levy rebate.	(550)	550	0	0	0	0	0

10. Transfers to/from Earmarked Reserves (continued)

	Balance as at 1 April 2019 £000	Movements Out 2019/20 £000	Movements In 2019/20 £000	Balance at 31 March 2020 £000	Movements Out 2020/21 £000	Movements In 2020/21 £000	Balance at 31 March 2021 £000
Economic Development Reserve							
Reserve set aside to earmarked grant specifically for economic development related projects (previously held within Service Earmarked Reserve).	(844)	183	(2)	(663)	112	(154)	(704)
Troubled Families Reserve							
Reserve set aside to strengthen the team and provide an opportunity for Partner agencies to develop integrated services.	0	0	0	0	0	0	0
Manchester Airport Dividend Smoothing Reserve							
Dividends received above budget to be used to support future years' Revenue Budgets.	(3,283)	2,733	0	(550)	550	0	0
Budget Support Reserve							
To smooth out potential volatility in Revenue Budget funding and the significant level of savings required over the medium term.	(5,484)	2,624	(6,996)	(9,855)	24,930	(21,422)	(6,347)
Airport Investment Reserve							
To be used on measures that provide sustainable benefits to the budget in future years. Fully utilised in 2019/20 as part of the MAG investment.	0	2,481	(2,481)	0	0	0	0
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.	(8,776)	5,776	(4,978)	(7,978)	2,978	(1,529)	(6,529)
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	(5,097)	1,006	(727)	(4,818)	2,000	(1,464)	(4,282)

	Balance as at 1 April 2019 £000	Movements Out 2019/20 £000	Movements In 2019/20 £000	Balance at 31 March 2020 £000	Movements Out 2020/21 £000	Movements In 2020/21 £000	Balance at 31 March 2021 £000
Council to match fund expenditure in the Transformation Fund.							
Strategic Investment Property Risk Reserve							
The strategic investment property risk reserve was established to be used to offset any fluctuations in investment property	(189)	0	(3,704)	(3,893)	827	(3,156)	(6,201)
COVID-19 Grants Reserve							
Government Grant to support local COVID-19 pressures	0	0	(4,722)	(4,722)	4,722	0	0
COVID-19 General Reserve							
New Reserve created to support local COVID-19 pressures	0	0	0	0	0	(20,672)	(20,672)
Council Tax Collection Fund Reserve							
To smooth the timing difference in Trafford's shortfall of estimated Council Tax Surplus	0	0	(285)	(285)	0	0	(285)
Bus Reform Reserve							
Potential contribution to the Bus reform in 2021	0	0	(1,500)	(1,500)	1,500	(1,500)	(1,500)
Other Reserves							
Other amounts earmarked for specific purposes.	(8,163)	3,412	(2,640)	(7,391)	4,835	(4,159)	(6,714)
SALE PFI RESERVE							
Reserve set aside to fund the final bullet payment	0	0	0	0	0	(1,086)	(1,086)
Council Tax Hardship reserve							
Unspent grant set aside to pay for future costs of the scheme	0	0	0	0	0	(1,131)	(1,131)
Council Tax Income Guarantee Grant COVID-19 reserve (*)							
75% Tax income guarantee grant used to offset the deficit over the next 3 financial years	0	0	0	0	0	(767)	(767)
Business Rates Tax Income Guarantee Grant COVID-19 reserve (*)							

	Balance as at 1 April 2019 £000	Movements Out 2019/20 £000	Movements In 2019/20 £000	Balance at 31 March 2020 £000	Movements Out 2020/21 £000	Movements In 2020/21 £000	Balance at 31 March 2021 £000
75% Tax income guarantee grant used to offset the deficit over the next 3 financial years	0	0	0	0	0	(3,990)	(3,990)
RATES EXCEPTIONAL DEFICIT RESERVE S31 GRANTS (*)							
To cover the Collection Fund deficit in 2021/22				0	0	(87,713)	(87,713)
Total Other Earmarked Reserves	0	0	0	(55,183)	53,008	(158,766)	(160,941)
Total Earmarked Reserves (incl. Schools)	(53,814)	30,817	(40,188)	(63,186)	61,017	(172,186)	(174,355)
Total Reserves	(60,814)	30,817	(40,188)	(70,185)	61,017	(173,186)	(182,355)

(*) An additional column has been added to the MiRS in 2020/21 to separately identify the material levels of grant income received in the General Fund from the Government to offset the loss of collection fund income, largely due to the reliefs given to businesses during lockdown. The grant income has been transferred to these earmarked reserves to meet the Collection Fund deficit as well as supporting the 2021/22 budget. The balance of £92.470m consists of movements in the following reserves £0.767m Council Tax Income Guarantee Reserve, £3.99m Business Rates Tax Income Guarantee Reserve and £87.713m business rates exceptional deficit reserve.

11. Other Operating Expenditure (Comprehensive Income & Expenditure Statement page 31)

2019/20 £000		2020/21 £000
67	Parish council precepts (i)	86
33,268	Levies (ii)	32,406
2,392	Amount written off on disposal of non-current assets	685
(2,046)	Sale proceeds from disposal of non-current assets	(66)
179	Cost of disposal of non-current assets	78
33,860	Total	33,189

- (i) Partington Town Council at its meeting on 6 January 2020 elected to increase the level of Band D council Tax by £9.54 to £52.04 (£42.50 in 19/20). With a Parish Tax Base of £1,573 (£1,577 in 2019/20) the precept was £81,859 (£67,023 in 2019/20). The Council also agreed to provide grant of £10,000 to support the 2020/21 precept, the same as in 2019/20, in addition to the Parish Council grant of £26,569 (£26,569 in 2019/20), both of which are contained within the Cost of Services.

Carrington Parish Council, at its meeting on 17 December 2019, elected to set a Band D Council Tax of £30.00 in 2020/21 (£Nil in 19/20). With a Parish Tax Base of £125 (£124 in 2019/20) 2020/21 the precept was £3,750 (£Nil in 2019/20). The Parish council also received a grant of £2,098 the same as in 19/20, which is contained within the Cost of Services.

Dunham Massey and Warburton Parish Councils both agreed not to set a Precept in 20/21

- (ii) Included are levies as follows:

2019/20 Expenditure £000		2020/21 Expenditure £000
144	Flood Defence	146
17,227	Waste Disposal Authority	16,084
15,897	GM Combined Authority	16,176
33,268	Total	32,406

12. Financing and Investment Income and Expenditure (Comprehensive Income & Expenditure Statement page 31)

2019/20 £000		2020/21 £000
9,013	Interest payable and similar charges	10,376
(17,362)	Interest income on plan assets (pensions)	(15,985)
24,336	Interest cost on defined benefit obligation (pensions)	22,176
(3,372)	Interest receivable and similar income (i)	(3,074)
(6,990)	Income and expenditure in relation to investment properties and changes in their fair value (ii)	1,490
180	Gains and losses arising from the revaluation of financial assets measured at fair value through profit and loss	35
259	Residual (Surplus)/deficit on trading undertakings (iii)	1,563
(15,531)	Other investment income (iv)	(12,656)
2,928	(Profit)/Loss on Disposal of Academy non-current assets (v)	-
(6,539)	Total	3,925

(i) During 2020/21 the average amount invested in the money market was £76.9m, at an average interest rate of 0.76%. Investment interest generated for the year was £3.074m, including £2.171m of interest receivable from Manchester International Airport following the renegotiation of loan debt held by each of the Greater Manchester Authorities in February 2010 and additional loan debt issued in 2018. For 2019/20 the average amount invested was £98.2m at an average rate of 1.12%, producing £3.372m of investment interest, including £2.171m from the Airport.

(ii) Includes increase/(decrease) in the fair value of investment properties £5.419m (£3.131m in 2019/20). Net expenditure/(income) on investment properties is £(3.929)m, (£(3.859)m in 2019/20), also included in note 16.

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

iv) This includes Strategic Property Investment income of £(12.656)m in 2020/21 (£(9.102)m in 2019/20) and Manchester Airport Group dividend of £Nil in 2020/21 (£(6.429)m in 2019/20).

v) During 2020/21 there was no net loss or gain on the disposal of assets as a result of Academy conversions, as the only school to convert during the year was a voluntary aided school, and the assets are not included on the Council's balance sheet. (£2.928m loss in 2019/20. 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 31)

2019/20 £000		2020/21 £000
(100,007)	Council Tax income	(101,921)
(65,958)	Non domestic rates*	(68,513)
(9,139)	Non ring-fenced government grants*	(23,213)
(19,263)	Capital grants and contributions*	(11,254)
(194,366)	Total	(204,901)

* Further detail on grants is shown in note 40.

14. Property, Plant and Equipment (Balance Sheet page 33) Movements on Balances 2020/21:

	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 2020	350,610	23,075	245,772	22,086	17,379	7,418	666,340
Additions	7,630	830	5,147	859	640	7,129	22,236
Disposals (incl. adj. for academy school transfers)	(955)	-	-	-	-	-	(955)
Accumulated depreciation written out on revaluation	(22,526)	-	-	-	-	-	(22,526)
Reclassification to Assets Held for Sale	-	-	-	-	(1,531)	-	(1,531)
Other Reclassifications	(2,010)	-	-	-	2,010	-	-
Restatement due to transfer from AUC 31/3/20	997	435	42	438	0	(1,694)	218
Restatement due to transfer from Assets Under Construction	-	-	-	-	-	-	-
Revaluation increases/(decreases) recognised in the revaluation reserve	24,001	-	-	-	1,540	-	25,541
Revaluation increases/(decreases) recognised in the surplus/deficit on the provision of services	-	-	-	-	-	-	-
As at 31 March 2021	357,746	24,340	250,961	23,383	20,038	12,853	689,322

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 2020	(52,621)	(20,358)	(72,884)	(5,725)	(4,060)	0	(155,648)
Depreciation charged to CIES (ii)	(11,948)	(463)	(5,021)	(332)	0	0	(17,765)
Revaluation downwards charged to CIES	(11,808)	0	0	0	(1,492)	0	(13,300)
Impairment written off to Revaluation Reserve	0	0	0	0	0	0	0
Revaluation Reserve	0	0	0	0	0	0	0
Disposals	270	0	0	0	0	0	270
Reclassifications	0	0	0	0	0	0	0
Accumulated depreciation and impairment written out on revaluation adj.	22,526	0	0	0	0	0	22,526
Revaluations	0	0	0	0	0	0	0
As at 31 March 2021	(53,580)	(20,821)	(77,905)	(6,058)	(5,552)	0	(163,915)
NET BOOK VALUE:							
Balance Sheet amount as at 31 March 2021	304,166	3,520	173,057	17,326	14,486	12,853	525,407
Nature of Asset Holding							
Owned	292,617	3,520	173,057	17,326	14,486	12,853	513,858
Finance Lease	0	0	0	0	0	0	0
PFI (i)	11,549	0	0	0	0	0	11,549
Total	304,166	3,520	173,057	17,326	14,486	12,853	525,407

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

Movement in PFI Asset Value	£000
Opening Value 1 April 2020	12,411
Additions	612
Less Depreciation	(225)
Less Impairment	(1,249)
Closing Value 31 March 2021	11,549

(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	Between 5 and 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 2019/20 and 2020/21.

Comparative Movements in 2019/20:

	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 2019	314,948	22,745	238,486	21,526	13,841	9,202	620,748
Additions	12,127	260	6,906	550	897	5,319	26,059
Disposals (incl. adj. for academies school transfers)	(6,733)	-	-	-	-	-	(6,733)
Reclassification to Assets Held for Sale	-	-	-	-	3,523	-	3,523
Other Reclassifications	(79)	53	-	-	26	-	0
Accumulated depreciation and impairment written out on revaluation adjustment	6,532	16	381	11	0	(7,103)	(163)
Revaluation increases/(decreases) recognised in the revaluation reserve	35,920	-	-	-	(910)	-	35,010
Revaluation increases/(decreases) recognised in the surplus/deficit on the provision of services	(12,104)	-	-	-	-	-	(12,104)
As at 31 March 2020	350,610	23,075	245,772	22,086	17,379	7,418	666,340

Comparative Movements in 2019/20 (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 2019	(41,108)	(19,932)	(68,100)	(5,404)	(2,151)	0	(136,695)
Depreciation charged to CIES (ii)	(12,016)	(425)	(4,784)	(321)	-	-	(17,546)
Revaluation downwards charged to CIES	(14,075)	-	-	-	(1,909)	-	(15,984)
Impairment written off to Revaluation Reserve	-	-	-	-	-	-	-
Revaluation Reserve	-	-	-	-	-	-	-
Disposals	2,474	-	-	-	-	-	2,474
Reclassifications	-	-	-	-	-	-	-
Accumulated depreciation and impairment written out on revaluation adj.	12,104	-	-	-	-	-	12,104
Revaluations	-	-	-	-	-	-	-
As at 31 March 2020	(52,621)	(20,357)	(72,884)	(5,725)	(4,060)	0	(155,647)
Balance Sheet amount as at 31 March 2020							
Balance Sheet amount as at 31 March 2020	297,989	2,717	172,888	16,361	13,319	7,418	510,692
Nature of Asset Holding	-	-	-	-	-	-	-
Owned	285,578	2,717	172,888	16,361	13,319	7,418	498,281
Finance Lease	-	-	-	-	-	-	-
PFI (i)	12,411	-	-	-	-	-	12,411
Total	297,989	2,717	172,888	16,361	13,319	7,418	510,692

Valuation of Non-Current Assets held at current 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 Nigel MacDonald MRICS, Registered Valuer, 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	Total £000
Held at historic cost		3,520		3,520
Valued at current value in:				
Current Year (31 March 2021)	266,683		14,486	281,169
Previous year (1 April 2019)	23,130			23,130
Two years ago (1 April 2018)	6,083			6,083
Three years ago (1 April 2017)	5,656			5,656
Four years ago (1 April 2016)	2,614			2,614
Total	304,166	3,520	14,486	322,172

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 current value at the end of the reporting period.

Significant commitments under capital contracts as at 31 March 2021

As at 31 March 2021 the Council was contractually committed to capital expenditure which amounted to approximately £7.80m. Major contracts included the following schemes:

	£000
Carrington Junction Improvement Scheme	522
Blessed Thomas Holford School - Expansion works	4,020
Manchester Airport	3,261
Total at 31 March 2021	7,803

15. Heritage Assets (Balance Sheet page 33)

The Council is required to recognise and measure Heritage Assets at current 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	2019/20 £000	2020/21 £000
Opening Value 1 April	996	991
Additions	-	-
Reclassifications	-	-
Disposals	-	-
Less Depreciation	(5)	(6)
Less Impairment	-	-
Closing Value 31 March	991	985

16. Investment Properties (Balance Sheet page 33)

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

	2019/20 £000	2020/21 £000
Balance at start of year	110,364	113,520
Additions:		
Purchases	25	
Construction	-	
Subsequent expenditure	-	8
Disposals	-	
Net gains/(losses) from fair value adjustments	3,131	(5,419)
Transfers:		
to/from Inventories	-	
to/from Property, Plant & Equipment	-	15
Other changes	-	
Balance at end of year	113,520	108,124

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 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:

	2019/20 £000	2020/21 £000
Rental income from investment property	(6,951)	(7,608)
Direct operating expenses arising from investment	3,092	3,679
Net (gain)/loss	(3,859)	(3,929)

17. Intangible Assets (Balance Sheet page 33)

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 £0.500m charged to revenue in 2020/21 (£0.428m in 2019/20) was charged to the ICT, Finance and HR cost centres 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:

	2019/20			2020/21		
	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		8,121	8,121		8,990	8,990
Accumulated amortisation		(3,428)	(3,428)		(3,858)	(3,858)
Net carrying amount at start of year		4,693	4,693		5,133	5,133
Additions:						
Internal development						
Purchases		704	704		351	351
Transfer from Assets under Construction		163	163			
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		(428)	(428)		(500)	(500)
Other changes					(232)	(232)
Net carrying amount at end of year		5,133	5,133		4,751	4,751
Comprising:						
Gross carrying amounts		8,990	8,990		9,109	9,109
Accumulated amortisation		(3,858)	(3,858)		(4,358)	(4,358)
Balance at the end of the year		5,133	5,133		4,751	4,751

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:

Financial Assets

	Long Term				Short Term				Total
	Investments		Debtors		Investments		Debtors		
	31	31	31	31	31	31	31	31	
	March	March	March	March	March	March	March	March	
	2020	2021	2020	2021	2020	2021	2020	2021	2021
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Fair value through profit and loss									
Church Commissioner Local Authority Fund - Principal	4,862	4,827	0	0	0	0	0	0	4,827
Sub-total – Fair value through profit and loss	4,862	4,827	0	0	0	0	0	0	4,827
Amortised Cost									
Other Investments									
Principal (i)	0	0	0	0	50,396	49,499	0	0	49,499
Accrued Interest (i)	0	0	0	0	237	35	0	0	35
Cash and cash equivalent:									
Cash at Bank	0	0	0	0	12,247	18,043	0	0	18,043
Principal	0	0	0	0	32,751	25,050	0	0	25,050
Accrued interest	0	0	0	0	26	4	0	0	4
Other Financial Instruments									
MAG Loans (included within Long term debtors)	0	0	21,056	29,650	0	0	0	0	29,650
MAG Loans (included within Long term debtors)- Accrued Interest	0	0	0	4,038	0	0	0	0	4,038
Homestep Loans (included within Long term debtors)	0	0	685	631	0	0	0	0	631
Capital Loans (included within Long term debtors)	0	0	96,278	47,707	0	0	42,723	78,793	126,500
Treasury Asset Investments (included within Long term debtors)	0	0	17,600	17,600	0	0	0	0	17,600
Trafford Leisure CIC	0	0	300	1,140	0	0	0	0	1,140
Trafford Leisure CIC Accrued Interest	0	0	0	13	0	0	0	0	13

	Long Term				Short Term				Total
	Investments		Debtors		Investments		Debtors		
	31	31	31	31	31	31	31	31	
	March	March	March	March	March	March	March	March	
	2020	2021	2020	2021	2020	2021	2020	2021	2021
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Trade Debtors (included within Short term debtors)	0	0	0	0	0	0	7,339	9,667	9,667
Church Commissioner Local Authority Fund – Accrued Interest (i)	0	0	0	0	61	56	0	0	56
Sub-total – amortised cost	0	0	135,919	100,779	95,718	92,687	50,062	88,460	281,926
Fair value through other comprehensive income –designated equity instruments									
Manchester Airport Group (MAG) Shareholding (See note on “Interest in Companies” on page 59	30,200	32,000	0	0	0	0	0	0	32,000
Manchester Airport Group (MAG) Shareholding Car Park (iii)	1,870	5,700	0	0	0	0	0	0	5,700
Sub-total – Fair value through other comprehensive income	32,070	37,700	0	0	0	0	0	0	37,700
Total financial Instruments (included in Financial Assets)	36,932	42,527	135,919	100,779	95,718	92,687	50,062	88,460	324,453
Other Financial Assets:									
Investments included in Group Accounts (ii)									
Equity - Trafford Bruntwood LLP – K site	10,642	11,101	0	0	0	0	0	0	11,101
Equity - Trafford Bruntwood LLP – Stamford & Stretford Malls	25,527	25,585	0	0	0	0	0	0	25,585
Sub-total – amortised cost	36,169	36,686	0	0	0	0	0	0	36,686
Other (ii)									
Section 106 debtors (included within Short term debtors)	0	0	0	0	0	0	1,891	2	2

		Long Term				Short Term				
		Investments		Debtors		Investments		Debtors		Total
		31	31	31	31	31	31	31	31	31
		March	March	March	March	March	March	March	March	March
		2020	2021	2020	2021	2020	2021	2020	2021	2021
		£000	£000	£000	£000	£000	£000	£000	£000	£000
Total	Financial	73,101	79,213	135,919	100,779	95,718	92,687	51,953	88,462	361,141
Assets										

- (i) The sum Short Term Investment Principal (£49.499), Accrued Interest (£0.92m) equals Short Term Investments and as per the balance sheet (£49.591m).
- (ii) The Equity Investment in Trafford Bruntwood LLP is not classified as a financial instrument under IFRS9 on the basis that the investment is included in the authority' group accounts
- (iii) The MAG shareholding has been designated at cost to Fair Value through Other comprehensive Income on the basis that the MAG Shareholding is regarded as a Strategic investment and is not held for trading purposes. The shares originated through a policy initiative with the other Greater Manchester authorities to promote economic generation and tourism.

Financial Liabilities

	Long Term				Short Term				Total
	Borrowings		Creditors		Borrowings		Creditors		
	31	31	31	31	31	31	31	31	
	March	March	March	March	March	March	March	March	
	2020	2021	2020	2021	2020	2021	2020	2021	
	£000	£000	£000	£000	£000	£000	£000	£000	
Amortised Cost									
Principal	(343,764)	(350,218)	0	0	(33,496)	(29,916)	0	0	(380,134)
Accrued Interest	0	0	0	0	(1,927)	(1,879)	0		(1,879)
Market loans EIR adjustments	(816)	(800)	0	0	0	0	0	0	(800)
Trade Creditors (included within short term creditors)	0	0	0	0	0	0	(10,060)	(6,841)	(6,841)
Sub-total amortised cost - (per balance sheet)	(344,580)	(351,018)	0	0	(35,423)	(31,795)	(10,060)	(6,841)	(389,654)
Market loans EIR adjustments	0	0	0	0	(15)	(15)	0	0	(15)
PFI and finance lease liabilities	(4,798)	(4,433)	0	0	(267)	(327)	0	0	(4,760)
Sub-total - Other (included in long term liabilities and short term creditors)	(4,798)	(4,433)	0	0	(282)	(342)	0	0	(4,775)
Total financial liabilities	(349,378)	(355,451)	0	0	(35,706)	(32,137)	(10,060)	(6,841)	(394,429)

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.

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

	2020/21		2019/20	
	Surplus or Deficit on the Provision of Services £000	Other Comprehensive Income and Expenditure £000	Surplus or Deficit on the Provision of Services £000	Other Comprehensive Income and Expenditure £000
Net gains/losses on:				
Financial assets measured at fair value through profit or loss				
- CCLA share revaluation	36	0	180	0
- CCLA Interest	(237)	0	(245)	0
Investments in equity instruments designated at fair value through other comprehensive income				
- MAG Share revaluation	0	(1,800)	0	22,500
- MAG Shares (project Apollo)	0	(90)		
- MAG Share dividend	0	0	(6,429)	0
Total net (gains)/losses	(201)	(1,890)	(6,494)	22,500
Interest revenue:				
Financial assets measured at amortised cost				
- Investment interest	(327)	0	(862)	0
Total interest revenue	(327)	0	(862)	0
Interest expense				
Financial assets measured at amortised cost				
- Loan interest payable	9,911	0	9,013	0
Total interest expense	9,911	0	9,013	0

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 31/3/21 £000	As at 31/3/20 £000
Church Commissioners Local Authority Property Fund	Level 1	Unadjusted quoted prices in active markets for identical shares	4,826	4,862
Manchester Airport Group	Level 2	Earning Based	32,000	30,200
Manchester Airport Group	Level 2	Initial investment at cost	5,700	1,870
Total			42,526	36,932

Fair value hierarchy for financial assets and financial liabilities that are not measured at fair value

31 March 2021	Other significant observable inputs (Level 2)	Total
	£000	£000
Financial liabilities		
Financial liabilities held at amortised cost:		
- PWLB	425,284	425,284
- Non-PWLB	88,174	88,174
- Trade Creditors	6,841	6,841
PFI and finance lease liability	5,731	5,731
Total	526,030	526,030
Financial assets		
Financial assets held at amortised cost:		
- Investments	75,015	75,015
- Cash at Bank	18,043	18,043
MAG loans	33,686	33,686
Homestep loans	631	631
Capital Loans	125,435	125,435
Treasury Asset Investment	17,600	17,600
Trafford Leisure CIC	1,140	1,140
Trade debtors	9,667	9,667
Total	281,217	281,217

Comparator year

31 March 2020	Other significant observable inputs (Level 2)	Total
	£000	£000
Financial liabilities		
Financial liabilities held at amortised cost:		
- PWLB	499,154	499,154
- Non-PWLB	87,198	87,198
- Trade creditors	10,060	10,060
PFI and finance lease liability	6,853	6,853
Total	603,265	603,265
Financial assets		
Financial assets held at amortised cost:		
- Investments	83,471	83,471
- Cash at Bank	12,247	12,247
MAG loans	21,056	21,056
Homestep loans	685	685
Capital Loans	139,001	139,001
Treasury Asset Investment	17,600	17,600
Trafford Leisure CIC	300	300
Trade debtors	7,339	7,339
Total	281,699	281,699

The fair value for financial liabilities and financial assets that are not measured at fair value included in Levels 2 in the table above have been arrived at using a discounted cash flow analysis with the most significant inputs being the discount rate detailed above

The fair value for financial liabilities and financial assets that are not measured at fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the assumptions detailed above, primarily for financial liabilities the fair value is arrived at by applying the discounted cash flow calculations based on the PWLB premium/discount calculations.

Equity shareholding

Manchester Airport Group & Car Park shareholding: shares in this company originated through a policy initiative with other Greater Manchester Local Authorities to promote economic generation and tourism. In addition to this on 28 January 2019 the Council committed to a further equity investment of £5.61m relating to strategic car park infrastructure developments at the airport (project Apollo). The shares for these 2 holdings are not traded in an active market and their fair value has been calculated on an analysis of the assets and liabilities in the Company's latest audited accounts by an independent accountancy firm BDO to be £32.0m and £5.7m respectively. 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 2018, 2019 and 2020 along with interim 6 month reports for the period ending 30 September 2020. These shares are subject to an annual valuation and in 2020/21 increased in value by £1.8m for the main shareholding and £90k for the car park shareholding (project Apollo).

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.

Trafford Bruntwood LLP;-

Ksite: Trafford Council has a 50% equity shareholding in Trafford Bruntwood LLP with the remaining 50% being held by Bruntwood (K Site Ltd). The entity holds assets in the form of the former Kelloggs headquarters site at Talbot Road, which was purchased in April 2018 for £11.9m. The site has been redeveloped in line with the Civic Quarter Masterplan and hosts the University of Lancaster and Education 92 Limited (UA92). The shares in this company are not traded in an active market and for the financial year 2020/21 the fair value of the shares are £11.10m compared to £10.642m in 2019/20. The fair value of these shares has been calculated based on the initial price of the land and building plus an uplift based on the expenditure incurred on the building refurbishment up to 31st March 2021.

Trafford Bruntwood (Stretford Mall) LLP

The Council owns a 50% equity shareholding in Trafford Bruntwood (Stretford Mall) LLP which was set up to purchase the Stretford Mall. This LLP holding is key in the Council's regeneration masterplan for the town of Stretford due to the Mall's importance and prime location. Plans and consultations are currently being worked on to determine the best course of action for the asset, in line with the Stretford Masterplan. The shares in this company are not traded in an active market and for the financial year 2020/21 the fair value of the shares are £8.68m compared to £8.82m in 2019/20. The fair value of these shares has been calculated based on the initial price of the land and buildings.

Trafford Bruntwood (Stamford Quarter) LLP

The Council owns a 50% equity shareholding in Trafford Bruntwood (Stamford Quarter) LLP which was set up to purchase the Stamford Quarter and Clarendon House in Altrincham. The Council deems these assets important for the continued regeneration of Altrincham Town Centre. The shares in this company are not traded in an active market and for the financial year 2020/21 the fair value of the shares are £16.91m compared to £16.69m in 2019/20. The fair value of these shares has been calculated based on the initial price of the land and buildings.

Transfers between Levels of the Fair Value Hierarchy

There were no transfers between 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 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 these are considered the most appropriate basis. As the Debt Management Office provides a transparent approach all owing 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;

The fair values calculated are as follows:

Liabilities							
	31 March 2020		31 March 2021				
	Carrying Amount	Fair Value	Principal	Add EIR adjustment	Add accrued Interest	Carrying Amount	Fair Value
	£000	£000	£000	£000	£000	£000	£000
Financial Liabilities (Long and Short Term) – Measured at amortised cost							
PWLB	323,726	499,154	316,680	0	1,636	318,316	425,284
Market	56,277	87,198	63,454	800	243	64,497	88,174
Trade creditors (included within short term creditors)	10,060	10,060	6,841	0	0	6,841	6,841
Sub total	390,063	596,412	386,975	800	1,879	389,654	520,299
PFI & finance lease	5,066	6,853	4,452	0	0	4,452	5,731
Sub total	5,066	6,853	4,452	0	0	4,452	5,731
Total	395,128	603,265	391,427	800	1,879	394,106	526,030

Assets						
	31 March 2020		31 March 2021			
	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	12,247	12,247	18,043	0	18,043	18,043
- Deposits	32,777	32,777	12,550	0	12,550	12,550
Sub total	45,024	45,024	30,593	0	30,593	30,593
Financial Instruments						
Deposits over 1 year	0	0	0	0	0	0
Deposits under 1 year	50,633	50,633	62,370	39	62,409	62,409
CCLA Property Fund	4,923	4,923	4,827	56	4,883	4,883
MAG Loans (included within Long term debtors)*	21,056	61,289	29,650	4,039	33,967	97,262
Homestep Loans (included within Long term debtors)	685	685	631	0	631	631
Capital Loans (included within Long term debtors)	139,001	139,001	125,435	0	125,435	127,044
Treasury Asset Investment (included within Long term debtors)	17,739	19,076	17,615	0	17,615	18,606
Trafford Leisure CIC	300	300	1,140	13	1,153	1,153
Trade Debtors (included within Short term debtors)	7,339	7,339	9,667	0	9,667	9,667
Sub total	241,676	283,246	251,335	4,147	255,760	321,655
Other Financial Instruments						

Assets						
	31 March 2020		31 March 2021			
	Carrying Amount £000	Fair Value £000	Principal £000	Add accrued Interest £000	Carrying Amount £000	Fair Value £000
MAG Shareholding	30,200	30,200	32,000	0	32,000	32,000
MAG Shareholding Car Park	1,870	1,870	5,700	0	5,700	5,700
Sub total	32,070	32,070	37,700	0	37,700	37,700
Total	318,770	360,340	319,628	4,147	324,053	389,948

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 2021) arising from a commitment to pay interest to lenders above current market rates.

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 £316.7m and Market loans of £63.5m would be valued at £344.6m and £79.6m 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 £425.3m and for Market loans £88.1m.

19. Inventories (Balance Sheet page 33)

The Council held the following inventories at 31 March 2020 and 2021. All are related to consumable stores.

Consumable Stores		
	31.3.20 £000	31.3.21 £000
Balance outstanding at start of year	74	365
Purchases*	2,739	1,249
Recognised as an expense in the year*	(2,448)	(1,536)
Written off balances	-	-
Balance outstanding at year-end	365	78

* Due to the COVID-19 pandemic it has not been possible to perform a full and accurate stock take for a number of services in both 2019/20 and 2020/21. Estimates based on 18/19 figures have therefore been used where appropriate.

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 33)

Long Term Debtors & Prepayments

31.3.20 £000		31.3.21 £000
591	Her Majesty's Prison & Probation Service (previously Probation Service) (i)	526
21,057	Manchester Airport Plc. (ii)	33,688
284	Sale PFI – lifecycle replacement (iii)	320
685	Homestep Loans (iv)	631
113,877	Capital Loans (v)	65,306
52	Town Centre Loans (vi)	65
300	Leisure Trust Loan (vii)	1,153
136,846	Total	101,689

- (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. In addition to this a further £9.7m was advanced in 2020/21 to the Manchester Airport shareholder loan to assist with pressures felt by COVID-19.
- (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) Capital loans – there has been a reduction in capital loans due to the repayment by the Crescent in full during 2020/21 of £39.7m. Other Capital loans included consist of developer loans to Bruntwood Development Holdings LTD of £10.85m to assist in partly financing the redevelopment of the K site and a further £25.56m associated with the strategic investments relating to Streford Arndale and Stamford Quarter and two new loans in 2020/21 of £17.89m to the HUT Group and £11.3m to Castle Irwell.
- (vi) 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.
- (vii) Trafford Leisure Community Interest Company Loans – The Council has agreed a loan agreement with Trafford Leisure CIC to provide finance to mitigate liquidity issues experienced by the CIC due to trade deficits during the redevelopment of the leisure centre estate. To date a total of £1.1m has been advanced under this agreement.

Short Term Debtors and Payments in Advance		
31st March 2020	Amounts falling due within one year	31st March 2021
£000		£000
7,073	Council Tax	8,520
12,085	Business Rates	14,429
5,359	Other Government Departments	8,240
7,406	Payments in advance	6,267
42,723	Capital loans (i)	78,793
30,685	Other (ii)	25,329
105,331	Sub Total	141,578
(25,114)	Less Provision for Bad and Doubtful Debts	(27,394)
80,217	Total	114,184

- (i) Capital Loans – the 2020/21 balance reflects the Developer Loan and deferred interest given for 3 schemes which are scheduled to be repaid in 2021/22.

- (ii) Other Debtors – Includes Debtors relating to Housing Benefit Overpayment £4.7m, Adults Social Care Debtors £3.6m, General System Debtors and Manual Accruals £12.6m, Capital Debtors and Section 106 of £3.1m.

Short-term debtors are also analysed by the party to which they relate,

Short Term Debtors and Payments in Advance by Party		
31st March 2020 £000		31st March 2021 £000
4,401	Central Government Bodies	5,719
5,351	Other Local Authorities	(5,454)
957	National Health Service Bodies	2,521
69,508	Bodies External to General Government	111,398
80,217	Total	114,184

22. Cash and Cash Equivalents (Balance Sheet page 33)

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

31st March 2020 £000		31st March 2021 £000
12,247	Cash held by the Council/Bank current accounts	18,043
32,750	Short-term deposits	25,050
26	Short-term deposits - Accrued Interest	4
45,022	Total Cash and Cash Equivalents	43,097

23. Assets Held for Sale (Balance Sheet page 33)

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	
	2019/20 £000	2020/21 £000
Balance at start of year	7,534	2,950
Assets newly classified as held for sale:		
Property, Plant and Equipment	645	1,831
Intangible Assets		
Other assets/liabilities in disposal group		
Revaluation losses		
Revaluation gains	0	0
Impairment losses		
Assets held as declassified for sale:		
Property, Plant and Equipment		
Intangible Assets		
Other assets/liabilities in disposal group		
Assets sold	(1,061)	0
Transfers from Assets Held for Sale to Surplus Assets (i)	(4,168)	(300)
(Other movements)		
Balance at year-end	2,950	4,481

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 33)

Long Term Creditors

Long-Term Liabilities – Deferred		
31 March 2020 £000		31 March 2021 £000
(4,798)	Sale PFI – Finance Lease liability (i)	(4,434)
(1,045)	Sale PFI liability (ii)	0
(693)	Environmental Surcharge Crematoria (iii)	(831)
(153)	Greater Manchester Debt Administration Fund – MIA (iv)	0
(72)	Trafford Park Development Corporation (v)	(64)
(1,313)	Commuted sums/S106 agreements (vi)	(1,318)
(8,074)	Total	(6,647)

- (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). The amount the council has set aside to date for the final bullet payment was misclassified as a liability held within Long Term Creditors in 2019/20 and previous years. It has been removed in 2020/21 and transferred to an earmarked reserve where annual contributions will continue be made to repay the final bullet payment of £1.6m in 2027/28.
- (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. This debt is due to be repaid in the financial year 2021/22 and has been moved to short term Creditors.
- (v) 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 £0.064m as at 31 March 2021.
- (vi) 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 2020			31st March 2021
£000			£000
(6,340)	HM Revenue and Customs		(3,316)
(17,594)	Other Government Departments		(16,696)
(29,312)	Sundry Creditors		(23,569)
(4,018)	Employees – accumulated absences		(5,603)
(3,014)	Receipts in Advance – Council Tax		(3,438)
(4,844)	Receipts in Advance – NDR		(7,823)
(2,905)	Other Receipts in Advance		(5,087)
(68,027)	Total		(65,532)

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

	Short Term Creditors by Party		
31st March 2020			31st March 2021
£000			£000
(18,662)	Central Government Bodies		(20,012)
(5,769)	Other Local Authorities		(1,994)
(735)	National Health Service Bodies		1
0	Public Corporations and Trading Funds		0
(42,861)	Bodies External to General Government		(43,527)
(68,027)	Total		(65,532)

25. Provisions (Balance Sheet page 33)

The Council has the following total provisions at 31 March 2021:

Total Provision	Balance 1 April 2019 £000	Net Movement in Year in Year £000	Balance 1 April 2020 £000	Net Movement in Year in Year £000	Balance 31 March 2021 £000
Insurance (i)	(3,030)	(134)	(3,164)	(53)	(3,217)
Equal Pay (ii)	(222)	2	(220)	2	(218)
VAT on DFG Admin fees (iii)	(174)	(58)	(232)	41	(191)
Employment Rationalisation (iv)	(3)	3	-	(230)	(230)
MMI Clawback (v)	(92)	0	(92)	0	(92)
NDR Appeals (vi)	(38,780)	428	(38,352)	(1,966)	(40,318)
Land charges litigation costs (vii)	(34)	0	(34)	0	(34)
Ordinary Residence Cases (viii)	(206)	(29)	(235)	(48)	(283)
Section 117 Aftercare (ix)	-	(1,497)	(1,497)	1057	(440)
Schools with deficit cash balances (x)	(42)	57	15	(15)	(0)
Planning Inquiry (xi)	(123)	20	(103)	0	(103)
Impact of COVID-19 on Let Estate rents (xii)	0	(108)	(108)	(374)	(482)
Total	(42,706)	(1,316)	(44,022)	(1,586)	(45,608)

- (i) Insurance £3.215m – 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 2020/21 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 2020/21, from a starting balance of £3.162m net contributions of £0.606m were made to the provision, £0.553m of claims were paid, leaving a balance on the provision of £3.215m 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 £0.218m. The movements in year of £0.002m are in respect of 7 settled claims. The Council is actively engaged in trying to settle the final claims in the next period.
- (iii) VAT on DFG Admin fees of £0.191m. 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 £230k (£Nil in 2019/20).

- (v) The MMI clawback is a note highlighting that the scheme of delegation was triggered back in 2012/13, resulting in us paying 25% of past and future claim payments. There is also a possibility this amount could increase if the insufficient assets still cannot meet liabilities. As it stands this is not the case so we have 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 2021. 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 2020/21 has been calculated at £1.986m, of which Trafford's share at 99% is £1.967m.
- (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) The Council is in discussion with a Local Authority regarding the Ordinary Residence of two clients, the council would be liable for payment of Care Packages should any ruling be in favour of the Claiming Local Authority. The provision covers the anticipated costs of reimbursement to the claimant for the period of care in question.
- (ix) Section 117 Aftercare - legislation requires Councils and CCG's to fund the requirements of an individuals after-care under the Mental Health Act to build effective support and rehabilitation packages after a period of compulsory detention. Changes to Local Authority's responsibility for Section 117 clients has resulted in backdated costs being sought by other local authorities. The movement in year of £1.057m is due to a full re-evaluation of existing provisions resulting in the removal of a number of cases and one additional case being added.
- (x) Schools with deficit cash balances - are monies set aside to cover estimated deficits on schools in special measures transferring to academy status in 2020/21.
- (xi) Planning Inquiry – in respect of the appeal referred to the Planning Inspectorate.
- (xii) Provision to compensate 3rd party provider as unable to fulfil contractual commitments on collection of Let Estate rents due to COVID-19

Movement in provisions at 31 March 2021 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 2020	(555)	(3,523)	(38,352)	(1,592)	(44,022)
Additional provisions made		(198)	(2,374)	(245)	(2,817)
Amounts used	43	97	407	684	1,231
Balance as at 31 March 2021	(512)	(3,624)	(40,319)	(1,152)	(45,608)

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 2020 £000	Provisions	Balance 31 March 2021 £000
(376)	Insurance	(397)
(220)	Equal Pay	(218)
0	Employee Rationalisation	(230)
(92)	MMI Clawback	(92)
(28,764)	NDR Appeals	(30,545)
(34)	Land charges litigation costs	(34)
(235)	Ordinary Residence Cases	(283)
15	Schools with deficit cash balances	0
(108)	Impact of COVID-19 on Let Estate rents	(229)
(29,814)	Total Short Term	(32,028)
(2,788)	Insurance	(2,820)
(9,588)	NDR Appeals	(9,773)
(232)	VAT on DFG Admin fees	(191)
(1,497)	Section 117 aftercare	(440)
(103)	Planning Inquiry	(103)
-	Impact of COVID-19 on Let Estate rents	(253)
(14,208)	Total Long Term	(13,580)
(44,022)	Total	(45,608)

26. Usable Reserves (Balance Sheet page 33)

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) Usable Reserves

2020 £000	Usable reserves	2021 £000
(7,000)	General Fund	(8,000)
(8,003)	Schools Reserves	(13,414)
(55,182)	Earmarked Reserves	(160,941)
(303)	Capital receipts Reserve	(281)
(3)	Revenue Grants Unapplied	(64)
(20,863)	Capital Grants Unapplied	(17,649)
(91,354)		(200,349)

(ii) 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 2021 were £(12.822)m (£(7.956)m at 31 March 2020).

At 31 March 2021 there were 3 schools with a deficit balance on their revenue reserves, amounting to £105k, whilst 58 schools had surplus balances amounting to £(12.928)m.

In addition, there are unspent devolved formula capital balances of £(0.679)m, which are included within Capital Grants and Contributions on the balance sheet (note 40).

(iii) Capital Receipts Reserve

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

2020 £000	Capital Receipts Reserve	2021 £000
(703)	Balance carried forward at 1 April	(303)
(1,867)	Capital receipts in the year from sale of assets (net of disposal costs)	(74,508)
(2,570)	Sub-total	(74,811)
2,015	Amount used to finance capital expenditure in year	10
252	Voluntary provision above MRP (a amount used to repay debt)	74,520
(303)	Balance carried forward at 31 March	(281)

27. Unusable Reserves (Balance Sheet page 33)

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 2020 £000	Unusable Reserves	31 March 2021 £000
(95,173)	Revaluation Reserve (i)	(116,112)
(19,848)	Financial Instruments Revaluation Reserve (ii)	(21,703)
(317,792)	Capital Adjustment Account (iii)	(304,540)
15,609	Financial Instruments Adjustment Account (iv)	15,048
257,036	Pensions Reserve (v)	379,528
(124)	Collection Fund Adjustment Account (vi)	89,388
4,018	Accumulated Absences Account (vii)	5,603
(156,274)	Total Unusable Reserves	47,212

(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

2019/20 £000	Revaluation Reserve	2020/21 £000
(67,878)	Balance as at 1 April	(95,173)
-	Adjustment for prior years accumulated impairment *	-
(67,878)	Sub-Total	(95,173)
(35,010)	Upward revaluation of assets	(25,541)
	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	
(102,888)		(120,714)
-	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	-
5,472	Difference between fair value depreciation and historical cost depreciation	4,332
2,243	Accumulated gains on assets sold or scrapped	270
7,715	Amount written off to the Capital Adjustment Account	4,602
(95,173)	Balance as at 31 March	(116,112)

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.

(ii) Financial Instruments Revaluation Reserve

The financial Instruments Revaluation 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 2020/21 the Council revalued its shareholding in Manchester Airport which resulted in an increase in value from £35.8m to £37.7m and the original investment of £10.214m together with £5.61m in respect of the car park 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 £4.86m at 1 April 2020 to close at £4.82m at 31 March 2021 and it is expected that this investment will be in place for a minimum period of 5 years.

2019/20 £000	Financial Instruments Revaluation Reserve	2020/21 £000
(42,528)	Balance as at 1 April	(19,848)
22,500	Downward / (Upward) revaluation of investment - Airport	(1,890)
180	Downward / (Upward) revaluation of investment - CCLA	35
(19,848)	Balance as at 31 March	(21,703)

(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.

2019/20 £000	Capital Adjustment Account	2020/21 £000
(329,357)	Balance as at 1 April	(317,792)
	Adjustment for prior years accumulated impairment	
(329,357)	Sub-Total	(317,792)
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
17,551	- Charges for depreciation and impairment of non-current assets	17,770
15,984	- Revaluation losses on Property, Plant and Equipment	13,300
428	- Amortisation of intangible assets	500
1,767	- Revenue expenditure funded from capital under statute	145
5,320	- 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	685
41,050		32,400
(7,715)	Adjusting amounts written out of the Revaluation Reserve	(4,603)
33,335	Net written out amount of the cost of non-current assets consumed in the year	27,797
	Capital financing applied in the year:	
(2,015)	- Use of the Capital Receipts Reserve to finance new capital expenditure	(10)
(9,227)	- Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(11,964)
(4,258)	- Statutory provision for the financing of capital investment charged against the General Fund Balance	(7,769)
(3,138)	- Capital expenditure charged against the General Fund Balance	(221)
(18,638)		(19,964)
(3,131)	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	5,419
(317,792)	Balance as at 31 March	(304,540)

(iv) Financial Instruments Adjustment Account

The financial instruments adjustment account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. Trafford uses the account to manage premiums paid on the early redemption of loans. Premiums are debited to the comprehensive income and expenditure statement when they are incurred, but reversed out of the general fund balance to the account in the movement in reserves statement. Over time, the expense is posted back to the general fund balance in accordance with statutory arrangements for spreading the burden on council tax. In the authority's case, this period is the unexpired term that was outstanding on the loans when they were redeemed. As a result, the balance on the account at 31 March 2021 will be charged to the general fund over the next 22 years.

2019/20 £000	Financial Instruments Adjustment Account	2020/21 £000
16,164	Balance as at 1 April	15,609
(555)	Less an annual charge for premiums incurred in previous financial years and stepped loan EIR adjustment	(561)
0	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	0
15,609	Balance at 31 March	15,048

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 2021 will be charged to the General Fund in accordance with statutory arrangements over the next 22 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.

2019/20 £000	Pensions Reserve	2020/21 £000
(287,765)	Balance as at 1 April	(257,036)
55,751	Re-measurements of the net defined benefit (liability)/asset	(106,371)
(41,417)	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	(33,629)
16,395	Employer's pension contributions and direct payments to pensioners payable in the year	17,508
(257,036)	Balance as at 31 March *	(379,528)

* For 2020/21 the balance on Pension Reserve is £379.528m, the balance on the Pension Liability is £350.887m and includes £28.642m relating to the balance of the Advance Pension Contribution. Prior to the advance pension payment, the Pension Reserve and Pension Liability have reflected the equal and opposite movements in the year and the year end balances 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. As 2019/20 was the last of the previous three year advance, the pension liability and reserve were equalised. In 2020/21 the difference in the balance on Pension Liability and Pension Reserve is represented by a figure of £28.64m relating to the second and third year 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.

2019/20 £000	Collection Fund Adjustment Account	2020/21 £000
(1,941)	Balance as at 1 April	(124)
884	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	3,372
933	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	86,140
(124)	Balance as at 31 March	89,388

(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.

2019/20 £000	Accumulated Absences Account	2020/21 £000
3,787	Balance as at 1 April	4,018
(3,787)	Settlement or cancellation of accrual made at the end of the preceding year	(4,018)
4,018	Amounts accrued at the end of the current year	5,603
231	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	1,585
4,018	Balance as at 31 March	5,603

28. Cash Flow Statement – Operating Activities (page 38)

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		
2019/20 £000		2020/21 £000
(33,536)	Depreciation/Impairment charged to I and E	(31,070)
(428)	Amortisation of Intangible Assets	(500)
(16,684)	(Increase)/Decrease in Creditors	(9,944)
47,993	Increase/(Decrease) in Debtors	33,760
290	Increase/(Decrease) in Inventories	(286)
(25,022)	Pensions Liability	(16,121)
-	Advance Pension Payment	-
(1,316)	Contributions to/(from) Provisions	(1,586)
-	Revaluation Losses	-
(5,320)	Carrying value on disposal of Property, Plant and Equipment, Investment Property and Intangible Assets	(685)
3,131	Investment Properties Losses (Gains)	(5,419)
14	Other non-cash adjustments	15
(30,877)		(31,836)

28b - Adjustments for items included in the net surplus or deficit on the provision of services that are investing or financing activities		
2019/20 £000		2020/21 £000
174	Proceeds from short-term and long-term investments	897
19,817	Capital Grants credited to the surplus or deficit on the provisions of services	6,460
1,867	Proceeds from the sale of non-current assets	74,507
21,858		81,865

28c - The cash flows for operating activities include the following items:		
2019/20 £000		2020/21 £000
(3,525)	Interest received	(4,004)
4,842	Interest paid	5,353
(6,429)	Dividends received	-

28d - The cash flows relating to the Advanced Pension Contribution		
2019/20 £000		2020/21 £000
0	Pension Advance Payment covering 3 years (17/18, 18/19 and 19/20)	(42,963)
12,110	1/3 Drawn down	14,321
12,110		(28,642)

29. Cash Flow Statement – Investing Activities (page 38)

The cash flows for investing activities include the following items:

2019/20 £000		2020/21 £000
30,471	Purchase of property, plant and equipment, investment property and intangible assets	21,150
28,999	Purchase / (proceeds) of short-term and long-term investments	6,147
105,692	Other payments for investing activities	(35,156)
(1,866)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(74,508)
(23,845)	Other receipts from investing activities – Capital Grants Received	(9,144)
139,450	Net cash flows from investing activities	(91,511)

30. Cash Flow Statement – Financing Activities (page 38)

The cash flows for financing activities include the following items:

2019/20 £000		2020/21 £000
(204,900)	Cash receipts of short and long-term borrowing	(111,370)
-	Other receipts from financing activities	-
251	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	268
48,293	Repayments of short and long-term borrowing	108,496
(1,006)	Other payments for financing activities – Net Cash inflow from NDR Agency arrangements	2,171
(157,362)	Net cash flows from investing activities	(434)

31. Acquired and Discontinued Operations

None to report.

32. Trading Operations (See also note 12)

		2018/19 £000	2019/20 £000	2020/21 £000
Building Cleaning	Turnover	(2,106)	(2,260)	(2,338)
	Expenditure	2,171	2,272	2,365
	(Surplus)/Deficit	65	12	27
Cumulative (Surplus)/Deficit over last three financial years was £104k				
Education Catering	Turnover	(7,869)	(7,823)	(6,119)
	Expenditure	7,847	8,070	7,655
	(Surplus)/Deficit	(22)	247	1,536
Cumulative (Surplus)/Deficit over last three financial years was £1,761k				
Net (surplus)/deficit on trading operations		43	259	1,563

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):

	2019/20 £000	2020/21 £000
Net (surplus)/deficit on trading operations	259	1,563
Services to the public included in Expenditure of Continuing Operations	-	-
Support services recharged to Expenditure of Continuing Operations	-	-
Net (surplus)/deficit credited to Other Operating Expenditure	259	1,563

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 GMCA Mayoral Police and Crime Commissioner and the Mayoral General Precept (including Fire Services). 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 2020/21 of £0.460m (£0.430m in 2019/20).

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 or any accumulated deficit are carried forward and included within the Council's balance sheet under short term liabilities or short term debtors to be repaid to/from GMCA when the agency arrangements finish. Details of the Income and Expenditure are shown below:

	2019/20 £000	2020/21 £000
Expenditure Incurred on Working Well and Talking Therapies	1,065	469
Total Expenditure	1,065	469
Income Received from grants	(4,645)	(2,314)
Net (Surplus)/Deficit for the year	(3,579)	(1,845)
Balance b/fwd.	3,543	(36)
Balance c/fwd.	(36)	(1,881)

The Council has not acted in an agency capacity for any other external bodies in the 2020/2021 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 to support joint working arrangements. 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 2020/21 budget was £28.271m, which after grant income and fees of £2.256m left net planned expenditure of £26.015m to be funded jointly by the Council and the CCG. The net budget was underspent by £1.380m in year and is included in the Adults Services outturn figure.

As the Council acts as the lead role in making the key decisions regarding commissioning and service delivery, with minimal operational input from the CCG, the Council's accounts reflect the total pool expenditure with the contribution from Trafford CCG shown as income.

	2019/20 £000	2020/21 £000
Funding provided to the pooled budgets:		
the Council	(22,008)	(23,687)
Trafford CCG	(2,021)	(2,328)
Total funding	(24,029)	(26,015)
Expenditure met from the pooled budget:	25,266	24,635
Net (surplus)/deficit arising on the pooled budget during the year	1,237	(1,380)
Contribution (to)/from Service Outturn	1,237	(1,380)
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. Trafford Council's accounts reflect only the Council's share of the overall budget, and exclude the share(s) attributable to Trafford CCG.

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 2020 was as follows:

	2019/20 £000	2020/21 £000
Total Allocation	(25,856)	(38,922)
Funding provided to the pooled budgets:		
Trafford Council	(10,159)	(10,453)
Trafford CCG	(15,697)	(28,539)
Total Funding	(25,856)	(38,992)
Expenditure met from the pooled budget:		
Trafford Council	16,203	16,050
Trafford CCG	9,653	22,181
Total Expenditure	25,856	38,231
Net (surplus)/deficit arising on the pooled budget during the year	-	(761)

36. Members' Allowances

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

	2019/20 £000	2020/21 £000
Basic Allowances	418	401
Special Responsibility Allowances	304	306
Expenses	1	0
Total	723	707

The Council consists of 63 elected Members (Councillors) and 11 co-opted/independent Members to whom £0.707m was paid in allowances in the year (£0.723m in 2019/20).

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 2019/20 and 2020/21 was:

2019/20		Remuneration Band	2020/21	
Schools Staff	Other Staff		Schools Staff	Other Staff
-	1	£165,000 - £169,999	-	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	-	1
-	-	£120,000 - £124,999	-	2
-	4	£115,000 - £119,999	-	2
-	1	£110,000 - £114,999	-	-
-	-	£105,000 - £109,999	-	-
-	-	£100,000 - £104,999	-	-
-	1	£95,000 - £99,999	1	1
1	2	£90,000 - £94,999	-	3
1	3	£85,000 - £89,999	2	6 (1)
3	2	£80,000 - £84,999	2	1
4	1	£75,000 - £79,999	7	2
7	6	£70,000 - £74,999	9	8
10	11 (1)	£65,000 - £69,999	11	4
11	7	£60,000 - £64,999	9	12
15 (1)	12	£55,000 - £59,999	16 (1)	13
25	17	£50,000 - £54,999	25	24 (2)
77 (1)	68 (1)	Total	82	80

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 £	
	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21
£0 - £20,000	3	2	14	38	17	40	87,872	330,186	1	3	0	79,440
£20,001 - £40,000	0	0	0	0	0	0	0	0	0	0	0	0
£40,001 - £60,000	0	0	0	0	0	0	0	0	0	0	0	0
£60,001 - £80,000	0	0	0	0	0	0	0	0	0	0	0	0
£80,001 - £100,000	0	0	0	0	0	0	0	0	0	0	0	0
£100,001 - £120,000	0	0	0	0	0	0	0	0	0	0	0	0
£120,001 - £140,000	0	0	0	0	0	0	0	0	0	0	0	0
Total	3	2	14	38	17	40	87,872	330,186	1	3	0	79,440

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 2020/21 Postholder	Note	Salary, fees & allowances	Compensation for loss of office	Bonuses	Expense allowances	Benefits in kind (e.g. Car allowance)	Pension contributions	Total
		£	£	£	£	£	£	£
S Todd, Chief Executive		169,538	0	0	49	0	34,586	204,173
Corporate Director of Finance and Systems (Joint CFO and Section 151 Officer)	1	87,967	0	0	0	0	18,659	106,626
Director of Finance and Systems (Section 151 Officer)	2	11,859	0	0	0	0	2,326	14,185
Corporate Director of Governance & Community Strategy (Monitoring Officer)		119,955	0	0	0	0	24,471	144,426
Director of Public Health		98,345	0	0	0	0	20,062	118,407
Corporate Director of Strategy and Resources		119,955	0	0	0	0	0	119,955
Corporate Director of Adult Services		119,955	0	0	52	0	23,532	143,539
Corporate Director of Place		119,955	0	0	79	0	24,471	144,505
Corporate Director of Children's Services		128,438	0	0	0	0	26,201	154,639
Director of Integrated Health and Social Care Strategy	3	69,363	0	0	0	0	10,477	79,840

Notes:

- (1) The Joint Chief Finance Officer and Statutory S151 Officer post, titled Corporate Director of Finance and Systems included an amount of 50% which has been recharged in relation to their element of employment on behalf of NHS Trafford CCG, for the period 1st April 2020 to 31st July 2020. From 1st August 2020 the Corporate Director of Finance and Systems reduced their hours to 0.6 FTE, but wholly employed by Trafford Council. They left the authority on 31st March 2021 and the post has now been disestablished.
- (2) The Director of Finance was appointed as the new Statutory S151 Officer at Budget Council on 17 February 2021, as part of a planned retirement and succession arrangement, and the post title changed to Director of Finance and Systems.
- (3) The jointly funded post of Director of Integrated Health and Social Care Strategy was recharged at 50% in relation to their element of employment on behalf of Trafford Council, under the terms of the contract.

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.

37. Officers' Remuneration (Continued)

Senior Officers Salary 2019/20 Postholder	Note	Salary, fees & allowances	Compensation for loss of office	Bonuses	Expense allowances	Benefits in kind (e.g. Car allowance)	Pension contributions	Total
		£	£	£	£	£	£	£
S Todd, Chief Executive	1	165,000	0	0	627	0	33,660	199,287
Corporate Director of Finance and Systems (Joint CFO and Section 151 Officer)	2	116,745	0	0	8	0	23,085	139,838
Corporate Director for Governance & Community Strategy (Monitoring Officer)	3	116,745	0	0	0	0	23,816	140,561
Interim Director of Public Health/Director of Public Health	4	93,715	0	0	0	0	18,558	112,273
Corporate Director of People	5	116,745	0	0	0	0	0	116,745
Acting Corporate Director of Children's Services	6	16,993	0	0	0	0	3,467	20,460
Interim Corporate Director of Children's Services	7	133,342	0	0	0	0	0	133,342
Corporate Director Children's Services	8	22,513	0	0	0	0	4,593	27,106
Acting Corporate Director Adult Services/Corporate Director Adults and Wellbeing	9	112,293	0	0	350	0	21,959	134,602
Corporate Director, Place	10	116,745	0	0	168	0	23,816	140,729
Corporate Director of Commissioning Trafford CCG and Trafford Council/Director of Integrated Health and Social Care Strategy (Jointly funded)	11	71,549	0	0	0	0	10,410	81,959

Notes:

- (1) The Chief Executive was also paid Returning Officer fees of £5,040 for the 2 May 2019 Local election, £6,975 for the 12 December 2019 General election and £2,520 Deputy Returning Officer fees for the 23 May 2019 European election.
- (2) The Joint Chief Finance Officer and Statutory S151 Officer post, titled Corporate Director of Finance and Systems includes an amount of 50% which has been recharged in relation to their element of employment on behalf of NHS Trafford CCG. They were also paid Deputy Returning Officer fees of £2,520 for the 2 May 2019 Local election, £2,520 for the 23 May 2019 European election and £1,744 for 12 December General election.
- (3) The Corporate Director of Governance and Community Strategy was also paid £5,040 Returning Officer fees for the 23 May 2019 European election and Deputy Returning Officer fees of £2,520 for the 2 May 2019 Local election and £3,488 for the 12 December 2019 General election.
- (4) The Interim Director of Public Health was appointed Director of Public Health on 15 November 2019. They were also paid supervision duty fees of £120 for the 2 May 2019 Local election, £240 for the 23 May 2019 European election and £200 for the 12 December 2019 General election.
- (5) The Corporate Director of People was also paid Deputy Returning Officer fees of £2,520 for the 2 May 2019 Local election, £2,520 for the 23 May 2019 European election and £3,488 for the 12 December 2019 General election.
- (6) The Acting Corporate Director of Children's Services returned to their substantive post as Director of Safeguarding and Professional Development on 1 June 2019. They were also paid £120 supervision duty fees for the 2 May 2019 Local election.
- (7) The Interim Corporate Director of Children's Services was appointed on an Agency basis from 3 June 2019 and an amount of £133,342, excluding VAT, was paid accordingly. They left the Authority on 15 January 2020.
- (8) The current Corporate Director Children's Services was appointed to the new re-designated post on 27 January 2020.
- (9) The Acting Corporate Director of Adult Services was appointed to the new re-designated post of Corporate Director Adults and Wellbeing on 29 July 2019. They were also paid supervision duty fees of £240 for the 23 May 2019 European election and £200 for the 12 December 2019 General election.
- (10) The Corporate Director, Place was also paid Deputy Returning Officer fees of £2,520 for the 23 May 2019 European election, £1,744 for 12 December General election and £120 supervision duty fees for the 2 May 2019 Local election.
- (11) The jointly funded post of Corporate Director of Commissioning Trafford CCG and Trafford Council was disestablished on 17 June 2019 and 25% has been recharged in relation to their element of employment on behalf of Trafford Council. A new re-designated jointly funded post of Director of Integrated Health and Social Care Strategy was created and the previous Corporate Director of Commissioning Trafford CCG and Trafford Council successfully appointed on 18 June 2019 at 0.6 FTE. Under the terms of the new contract 50% of this new post has been recharged in relation to their element of employment on behalf of Trafford Council from 18 June 2019 to 31 March 2020.

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:

	2019/20 £000	2020/21 £000
Fees payable to Mazars with regard to external audit services carried out by the appointed auditor	97*	120**
Total	97	120

* This includes additional fee work relating to the 2018/19 audit, charged after the 2018/19 Audited Accounts were published, and relate to PPE valuation work, £5,487 and pension liability work, £600.

** The Council has incurred an additional fee in relation to the external audit of the Statement of Accounts by the Council's External Auditors Mazars LLP for 2019/20. The additional fee of £28,600 so far agreed takes the total cost for 2019/20 to £119,608 and has been approved by the Public Sector Audit Appointments Limited (PSAA).

39. Dedicated Schools Grant

The council's expenditure on schools is funded primarily by grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). An element of DSG is recouped by the Department 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, which is divided into a budget share for each maintained school. Details of the deployment of DSG receivable for 2020/21 are as follows:

	Central Expenditure £000	ISB £000	Total £000
Final DSG 2020/21 before Academy recoupment			(221,217)
Academy figure recouped for 2020/21			81,825
Total DSG 2020/21 after Academy recoupment (*)			(139,392)
Brought forward from 2019/20	(2,895)		(2,895)
Carry forward to 2020/21 agreed in advance			-
Agreed initial budgeted distribution in 2020/21	(27,331)	(114,956)	(142,287)
In year adjustments	124	(124)	-
Final budgeted distribution for 2020/21	(27,207)	(115,080)	(142,287)
Less actual central expenditure	25,454	-	25,454
Less actual ISB deployed to schools	-	115,080	115,080
Local authority contribution for 2020/21	-	-	-
Carry forward to 2021/22	(1,753)	-	(1,753)

(*) this is the amount received in 2020/21 and excludes £381k Early Years lagged funding from the previous year

40. Grant and Other Income (Comprehensive Income & Expenditure Statement page 31, Balance sheet page 33)

(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:

2019/20	Grants	2020/21
£000		£000
	Credited to Taxation and Non Specific Grant Income	
(100,007)	Council Tax	(101,921)
(100,007)	Council Tax Income	(101,921)

	Non Domestic Rates	
(154,000)	Non Domestic Rates Income	(154,493)
94,590	NDR Tariff Payment	95,750
-	CAP grant Tariff adjustment	4,560
9,077	GM Pool No Detriment Payment	-
(4,539)	No detriment Rebate from GM Pool	-
(122)	NDR National Levy Rebate	-
(10,011)	Section 31 Compensation Grants	(103,570)
(2,154)	Growth Pilot Income	(1,734)
(81)	Renewable Energy Disregard	(83)
933	NDR Collection Fund (Surplus)/Deficit	86,141
1,530	Local Share Contribution to Accumulated Deficit	5,405
(1,181)	Local Share of Collection Fund Surplus	(489)
(65,958)	Non-Domestic Rates Sub-total	(68,513)

	Revenue Grants:	
(1,724)	New Homes Bonus	(1,311)
-	Council Tax Income Guarantee Grant (*)	(767)
(525)	Housing Benefit Admin Grant	(558)
(136)	Local Reform & Community Voices Grant	(136)
(430)	NDR Cost of Collection Grant	(460)
(62)	DWP Housing Welfare Reform Grant	(73)
-	Business Rates Tax Income Guarantee Grant (*)	(4,061)
-	COVID-19 Support Grants	(15,838)
(6,261)	Other Grants	(9)
(9,138)	Revenue Grants Sub-total	(23,213)

2019/20	Grants	2020/21
£000		£000
	Capital Grants :	
(11,593)	Schools Primary Capital Programme	-
(465)	Schools Devolved Formula Capital Grant	(501)
(1,757)	Schools Condition and Modernisation	(2,592)
(919)	Schools – Send and Healthy Pupils Grants	(343)
-	Social Care Grants	(111)
(2,398)	Highway Structural Maintenance	(4,059)
(358)	Integrated Transport Grant – TfGM	(1,632)
(370)	Highways - Home England	
(1,403)	Other Grants and Contributions	(2,016)
(19,263)	Capital Grants Sub-total	(11,254)
(194,366)	Total Credited to Taxation & Non Specific Grant Income	(204,901)

(*) COVID-19 Grants – Section 31 Rates Relief Compensation Grant £87.713m, Council Tax Income Guarantee Grant £0.767m, Business Rates Income Guarantee Grant £4.061m, Other COVID-19 Support Grants £15.838m equate to a total of £108.379m. See table in Narrative Report page 18 for further details.

Contributions and Donations

Large items of Income included in Other Contributions and Donations

2019/20	Grants	2020/21
£000		£000
(6,044)	Contribution from CCG – Better Care Fund	(6,358)
(2,022)	Contribution from CCG – Learning Disability Pooled Fund	(2,328)

2019/20	Grants	2020/21
£000		£000
	Grants Credited to Services	
	Revenue Grants Credited to services:-	
(134,401)	Dedicated School Grant (DSG) incl. EY allocation	(139,774)
(45,227)	Rent Allowances and Rent Rebate Subsidy	(44,072)
(5,789)	Other Education Grants	(5,839)
(1,365)	Learning Skills Council Grant	(1,265)
(658)	Sale PFI Grant	(658)
(386)	Tackling Troubled Families Grant	(460)
(168)	Section 106 Other Capital Maintenance Grants	(118)
(1,616)	Adult Social Care Grant	(5,458)
(42)	Individual Electoral Registration Grant	(15)
(1,039)	PE & Sport Grant	(1,015)
(209)	Local Council Tax support Admin Grant	(215)
(2,805)	Universal Infants Free School Grant	(2,679)
(43)	New Burdens Property Searches Grant	-
(361)	Independent Living Fund Grant	(361)

(7,037)	Improved better care fund	(7,983)
(1,158)	Techers Pay Grant	(1,342)
(402)	Asylum Seekers Grant	(455)
-	COVID-19 Grants (for breakdown see table in Narrative Report)	(16,950)
(2,728)	Other Grants	(1,900)
(205,434)	Revenue Grants Credited to Services Sub-total	(230,559)
	Capital Grants Credited to services (REFCUS):-	
(246)	Schools Primary Capital Programme	
(2,243)	Disabled Facilities	(1,713)
(35)	Devolved Formula Capital	-
(37)	TfGM – City Cycle Ambition Grant	-
(8,000)	Metrolink Extension contributions	-
(152)	Schools Maintenance, SEND & Healthy Pupils Grants (DfE)	
(1,133)	Other	(3)
(11,846)	Capital Grants Credited to services (REFCUS) Sub-total	(1,716)
(217,280)	Total Grants Credited to Services	(232,275)

(ii) 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:

2019/20 £000	Grants	2020/21 £000
Short Term Liabilities:-		
Capital Grants & Contributions Receipts in Advance:-		
(817)	Devolved Formula Capital	(679)
(113)	Personal Social Care Grant	(1)
(71)	Highways – Altrincham & Stretford Town Centres	(421)
(112)	S106 & S278 Contributions	(51)
(49)	Mayors Challenge Fund	(254)
(218)	Carrington Relief Road	-
-	Brownfield Fund Grant	(372)
-	Future High Street Fund	(200)
(15)	Other Grants and Contributions	(58)
(1,395)	Total	(2,036)

2019/20 £000	Grants	2020/21 £000
Capital Grants & Contributions Receipts in Advance (REFCUS):-		
(178)	Schools Primary Capital Programme	(178)
-	Disabled Facilities Grant	(757)
(62)	Other Grants and Contributions	(63)
(240)	Total REFCUS	(998)
(1,635)	Total Capital Grants Receipts in Advance	(3,034)

2019/20 £000	Grants	2020/21 £000
Other Revenue Grants Receipts in Advance:-		
(170)	No Wrong Door Innovation Grant	-
(155)	Serious Violence Funding Grant	-
(136)	Flexible Homelessness Support Grant	-
(109)	Future High Street Fund Grant	(68)
(90)	Custom Build Grant	-
(90)	Homeless Prevention Grant	(36)
(84)	National Assessment & Accreditation System Grant	-
(75)	Early Outcome GM's speech language project grant	-
(72)	Development Grant	-
(58)	Early Years Pupil premium Grant	-
(36)	Homelessness Reduction Act Grant	(258)
(20)	Disability Access Grant	-
(19)	Reducing Parental Conflict Grant	-
(15)	Assessed & Supported Year in Employment Grant	-
(15)	Social investment fund	-
-	Spots England	(353)
-	COVID-19 Support Grants (for breakdown see table in Narrative Report)	(11,085)
(25)	Other	(455)
(1,169)	Total Short Term Grants Receipts in Advance (Revenue)	(12,255)

2019/20 £000	Grants	2020/21 £000
Long Term Liabilities		
Capital Grants & Contributions Receipts in Advance:-		
(11,787)	Section 106 and S278 Contributions	(11,540)

(11,787)	Total Capital Grants	(11,540)
Revenue Grants & Contributions Receipts in Advance (REFCUS):-		
(113)	S106 & S111 Contributions	(113)
(113)	Total REFCUS	(113)
-	Other Revenue Grants & Contributions Receipts in Advance (Long Term) : -	-
-	Total Other	-
(11,900)	Total Long Term Grants Receipts in Advance	(11,653)

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 £9.57m (£9.78m in 2019/20) 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:

	Balance at 1 April 2020 £000	Receivable in year £000	Contributions applied £000	Balance at 31 March 2021 £000
Open Spaces schemes	2,026	70	(202)	1,894
Education Schemes	5	-	-	5
Affordable Housing schemes	1,031	386		1,417
Highways/Transport schemes	6,721		(469)	6,252
Total	9,783	456	(671)	9,568

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 public sector bodies. Payments to the Teachers' Pensions Agency and 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 £16.176m (£15.897m in 2019/20) and a waste levy of £16.085m (£17.227m in 2019/20) were paid to the Greater Manchester Combined Authority (GMCA).

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 service 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 years 2019/20 and 2020/21, the Council made no service payments to the CIC. During 2019/20 and 2020/21 the Council has agreed a loan agreement with Trafford Leisure CIC to provide finance to mitigate liquidity issues experienced by the CIC due to trade deficits during the redevelopment of the leisure centre estate. To date a total of £1.140m has been advanced under this agreement.

Trafford Council also has interests in three Joint Venture Companies, Trafford Bruntwood LLP is a Joint Venture Company with K Site Ltd (a wholly owned Subsidiary of Bruntwood Development Holdings Ltd) and Trafford Bruntwood (Stretford Mall) and Trafford Bruntwood (Stamford Quarter) are joint venture companies with Bruntwood Development Holdings Ltd with each investor owning a 50% share in each of the companies. In 2020/21 Trafford Council received a share of profits in the form of dividends totalling £775k.

Another CIC, called Trust Youth Trafford was also established on 11th March 2016 for the provision of Youth Services. The Council is the single shareholder and in 2019/20 the financial administration of the Trust was transferred back to the Council with the annual budget of £280,000 still in place. In February 2020 an unallocated amount of £237,000 was also transferred from the Trust's bank account to the Council to be added to the budget to fund existing and future Youth provision across the borough. In November 2020 the final balance on the Trust's bank account of £10,595 was transferred to the Council and the bank account closed. The council's legal team are now in the final stages of dissolving the Trust with Companies House.

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 and the three Trafford Bruntwood Joint Ventures have been included in group accounts in 2020/21.

The Council has paid grants to voluntary organisations for 2020/21 as follows:

2019/20 £	Organisation	2020/21 £
2,098	Carrington Parish Council	2,098
5,845	Dunham Massey Parish Council	5,845
26,569	Partington Town Council	26,569
2,098	Warburton Parish Council	2,098
36,610	Total Grants	36,610

In addition to the above grants, as detailed in Note 11, the Council also collected and paid over a Parish precept for Partington TC of £81,859 (£65,875 in 2019/20). The Council also agreed to provide grant of £10,000 to Partington Town Council to support the 2020/21 precept, the same as in 2019/20, in addition to the Parish Council grant of £26,569 above.

The Council also collected and paid over a Parish precept for Carrington TC of £3,750 (£Nil in 2019/20). The Council also agreed to provide grant of £2,098 to Carrington Town Council to support the 2020/21 precept, the same as in 2019/20. There are no debtors or creditors relating to these transactions at year end or income received from these bodies by the Council.

In 2020/21 Trafford Council administered the third year of its main Voluntary Sector Grant scheme, the Inclusive Neighbourhoods Grant scheme, which made £150,000 available to support community projects and events; £50,000 was added to the usual funding pot of £100,000 to support community activity in response to COVID-19. The £150,000 funding supported 76 projects.

A Grant fund of £100,000 was allocated from GMCA for Standing Together in 20/21. In light of the pandemic, GMCA have agreed that the spending can be deferred into 2021/22 and we have now advertised that the grants are available.

The Council also made payments totalling £0.191m (£0.189m in 2019/20) to Trafford Centre for Independent Living, under a Service Level Agreement within Adult Social Services, for an advocacy service.

Shareholdings

Manchester Airport Group plc.

31.03.20 £m	<i>Manchester Airport Consolidated Profit and Loss Account and Balance Sheet (Extract)</i>	31.03.21 £m
88.9	Profit/(Loss) before Tax	(477.6)
27.0	Profit/(Loss) after Tax	(393.3)
1,345.7	Net Assets	997.9

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

There were no dividends received in the year 20/21 (Dividends of £6.429m were received in the year 2019/20). 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. 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.

	2019/20 £000	2020/21 £000
Opening Capital Financing Requirement Capital Investment	251,555	417,281
Capital Investment:		
Property, Plant and Equipment	26,058	22,235
Assets Held for Sale	0	0
Investment Properties	24	8
Intangible Assets	704	351
Capital Debtors	128,773	77,707
Equity Shareholding	27,104	310
Revenue Expenditure Funded from Capital under Statute	13,612	4,400
Sources of finance:		
Capital receipts	(2,015)	(10)
Government Grants and other Contributions	(21,073)	(16,219)
Sums set aside from revenue:		
Direct revenue contributions	(3,138)	(221)
MRP/loans fund principal	(4,006)	(7,463)
Voluntary amount above MRP (THG & The Crescent)	0	(74,520)
Other Adjustments (including Probation)	(317)	(371)
Closing Capital Financing Requirement	417,281	423,488
Explanations of movements in the year:		
Increase in underlying need for borrowing (supported by government financial assistance)	0	0
Increase in underlying need for borrowing (unsupported by government financial assistance)	165,726	6,207
Assets acquired under finance leases	0	0
Assets acquired under PFI/PPP contracts	0	0
Increase/(decrease) in Capital Financing Requirement	165,726	6,207

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

Year ended 31 March	2019/20 £000	2020/21 £000
Children's Services	5,752	7,736
Adult Care Services	3,597	1,854
Place	28,105	23,156
Governance & Community Strategy	10	11
Finance & Systems	1,018	1,194
Asset Investment Fund	157,793	71,060
Total	196,275	105,011
The main items of capital expenditure during the year included:		
Asset Investment Fund	157,793	71,060
Strategic Investment - Manchester Airport	1,870	13,419
Highways Structural Maintenance (incl. bridges & S.278 schemes)	6,305	5,191
Contribution to Metrolink Extension	8,000	0
Schools - Places Expansion Programme (* in part)	1,717	5,053
Housing Grants (Disabled Facility, Owner Occupier & Housing Standards Grants) (*)	4,745	1,858
Town Centre Regeneration Initiatives	592	1,078
Traffic & Transport Schemes (inc. Integrated Transport & Parking)	979	359
Schools - Capital Maintenance Programme (* in part)	2,672	1,151
Public Buildings - DDA Compliance, Repairs & Refurbishments	1,189	427
Leisure Strategy - "Increasing Physical Activity"	7,502	578
Mayors Challenge Fund	0	1,089
Schools - SEND and Healthy Pupil Fund (* in part)	472	896
Schools - Devolved Formula Capital (* in part)	501	501
Additional Burial Land	0	1,372
ICT Initiatives	1,084	438
Parks, Playgrounds & Greenspace improvements	565	299
Other General Infrastructure Investment	289	242
Total	196,275	105,011
(*) REFCUS		

The type of capital expenditure in the year and how it was financed was as follows:			
	£000		£000
Fixed and Intangible Assets	22,594	Borrowing	88,561
Revenue Expenditure Funded from Capital under Statute (i)	4,400	Grants and Contributions	16,219
Debtors	77,707	Revenue Contributions & Reserves	221
Equity Shareholding	310	Capital Receipts	10
Total Capital Expenditure on an accruals basis	105,011		105,011

(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 £4.400m under this category, offset by £4.255m of Government grants applied. This amounts to a net cost of £0.145m, 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 2020/21 was £19,299 (£15,650 in 2019/20).

Land and Buildings - the Council leases numerous buildings which have been accounted for as operating leases. The rentals payable in 2020/21 were £32,192, the same as in 2019/20).

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

	31 March 2020 £000	31 March 2021 £000
Not later than one year	44	49
Later than one year and not later than five years	102	77
Later than five years	436	427
	582	553

* 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 continued to lease vehicles to

maintain service provision until such point Amey had completed the implementation of their own fleet solution. Costs were recoverable from Amey and the final remaining vehicle leased by the Council associated with the One Trafford Partnership was terminated on 27 March 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 2020/21 these rents were £0.634m (£0.367m in 2019/20).

Total rents receivable in 2020/21 were £2.559m (£2.287m in 2019/20).

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

	31 March 2020 £000	31 March 2021 £000
Not later than one year	1,920	1,925
Later than one year and not later than five years	7,369	7,144
Later than five years	129,931	129,324
	139,220	138,393

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 2021/22	887	327	306	1,520
Payable within two to five years	3,763	1,549	982	6,294
Payable within six to ten years	2,562	2,576	435	5,573
Total	7,212	4,452	1,723	13,387

Note – the amounts above are based on the PFI contractor’s financial model and updated during 2020/21 following an amendment to the PFI contract affecting the end of contract bullet payment. The actual amount paid can vary as a result of availability and performance deductions.

The estimated value of the remaining PFI payments is £13.387m. 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 £1.00;
- 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:

	2019/20 £000	2020/21 £000
Balance outstanding as at start of year	5,319	4,759
Correction to prior year b/fwd. balance		308
Payments during the year	(252)	(306)
Adjustment for in year variation to contract	(308)	-
Balance outstanding at year-end	4,759	4,760
Split on Balance Sheet (see also note 24):		
Short term liability (creditor)	306	327
Long term liability – deferred	4,453	4,433

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 £185k of borrowing costs in 2020/21 relating to 2 re-generation and housing schemes currently being undertaken within the borough.

47. Termination Benefits

The Council has terminated the contracts of a number of employees in 2020/21. 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 2020/21 the Council paid £11.593m (£9.977m in 2019/20) in respect of teachers' retirement benefits. This was based on 23.68% of the teachers' pensionable pay (16.48% (up to 31 August 2019) and 23.68% (1 September 2019 onwards)).

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 2020/21, these amounted to £1.311m, representing 2.68% of pensionable pay (£1.337m or 2.86% in 2019/20). These benefits are fully accrued in the pension liability described below.

The total contributions expected to be made to the Teachers' Pension Scheme by the Council in the year to 31 March 2022 are £11.7m.

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 19.3% in 2020/21 (19.2% 2017/18 to 2019/20), reflecting a reduction due to the advance payment to cover three years of pension contributions. In 2020/21, the Council paid an employer's contribution of £15.271m (£14.091m in 2019/20) into the Greater Manchester Pension Fund, representing 19.3% of pensionable pay (19.2% in 2019/20). The Council is also responsible for pension payments relating to the historic award of added years, together with related increases. In 2020/21 these amounted to £0.925m, which is 1.1% of pensionable pay (£0.967m or 1.3% in 2019/20).

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.

2019/20 £000		2020/21 £000
COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT		
Cost of Services:		
	<i>Service Cost comprising:</i>	
32,945	• current service cost	27,323
1,498	• past service costs	115
-	• (gain)/loss from settlements	0
	<i>Financing and Investment Income and Expenditure:</i>	
6,974	• net interest cost	6,191
41,417	Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	33,629
-	<i>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>	
	Re-measurement of the net defined benefit liability comprising:	
22,652	• Return on plan assets (excluding the amount included in the net interest cost)	(145,555)
(30,769)	• Actuarial gains and losses arising on changes in demographic assumptions	5,784
(78,321)	• Actuarial gains and losses arising on changes in financial assumptions	255,076
30,687	• Other	(8,934)
(14,334)	Total Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement	140,000
	Movement in Reserve Statement	
(25,022)	• reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(16,121)
	Actual amount charged against the General Fund Balance for pensions in the year:	
14,091	• employers' contributions payable to scheme	15,272
2,304	• retirement benefits payable to pensioners	2,236

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:

2019/20 £000		2020/21 £000
(963,216)	Present value of the defined benefit obligation	(1,240,588)
706,179	Fair value of plan assets	889,701
(257,037)	Net Liability arising from defined benefit obligation	(350,887)

Reconciliation of the Movements in the Fair Value of Scheme Assets

2019/20 £000		2020/21 £000
732,263	Opening fair value of scheme assets	706,179
-	Effect of Settlements	-
17,362	Interest income	15,985
	Re-measurement gain/(loss):	
(22,652)	<ul style="list-style-type: none"> • The return on plan assets, excluding the amount included in the net interest expense • Other 	145,555
4,284	Contributions from employer	46,150
4,674	Contributions from employees into the scheme	5,034
(29,752)	Benefits paid	(29,202)
706,179	Closing fair value of scheme assets	889,701

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

2019/20 £000		2020/21 £000
1,007,918	Opening present value of scheme liabilities	963,216
32,945	Current service costs	27,323
-	Effect of Settlements	-
24,336	Interest costs	22,176
4,674	Contributions from scheme participants	5,034
	Re-measurement (gains) and losses:	
(30,769)	<ul style="list-style-type: none"> • Actuarial gains/losses arising from changes in demographic assumptions 	5,784
(78,321)	<ul style="list-style-type: none"> • Actuarial gains/losses arising from changes in financial assumptions 	255,076
30,687	<ul style="list-style-type: none"> • Other 	(8,934)
1,498	Past service cost	115
(29,752)	Benefits paid	(29,202)
963,216	Closing present value of scheme liabilities	1,240,588

Pension Scheme Assets comprised:

Asset category	Period ended 31 March 2021				Period ended 31 March 2020			
	Quoted prices in active markets £000	Scheme Asset Values not from quoted active markets £000	Total £000	Per-centage of total asset %	Quoted prices in active markets £000	Scheme Asset Values not from quoted active markets £000	Total £000	Per-centage of total asset %
Equity Securities:								
Consumer	78,071	-	78,071	9%	53,480	-	53,480	8%
Manufacturing	69,530	-	69,530	8%	44,073	-	44,073	6%
Energy & Utilities	43,144	-	43,144	5%	35,018	-	35,018	5%
Financial Institutions	93,460	-	93,460	11%	63,443	-	63,443	9%
Health & Care Information	44,468	-	44,468	5%	32,807	-	32,807	5%
Technology	46,994	-	46,994	5%	29,056	-	29,056	4%
Other	14,374	-	14,374	2%	14,504	-	14,504	2%
Debt Securities:								
Corporate Bonds (investment grade)	43,005	-	43,005	5%	33,934	-	33,934	5%
Corporate Bonds (non-investment grade)	-	-	-	0%	-	-	-	0%
UK Government	-	-	-	0%	-	-	-	0%
Other	11,558	-	11,558	1%	28,874	-	28,874	4%
Private Equity:								
All	-	52,954	52,954	6%	-	44,948	44,948	6%
Real Estate:								
UK Property	-	33,244	33,244	4%	-	32,448	32,448	5%
Overseas Property	-	-	-	0%	-	-	-	0%
Investment Funds and Unit Trusts:								
Equities	79,940	-	79,940	9%	66,076	-	66,076	9%
Bonds	112,751	-	112,751	13%	88,751	-	88,751	13%
Hedge Funds	-	-	-	0%	-	-	-	0%
Commodities	-	-	-	0%	-	-	-	0%
Infrastructure	-	45,354	45,354	5%	-	42,247	42,247	6%
Other	19,284	84,602	103,886	12%	16,872	71,679	88,551	13%
Derivatives:								
Inflation	-	-	-	0%	-	-	-	0%
Interest Rate	-	-	-	0%	-	-	-	0%
Foreign Exchange	-	-	-	0%	-	-	-	0%
Other	(714)	-	(714)	0%	-	-	-	0%
Cash & Cash Equivalents:								
All	17,682	-	17,682	2%	7,969	-	7,969	1%
Totals	673,547	216,154	889,701	100%	514,857	191,322	706,179	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 2021.

The significant assumptions used by the actuary have been:

2019/20	Mortality assumptions:	2020/21
Longevity at 65 for current pensioners:		
20.5 years	• men	20.5 years
23.1 years	• women	23.3 years
Longevity at 65 for future pensioners:		
22.0 years	• men	21.9 years
25.0 years	• women	25.3 years
2.8%	Rate of inflation	3.3%
2.7%	Rate of increase in salaries	3.60%
1.9%	Rate of increase in pensions	2.85%
2.3%	Rate for discounting scheme liabilities	2.00%

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 2021:	Approximate % increase to Employer Liability	Approximate monetary amount £000
0.5% decrease in real discount rate	10%	123,951
0.5% increase in the salary increase rate	1%	10,832
0.5% increase in the pension increase rate	9%	110,584

Pensions - Summary

The overall Pension deficit at 31 March 2021 in the Balance Sheet is £350.89m (19/20 £257.0m). Prior to 2017/18 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 three year Advanced Pension payment, which the Council made in 2017/18 and again in 2020/21, this has meant for the financial years since 2017/18 the pension reserve and pension liability have not always been equal. 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. As 2019/20 was the last of the previous three year advance, the pension liability and reserve were equalised. In 2020/21 the difference in the balance on Pension Liability and Pension Reserve is represented by a figure of £28.64m relating to the second and third year 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. Funding levels are monitored on an annual basis. The next triennial valuation will take effect from 1 April 2023.

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 £350.89m 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 made a further three-year advance payment of employer contributions on 14 April 2020 amounting to £42.96m. The Council anticipated paying £14.32m contributions to the scheme in 2021/22, however as a result of applying 1/3 of the advanced cash payment, no further payments will be made in 2021/22 other than any adjustment based on the difference between the actuals and estimated 1/3 draw down of the advance.

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) 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) 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.
- iii) 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.
- iv) 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.
- v) 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.

(c) 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.

(d) Athletics Track

There are 3 athletics stadiums in the borough, all of which Trafford pays a management fee to the clubs to run the stadium. Under the terms of the management agreements the Council has an obligation to replace the tracks at the end of life. The costs of the tracks are approximately £250,000. The clubs may be able to pay a contribution towards the cost of a new track through fundraising and applying for grants, however any shortfall in meeting the Council's obligations will be prioritised within the Council's Capital Programme at the appropriate time.

(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, these total £2.88m.

(f) 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.

(g) 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 the most significant one relates to TUPE, whereby 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.

(h) Litigation Claims

The Council has three potential high value litigation claims which due to their confidentiality nature cannot be disclosed in detail at this stage. Although any settlements are likely to be an insurance matter, however any excess or uninsured costs will need to be met by the Council and will be drawn down from the specific reserve for this purpose should the need arise.

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 and these are included under contingent liabilities. Should developments proceed and conditions within agreements be met then the estimated value of contributions the Council will receive is £9.21m.

52. Error! Reference source not found. 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 or stock market movements.

Overall Procedures for Managing Risk

The Council's overall risk management procedures focus on the unpredictability of financial markets, and seeks to minimise potential adverse effects on the resources available to fund services. The procedures for risk management are set out through a legal framework based on the Local Government Act 2003 and the associated regulations. As directed by the Act, the Council has formally adopted the CIPFA Treasury Management Code of Practice and complies with the CIPFA Prudential Code. As part of the adoption of the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year to which it relates which sets out the parameters for the management of risks associated with financial instruments.

The annual treasury management strategy which incorporates the policies to be adopted covering both debt and investments together with the prudential indicators for 2020/21 was approved by Council on 19 February 2020 and is available on the Council website. The strategy also includes the Annual Investment Strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance.

Risk management is carried out by the Council's in-house treasury management team in accordance with policies approved by the Council in the annual Treasury Management strategy which includes Interest rate risk, credit risk and the investment of surplus cash.

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 Group 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 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 2021	Historical experience of default*	Estimated maximum exposure to default	Expected Credit Losses
	£000		£000	£000
AAA rated counterparties	25,050	0.04	10	0
AA rated counterparties	37,000	0.02	7	0
A rated counterparties	12,870	0.05	6	0
Non rated counterparties	22,427	n/a	0	0
Trade debtors **	9,667	Local experience	500	597
Total	107,014		523	597

* The historical default rate has been calculated by using the average 1 year default rates from all three main rating agencies at December 2020.

** The estimated maximum exposure to default for trade debtors of £0.5m 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 2021.

The Council's maximum exposure to credit risk in relation to its investments in financial institutions of £23k 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 2021 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.

The Council does not generally allow credit for its trade debtors, such that £9.7m of the £107.014m balance is past its due date for payment. The past due amount can be analysed by age as follows:

	31 March 2020 £000s	31 March 2021 £000s
Less than one year	6,773	8,653
More than one year	566	1,014
Total	7,339	9,667

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 excluding the Manchester airport loan and sums due from customers;

Period	31 March 2020 £000	31 March 2021 £000
Instant access	32,750	25,050
Up to 3 Months	22,770	31,500
3 to 6 Months	15,500	13,370
6 to 9 Months	7,500	0
9 to 12 Months	5,000	5,000
Over 1 Year	22,462	22,427
Total	105,982	97,347

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 2020 £000	31 March 2021 £000
Under 1 Year	35,701	32,136
1 year to 2 years	3,515	4,622
2 years to 5 years	26,756	22,886
5 years to 10 years	45,707	44,771
10 years to 20 years	23,090	23,157
20 years to 30 years	19,020	19,034
30 years to 40 years	131,961	153,667
40 years and above	99,314	86,992
Total	385,064	387,265

Risks associated with these different types of instruments are impacted by their maturity dates and in the case of LOBOs, the frequency of option dates. In the event of a LOBO lender exercising its option to propose an increase in the interest rate at each set date, should this happen then the Council can either accept the new interest rate or repay the loan at no additional cost. Whilst it is unlikely lenders will exercise this option in the current low interest rate environment, there remains a possibility that this could occur. In accordance with the Council's policy should this situation arise then the Council will exercise its borrower's option and repay the loan.

The Council's treasury management strategy considers the whole of its borrowing and investment portfolios, not just individual transactions. At the time of entering into each subsequent new borrowing, the strategy has been for funds to be taken which offered, at the time of take up, the best financial option to the Council.

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 (no impact on revenue balances);
- 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 (no impact on revenue balances).

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 2021 with all other variables held constant, the financial effect would be calculated as follows:

2019/20 £000		2020/21 £000
(403)	Increase in interest receivable on variable rate investments	(404)
116,912	Decrease in fair value of fixed rate borrowings liabilities (no impact on Comprehensive Income & Expenditure Statement)	95,050

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 £37.7m in Manchester Airport Group and £4.8m 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 and a general shift of 5% in the price of shares (positive or negative) would have resulted in a £2.125m gain or loss however any movements in price. This will not impact on the General Fund balance as regulations are in force to amend the impact of fair value movements.

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 £0.405m at 31 March 2021 and are listed below.

Value of Fund 31st March 2020 £000	Trust Fund	Value of Fund 31st March 2021 £000
2	J Birkhead Trust Fund	2
385	Del Panno Trust	378
20	Clifford Wilcox	25
407	Total monies held in Trusts	405

54. Effect of Prior Period Adjustments

There are no prior period adjustments

Collection Fund

Collection Fund Statement

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.

2019/20				2020/21			
Business Rates £000	Council Tax £000	Total £000	Year ended 31 March	Notes	Business Rates £000	Council Tax £000	Total £000
INCOME							
	(122,532)	(122,532)	Income from Council Tax Payers	2		(126,159)	(126,159)
			Contribution from General Fund (Hardship Fund)	2		(630)	(630)
(159,175)		(159,175)	Income from Non-Domestic Rate Payers	3	(70,637)		(70,637)
			Transitional Protection Payments Receivable				
(1,545)		(1,545)	Contributions towards previous years' estimated Collection Fund Deficit		(5,459)		(5,459)
(160,720)	(122,532)	(283,252)	TOTAL INCOME		(76,096)	(126,789)	(202,885)
EXPENDITURE							
Council Tax Precept Demands :							
	99,567	99,567	- Trafford Council			104,075	104,075
	15,269	15,269	- GMCA Mayoral Police and Crime Commissioner			16,120	16,120
	5,925	5,925	- GMCA Mayoral General Precept (including Fire Services)			7,038	7,038
Non-domestic Rates :							
1,556		1,556	- GMCA Mayoral General Precept (including Fire Services)		1,561		1,561
154,000		154,000	- Trafford Council		154,494		154,494

Collection fund statement (continued)

2019/20				2020/21			
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:							
4	1,134	1,138	- Write offs of uncollectable amounts		1,581	551	2,132
1,981	115	2,096	- Increase/(Decrease) in Bad Debt Provision		1,285	1,667	2,952
(432)		(432)	- Increase/(Decrease) in Provision for Appeals		1,986		1,986
430		430	- Costs of Collection		460		460
81		81	- Disregarded Amounts		83		83
2,849		2,849	Transitional Protection Payments Payable		1,163		1,163
Contributions :							
1,193	1,586	2,779	- Distribution of previous years' estimated Collection Fund Surplus		494	1,466	1,960
161,662	123,596	285,258	TOTAL EXPENDITURE		163,107	130,917	294,024
942	1,064	2,006	(Surplus) / Deficit for year	2/3	87,011	4,128	91,139
(142)	(2,184)	(2,326)	Balance brought forward as 1 April		800	(1,120)	(320)
942	1,064	2,006	Deficit/(Surplus) for the Year (as above)		87,011	4,128	91,139
800	(1,120)	(320)	(Surplus) / Deficit as at 31 March	4	87,811	3,008	90,819
Allocated to:							
792	(916)	(124)	- Trafford		86,933	2,455	89,388
	(142)	(142)	- Police and Crime Commissioner for GM/ GMCA Mayoral Police and Crime Commissioner			381	381
8	(62)	(54)	- GMCA Mayoral General Precept (including Fire Services)		878	172	1,050
800	(1,120)	(320)			87,811	3,008	90,819

Notes to the collection fund statement

1. General

As a Billing Authority, 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.

The Collection Fund Statement shows the transactions of the Billing Authority in relation to the collection from taxpayers of Council Tax and from businesses of Business Rates for the financial year.

The Statement also shows the distribution of these income streams to the relevant precepting authorities during the financial year. Any Collection Fund surpluses or deficits declared by the billing authority in relation to Council Tax are apportioned to the relevant precepting bodies in the subsequent financial year.

For Trafford, the Council Tax precepting authorities are the GMCA Mayoral Police and Crime Commissioner and the GMCA Mayoral General (including Fire Services). For Business Rates, the precepting authority is the GMCA Mayoral General (including Fire Services).

Council Tax surpluses or deficits are distributed in proportion to the precepts levied. Business rates surpluses or deficits are distributed in accordance with the relevant proportions set out in the localised Business Rate regulations. From 1 April 2017/18 onward, the Council has taken part in the Greater Manchester 100% business rates retention pilot, therefore for 2020/21 the Trafford Council share is 99% with the remainder paid to the GMCA for the Mayoral General Precept (including Fire Service).

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.

Impact of COVID-19 and Government Support

The challenges faced by COVID-19 placed considerable pressure on both the Council Tax and Business Rates Collection Fund components. Council Tax income was impacted from a reduction in collection rates, a delay in new properties coming on line and increases in claims under the local Council Tax Support Scheme and a Government sponsored Hardship Support scheme.

The Collection Fund deficit for 2020/21 is much larger than in previous years, particularly in relation to Business Rates. This is primarily as a result of businesses being awarded expanded retail and nursery reliefs in 2020/21 totalling £88.598m, as part of the Government's response to the COVID-19 pandemic. These reliefs were not anticipated when the Council set the budget for 2020/21.

The reliefs effectively reduce the net amount the Council can collect from businesses, and as the precept amounts cannot be changed the result is a considerable deficit. However, these reliefs are funded by MHCLG through Section 31 Grants. These grants have been received in 2020/21 and credited to the Council's General Fund where they have been transferred to an earmarked reserve. This reserve will be used to offset the Collection Fund deficit when it is charged to the Council's General Fund in 2021/22.

Another Collection Fund accounting changes which has taken place in 2020/21 relates to the phasing of Collection Fund deficits. The regulations amend the rules governing the apportionment of Collection Fund surpluses and deficits for Council Tax and Business Rates and allows the recovery of COVID-19 related deficits over 3 financial years rather than the previous 1 year. The phasing of

deficits relates only to the 'exceptional amount' (i.e. relating to COVID-19), therefore does not include any amount brought forward into the Collection Fund, relating to previous years surpluses or deficits.

Altrincham Town Centre Business Improvement District (BID)

Altrincham Town Centre's BID commenced on 1 April 2016. The BID is a business led partnership by businesses within Altrincham Town Centre with the aim to deliver improvements including:

- Experience Altrincham – Giving more reasons to visit, more often; creating a strong and stylish consumer identity for Altrincham; promoting the breadth of retail.
- Business Altrincham - Improving working life for businesses in Altrincham; creating a responsible business community that is able to affect long term change in the town through proactive leadership; connecting and collaborating with local people and groups.
- Rediscover Altrincham - Putting the heart back into Altrincham to ensure that shoppers and local residents feel welcome in the town and to provide them with reasons to keep coming back.

To do this a BID levy is added to each of the participating businesses annual Business Rates bill. The income raised by the BID levy is managed by a separate and unrelated organisation to the Council, Altrincham BID Ltd. BID legislation requires the Council to collect and recover the BID Levy as part of the annual Business Rates billing process. As such the Council is acting as an agent and simply passing the income collected through the BID levy to Altrincham BID Ltd. The collected income is not accounted for in the Council's Statement of Accounts.

The BID legislation does allow for the Council to recover administrative costs of collecting the BID Levy on behalf of Altrincham BID Ltd.

2. Council Tax

This tax was introduced on 1 April 1993 with all domestic properties placed in one of eight valuation bands. Council Tax income derives from charges raised against residential dwellings within the Borough based on their valuation banding (A to H). Council Tax charges are calculated by estimating the total amount of Council Tax income required by the Council and the precepting authorities for the forthcoming financial year. This is divided by the Council Tax Taxbase (i.e. the number of Band D equivalent dwellings) to calculate the Council Tax charge for a Band D dwelling.

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, The Council Taxbase, after allowing for discounts, exemptions, losses on collection etc. For 2020/21, the calculation was as follows:

	Total No. Dwellings (i)	Specified Fraction	Band 'D' Equivalent
Band A (disb)	22	x5/9	12
Band A	16,163	x6/9	10,775
Band B	19,395	x7/9	15,085
Band C	24,578	x8/9	21,847
Band D	13,838	x9/9	13,838
Band E	7,294	x11/9	8,915
Band F	4,329	x13/9	6,253
Band G	3,939	x15/9	6,565
Band H	978	x18/9	1,955
	90,536		85,245
Less allowance for losses on collection			(810)
Adjustment for Annexes estimate			(64)
Less cost of Council Tax Support Scheme			(7,145)
Add Empty Home Premium			160
Council Tax Base			77,386

The actual number of properties was 100,409, after adjusting for single person discounts, empty properties etc., and the notional number of dwellings is 90,536.

The Band D Council Tax levied for the year was £1,643.03 (£1,567.47 in 2019/20).

The Council Tax shares payable to the Council and the precepting authorities were estimated as part of the 2020/21 budget setting process and totalled £127.233m, shared £104.075m Trafford Council, £16.120m GMCA Mayoral Police and Crime Commissioner Share and £7.038m Mayoral General (inc. Fire Services) Share. These sums have been paid in 2020/21 and charged to the collection fund in year.

There was an in year deficit of £4.128m, largely related to shortfalls relating to the pandemic, which included a contribution from the Council's General Fund of £0.630m to make good a shortfall in income related to COVID-19 Hardship Awards. This was financed by the Council from a Government sponsored grant.

The in-year deficit of £4.128m was offset by an accumulated surplus balance brought forward of £1.12m to arrive at a year-end balance of £3.008m.

3. Non-Domestic Rates

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 was 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.

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. As Trafford is able to collect Business Rates income above its baseline, the Council is required to pay a tariff to Central Government each financial year. The total amount of tariffs collected nationally are used by Central Government to fund the Top-up grants to those Authorities who cannot achieve their baseline funding levels. In this respect Trafford paid a tariff from the General Fund in 2020/21 to the value of £95.750m (see note 41).

The retained rates scheme allowed the Council to retain a proportion of business rate growth after the payment of a 50% levy to Central Government. When the scheme was introduced Trafford's share of rates above baseline was 49% with the remainder paid to precepting bodies. For Trafford the NDR precepting bodies were Central Government (50% share) and GMCA Mayoral General (including Fire Services) (1% share).

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 was 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 act 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.

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 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 GMCA Mayoral General (including Fire Services) was updated to 99/1 between Trafford

Council and GMCA Mayoral General (including Fire Services) . The 100% Business Rates Retention pilot has continued to operate in each financial year since 2017/18.

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 . The 'No Detriment' agreement guarantees that the resources available to the Council under the previous 50% retention scheme will be the same under the 100% Pilot.

This 'No Detriment' payment payable to Greater Manchester Combined Authority (GMCA) which represented the overall benefit from being in the 100% pilot was calculated at £7.032m in 2020/21 (£9.08m in 2019/20) and would also have attracted a rebate originally negotiated in 2017/2018 at 50% of this figure. However, due to the exceptional circumstances arising from the COVID-19 pandemic in 2020/21, the no detriment payment was retained by Greater Manchester Authorities. As a result, the Council retained the no detriment payment net of rebate of £3.52m.

The business rates shares payable for 2020/21 were estimated before the start of the financial year as zero to Central Government, £1.561m to GMCA Mayoral General (including Fire Services) and £156.055m to Trafford Council which were in line with the percentage shares under the 100% Rates Retention Scheme. These sums have been paid in 2020/21 and charged to the collection fund in year.

The total income from business rate payers after discounts, reliefs and allowance for provisions for bad debt and appeals in 2020/21 was £64.079m (£154.262m in 2019/20). This sum includes £1.163m (£2.849m in 2019/20) relates to 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 2021. As such, authorities are required to make a provision for these amounts. Appeals are charged and provided for in proportion of the precepting shares.

During 2020/21 the provision for appeals has been reassessed to take into account settled appeals in addition to potential new cases for major infrastructure projects. The net impact has been an increase in the provision for appeals of £1.986m, (£0.432m) in 2019/20.

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

Value of Provision £000 31.03.20		Value of Provision £000 31.03.21
39,173	Balance at 1 April	38,741
(8,800)	Amount of appeals paid during the year	(4,826)
8,368	In year contributions to the provision	6,812
(432)	Net Increase/(Decrease)	1,986
38,741	Balance at 31 March	40,727

The overall outturn position on the Non Domestic Rates element of the Collection Fund is an in year deficit of £91.976m against a deficit of £1.294m in 2019/20. This deficit will be collected proportionately from the two precepting bodies, Trafford and Greater Manchester Fire and Rescue. Trafford's share of the in-year deficit is £91.056m.

The Council's Business Rates Taxbase is based on the rateable value of individual business properties within the Borough as assessed by the Valuation Office Agency (VOA). The total rateable value at 31 March 2021 for the Trafford area was £368.11m (£370.9m at 31 March 2020). The rateable value of each property, as assessed by the VOA, is multiplied by the Uniform Business Rate determined annually by Central Government to determine the collectable Business Rates income. For 2020/21 this was 51.2p in the pound (50.4p in 2019/20) and relief of 1.3p (1.3p in 2019/20) in the pound was given to small business properties resulting in a Small Business Rate multiplier of 49.9p (49.1p in 2019/20).

4. Year End Surplus/Deficit 2020/21

Council Tax

In the Balance Sheet at 31 March 2021, the Council has included the accumulated deficit of £3.008m on a consolidated basis, showing the shares of the GMCA – Mayoral Police and Crime Commissioner and the GMCA – Mayoral General Precept (including Fire Services) as a debtor to the value of £0.553m (creditor of £0.204m 2019/20), and a £2.455m attributable deficit (£0.916m surplus 2019/20) on the Council Tax Collection Fund balance alongside the General Fund.

Non Domestic Rates

In the Balance Sheet at 31 March 2021, the Council has included the £87.811m deficit on a consolidated basis as a Debtor due from the GMCA – Mayoral General Precept (including Fire Services) to the value of £0.878m (debtor of £0.008m 2019/20), and a £86.933m attributable deficit (£0.792m deficit 2019/20) 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.

Before group accounts can be produced, the following actions need to be carried out:

- Determine whether the Council has any form of interest in an entity
- Assess the nature of the relationship between the Council and the entity

Classification of Group Entities

The Council has relationships with a number of entities over which it has varying degrees of control or influence. The Code of Practice requires these to be classified into the categories of subsidiaries, associates and joint ventures. The meanings of these are outlined below.

Subsidiary

An entity is a subsidiary of the reporting Council, if the Council is able to exercise control over the operating and financial policies of the entity and the Council is able to gain benefits from the entity or is exposed to the risk of potential losses arising from this control

Associates

An entity is an associate of the reporting Council, if the Council has significant influence over the entity.

Joint Venture

An entity in which the reporting Council has an interest on a long term basis and which is jointly controlled by the reporting Council and one or more other entities under a contractual or other binding arrangement.

Inclusion within the Group Accounts

The following entities are classified as subsidiaries of the Council:

Trafford Leisure CIC

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.

The following entities have been deemed to be classified as a Joint Venture of the Council, as it is jointly controlled with one or more entities under a contractual or other binding agreement.

Trafford Bruntwood LLP

As part of its investment Strategy, on 20 March 2018 the Council set up a Limited Liability Partnership, joint venture with 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. K Site Ltd is a wholly owned subsidiary of Bruntwood Development Holdings Ltd.

On 9th April 2018, the LLP purchased the former Kelloggs site and shortly after refurbishment work commenced to transform the site into a suitable building to host the University of Lancaster and Education 92 Limited (UA92) university, focussing on sports, media and management.

Trafford Bruntwood (Stretford Mall) and Trafford Bruntwood (Stamford Quarter)

On 4th July 2019 the Council set up two more joint venture companies with Bruntwood Development Holdings Ltd called Trafford Bruntwood (Stretford Mall) and Trafford Bruntwood (Stamford Quarter) as part of its master plans for town centre regeneration.

All three Joint Ventures operate on the same framework with both Trafford Council and K Site Ltd/Bruntwood Development Holding Ltd being issued with 1 share each in each JV. Each party has a total of three directors on the management board, with resolutions requiring to be passed by a majority vote.

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.

2019/20			Year ended 31 March	2020/21			
Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Service	Note	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
233,265	(166,798)	66,467	Children's Services		223,293	(171,195)	52,098
109,088	(41,531)	67,557	Adults Services		122,053	(65,313)	56,740
61,534	(31,572)	29,962	Place		68,266	(23,403)	44,864
12,733	(2,960)	9,773	Governance and Community Strategy		8,367	(1,005)	7,361
14,927	(4,007)	10,920	Finance and Systems		14,312	(4,001)	10,311
9,243	(4,920)	4,323	Strategy and Resources and Traded Services		11,461	(5,194)	6,267
54,348	(48,775)	5,573	Council-wide		55,250	(49,092)	6,158
495,138	(300,563)	194,575	Cost of Services		503,003	(319,264)	183,739
35,906	(2,046)	33,860	Other Operating Expenditure		33,255	(66)	33,189
39,950	(45,896)	(5,946)	Financing and Investment Income and Expenditure		43,369	(38,645)	4,724
	(194,366)	(194,366)	Taxation and Non-Specific Grant Income and Expenditure			(204,900)	(204,900)
		28,123	(Surplus) or Deficit on Provision of Services				16,751
		(636)	Share of operating results of Joint Ventures	G4			(1,401)
		124	Tax expense/(Deferred Tax) of subsidiary				(174)
		0	Tax expenses of Joint Ventures	G4			0
		27,610	Group (Surplus) or Deficit				15,176
		(35,010)	(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets				(25,541)
		22,500	(Surplus) or Deficit on Revaluation of Financial Instruments				(1,890)
		(55,751)	Re-measurement of Net Defined Benefit / Liability				106,371

2019/20			Year ended 31 March	2020/21			
Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Service	Note	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
		(575)	Share of Other comprehensive Income and Expenditure of Subsidiaries				870
		169	Share of Other comprehensive Income and Expenditure of Associates and Joint Ventures				5,605
		(68,667)	Other Comprehensive (Income) and Expenditure				85,415
		(41,056)	Total Comprehensive (Income) and Expenditure				100,591

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.

31 March 2020 £000		Note	31 March 2021 £000
511,021	Property, Plant & Equipment		525,689
991	Heritage Assets		985
113,521	Investment Property		108,124
5,133	Intangible Assets		4,751
36,932	Long Term Investments		42,527
35,949	Long-term investments in Joint Ventures	G5	30,970
136,546	Long Term Debtors		100,536
840,093	Long Term Assets		813,582
50,694	Short Term Investments		49,591
2,950	Assets Held for Sale		4,481
379	Inventories		89
80,528	Short Term Debtors		114,659
45,244	Cash and Cash Equivalents		43,963
179,795	Current Assets		212,783
(35,423)	Short Term Borrowing		(31,795)
(68,882)	Short Term Creditors		(66,475)
(29,814)	Short Term Provisions		(32,028)
(1,409)	Grants Receipts in Advance (Revenue)		(13,253)
(1,395)	Grants Receipts in Advance (Capital)		(2,036)
(136,923)	Current Liabilities		(145,587)
(36)	Long Term Creditors		(36)
(14,208)	Provisions		(13,580)

31 March 2020 £000		Note	31 March 2021 £000
(344,580)	Long Term Borrowing		(351,019)
(113)	Revenue Grants & Contributions – Long-Term Receipts in Advance (REFCUS)		(113)
(11,787)	Grant Receipts in Advance (Capital)		(11,540)
(257,556)	Other Long Term Liabilities – Pensions		(352,357)
(8,131)	Other long-term liabilities – Deferred		(6,689)
(636,411)	Long Term Liabilities		(735,334)
246,551	Net assets		145,444
(7,000)	General Fund Balance		(8,000)
(63,186)	Earmarked General Fund Reserves (*)		(174,355)
(303)	Capital Receipts Reserve		(281)
(3)	Revenue Grants Unapplied (REFCUS)		(64)
(20,863)	Capital Grants Unapplied		(17,649)
(91,355)	Usable Reserves		(200,349)
(95,175)	Revaluation Reserve		(116,112)
(19,848)	Financial Instruments Revaluation Reserve		(21,703)
(317,792)	Capital Adjustment Account		(304,540)
15,609	Financial Instruments Adjustment Account		15,048
257,037	Pensions Reserve		379,529
(124)	Collection Fund Adjustment Account		89,388
4,018	Accumulated Absences Account		5,603
(156,273)	Unusable Reserves		47,213
1,075	Council's Share of Reserves of Subsidiary and Joint Ventures	G6	7,692
(246,551)	Total Reserves		(145,444)

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 Collection Fund Reserves £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 Subsidiaries and Joint Ventures £000	Total Group Reserves £000
Balance as at 31 March 2020	(7,000)		(63,186)	(70,186)	(303)	(3)	(20,863)	(91,355)	(156,273)	1,075	(246,551)
MOVEMENT IN RESERVES DURING 2020/21											
Realignment of Trading Period of JV (see Note G4)										517	517
(Surplus) or deficit on the provision of services	15,552	-	-	15,552	-	-	-	15,552	-	(376)	15,176
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	78,940	6,475	85,415
Total Comprehensive Income and Expenditure	15,552	-	-	15,552	-	-	-	15,552	78,940	6,615	101,107
Adjustments between accounting basis & funding basis under regulations	(127,722)	-	-	(127,722)	22	2,443	711	(124,547)	124,547	0	0
Net (Increase)/Decrease before transfers to Earmarked Reserves	(112,170)	-	-	(112,170)	22	(61)	711	(108,995)	203,487	6,615	101,107
Transfers (to)/from Earmarked Reserves	111,169	(92,470)	(18,699)	-	-	(2,504)	2,504	-	-	0	0
(Increase)/Decrease in 2020/21	1,000	(92,470)	(18,699)	(112,170)	22	(61)	3,214	(108,995)	203,487	6,615	101,107
Balance as at 31 March 2021	8,000	(92,470)	(81,885)	(182,356)	(281)	(64)	(17,649)	(200,350)	47,214	7,691	(145,445)

	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 Subsidiaries and Joint Ventures £000	Total Group Reserves £000
Balance as at 31 March 2019	(7,000)	(53,814)	(60,814)	(703)	(3)	(10,827)	(72,347)	(133,988)	840	(205,495)
MOVEMENT IN RESERVES DURING 2019/20										
(Surplus) or deficit on the provision of services	26,969	0	26,969	0	0	0	26,969	0	642	27,611
Other Comprehensive Income and Expenditure								(68,261)	(406)	(68,667)
Total Comprehensive Income and Expenditure	26,969	0	26,969	0	0	0	26,969	(68,261)	237	(41,056)
Adjustments between accounting basis & funding basis under regulations	(36,340)	0	(36,340)	400	0	(10,035)	(45,976)	45,976	0	0
Net (Increase)/Decrease before transfers to Earmarked Reserves	(9,372)	0	(9,372)	400	0	(10,035)	(19,007)	(22,285)	237	(41,056)
Transfers (to)/from Earmarked Reserves	9,372	(9,372)	0	0	0	0	0	0	0	0
(Increase)/Decrease in 2019/20	0	(9,372)	(9,372)	400	0	(10,035)	(19,007)	(22,285)	237	(41,056)
Balance as at 31 March 2020	(7,000)	(63,186)	(70,186)	(303)	(3)	(20,863)	(91,355)	(156,273)	1,075	(246,551)

Group Cash Flow Statement

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

2019/20 £000	Year Ended 31 March	2020/21 £000
28,247	Net (surplus) or deficit on the provision of services	16,577
(31,169)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	(32,120)
21,567	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	81,273
18,645	Net cash flows from Operating Activities	65,730
139,308	Investing Activities	(92,302)
(157,362)	Financing Activities	(434)
(12,111)	Net Cash flows from Advanced Pension Contribution	28,642
(11,521)	Net (increase) or decrease in cash and cash equivalents	1,636
(33,723)	Cash and cash equivalents at the beginning of the reporting period	(45,245)
	Adjustment to the opening Cash and Cash equivalents	(353)
	Cash and cash equivalents revised balance at the beginning of the reporting period	(45,375)
(45,244)	Cash & cash equivalents at the end of reporting period	(43,962)

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 and Joint Venture companies 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 or Joint Venture. 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 Limited has been consolidated on a line by line basis with all intra-group transactions and balances removed.

Further information and full financial statements for Trafford Leisure CIC Ltd. can be found through the Companies House website, company registration number 9764023.

As Joint Ventures, Trafford Bruntwood LLP, Trafford Bruntwood (Stretford Mall) and Trafford Bruntwood (Stamford Quarter) have been consolidated using the equity method. The investments are shown under a separate line in the group balance sheet and adjusted by the Council's share (50%) in the joint venture's net asset movement since acquisition. The Council's share of the joint ventures' operating results for the year are included within the group income and expenditure account.

Further information and full financial statements for Trafford Bruntwood LLP, company registration number OC421552. Trafford Bruntwood (Stretford Mall) company registration OC427924 and Trafford Bruntwood (Stamford Quarter) company registration OC427930, can be found through the Companies House website.

All three JV's operate on a financial year ending on 30th September which coincides with the reporting period of Bruntwood Development Holdings Limited who have taken the lead role in the preparation of the statutory accounts. Accounting practice dictates that where the accounting period is more than three months before or three months after 31 March, then it will be mandatory for interim statements to be prepared as a basis for the group accounts.

For all three LLP's, the statutory accounts for the year to 30th September 2020 have been combined with the interim management accounts for the period 1st October 2020 to 31st March 2021 to give an 18 month trading period for the Group CIES, with the interim management accounts balance sheet being used for the period ending 31st March 2021.

The assets of Trafford Bruntwood have been valued using a fair value based on an estimated open market valuation, provided by appropriately qualified professionals, using fair value principals. The members valuation panel comprises the following:

- C G Oglesby, Chief Executive, Bruntwood Limited, qualified Chartered Surveyor with 31 years experience in the property investment industry;
- K J Crotty, Chief Financial Officer, Bruntwood Limited, Chartered Accountant with 18 years experience in the property investment industry.

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 42. Related Parties.

G3. 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 Notes 48 and 49.

2019/20 £000		2020/21 £000
COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT		
Cost of Services:		
	<i>Service Cost comprising:</i>	
33,216	• current service cost	27,488
1,498	• past service costs	115
0	• (gain)/loss from settlements	0
	<i>Financing and Investment Income and Expenditure:</i>	
6,999	• net interest cost	6,204
41,713	Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	33,807
0	<i>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>	0
	Re-measurement of the net defined benefit liability comprising:	
23,265	• Return on plan assets (excluding the amount included in the net interest cost)	(146,361)
30,891	• Actuarial gains and losses arising on changes in demographic assumptions	7,461
(78,785)	• Actuarial gains and losses arising on changes in financial assumptions	255,104
30,085	• Other	8,963
47,169	Total Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement	141,048

	Movement in Reserve Statement	
(10,931)	<ul style="list-style-type: none"> reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code 	16,121
	Actual amount charged against the General Fund Balance for pensions in the year:	
11,787	<ul style="list-style-type: none"> employers' contributions payable to scheme 	15,272
2,304	<ul style="list-style-type: none"> retirement benefits payable to pensioners 	2,236

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:

2019/20 £000		2020/21 £000
(967,927)	Present value of the defined benefit obligation	(1,247,226)
710,371	Fair value of plan assets	894,869
(257,556)	Net Liability arising from defined benefit obligation	(352,357)

Reconciliation of the Movements in the Fair Value of Scheme Assets

2019/20 £000		2020/21 £000
736,819	Opening fair value of scheme assets	710,371
0	Effect of Settlements	0
17,478	Interest income	16,082
	Re-measurement gain/(loss):	
(23,265)	<ul style="list-style-type: none"> The return on plan assets, excluding the amount included in the net interest expense Other 	146,361
4,411	Contributions from employer	46,247
4,717	Contributions from employees into the scheme	5,067
(29,789)	Benefits paid	(29,259)
710,371	Closing fair value of scheme assets	894,869

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

2019/20 £000		2020/21 £000
1,013,399	Opening present value of scheme liabilities	967,927
33,216	Current service costs	27,488
0	Effect of Settlements	-
24,477	Interest costs	22,286
4,717	Contributions from scheme participants	5,067
	Re-measurement (gains) and losses:	
(30,891)	<ul style="list-style-type: none"> Actuarial gains/losses arising from changes in demographic assumptions 	7,461
(78,785)	<ul style="list-style-type: none"> Actuarial gains/losses arising from changes in financial assumptions 	255,104
30,085	<ul style="list-style-type: none"> Other 	(8,963)
1,498	Past service cost	115
(29,789)	Benefits paid	(29,259)
967,927	Closing present value of scheme liabilities	1,247,226

Pension Scheme Assets

	31 March 2020 £000	31 March 2021 £000
Equities	59%	53%
Bonds	30%	35%
Property	9%	11%
Cash	2%	1%
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 2021 for both Trafford Leisure CIC Ltd. and Trafford Council.

The significant assumptions (for Trafford Leisure CIC Ltd.) used by the actuary have been:

2019/20	Trafford Leisure CIC Ltd. - Mortality assumptions:	2020/21
Longevity at 65 for current pensioners:		
20.5 years	• men	20.5 years
23.1 years	• women	23.3 years
Longevity at 65 for future pensioners:		
22.0 years	• men	21.9 years
25.0 years	• women	25.3 years
2.8%	Rate of inflation	3.3%
2.7%	Rate of increase in salaries	3.6%
1.9%	Rate of increase in pensions	2.85%
2.3%	Rate for discounting scheme liabilities	2.0%

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 2019/20.

Trafford Leisure CIC Ltd. - Change in assumptions at 31 March 2021:	Approximate % increase to Employer Liability	Approximate monetary amount £000
0.5% decrease in real discount rate	13%	831
0.5% increase in the salary increase rate	2%	152
0.5% increase in the pension increase rate (CPI)	10%	656

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.

G4 Surplus/(Deficit) Attributable to Joint Ventures

This figure represents the total surplus/deficit attributable for the three JV's Bruntwood LLP, Stretford Mall and Stamford Quarter. Due to the differing year ends of single entity and group accounts, for the period 2019/20 the statutory accounts as at 30th September 2019 were combined with the management accounts to 31st March 2020 and a 12 month average was used to derive the surplus/deficit values. This method subsequently required a small manual adjustment made to the closing reserves as stated on the management accounts balance sheet as at 31st March 2020 to align to the accumulated reserves to those using the average method.

Due to the materiality of the transactions relating to the revaluations of non-current assets taking place between September 2020 and March 2021, an 18 month trading period has been used for the 2020/21 trading values. This has allowed the closing balance sheets as at 31st March 2021 as stated in the three LLP's management accounts to be used and avoid making significant manual adjustments if the average trading method was used. This will give the reader a more transparent understanding of the actual figures in the reserve balances of the three LLP's as at 31st March 2021.

2019/20 £000	2019/20 Trafford Council Share at 50% £000		2020/21 £000	2020/21 Trafford Council Share at 50% £000
2,725		Turnover	6,902	
(920)		Cost of Sales	(3,275)	
1,805		Gross Profit/(Loss)	3,627	
(532)		Administrative Expenses	(825)	
0		Other Operating Income	0	
1,272	636	Profit/ (Loss) before Taxation	2,802	1,401
0		Taxation	0	
1,272	636	Profit/ (Loss) for the Period before Taxation	2,802	1,401
		Other Comprehensive Income		
(339)	(169)	Surplus or Deficit on revaluation of non-current assets	(11,209)	(5,605)
933	467	Total Comprehensive income for the period	(8,407)	(4,204)

G5. Investments in Joint Ventures

2019/20 £000		2020/21 £000
	Investment in Joint Ventures	
10,642	Trafford Bruntwood LLP	11,101
8,621	Trafford Bruntwood (Stretford Mall)	8,678
16,907	Trafford Bruntwood (Stamford Quarter)	16,907
36,170	Total Investment	36,686
(221)	Share of Accumulated profit/(loss)	(5,716)
35,949		30,970

Summary balance sheet of Joint Ventures

2019/20 £000		2020/21 £000
71,634	Fixed Assets	61,817
4,157	Current Assets	4,565
(3,895)	Creditors : Amounts falling due within one year	(4,442)
71,896	Net Assets/ (Liabilities)	61,940
	Reserves :-	
36,168	Members Capital –Bruntwood Holdings/ K Site	36,686
36,168	Members Capital –Trafford	36,686
(1,141)	Other Reserves (Dividend Distribution)	(2,690)
(418)	Other Reserves	(11,211)
1,119	Profit/(Loss) Reserve	2,469
71,896	Total Reserves	61,940

G6. Group Reserves

2019/20 £000		2020/21 £000
	Usable Reserves	
(91,355)	Trafford Council (i)	(200,349)
	Unusable Reserves	
(156,275)	Trafford Council (i)	47,214
(247,628)	Sub-Total Trafford Reserves	(153,135)
	Group Reserves	
853	Trafford Leisure CIC (ii)	1,975
221	Trafford Bruntwood	5,716
1,075	Sub-Total Group Reserves	7,691
(246,551)	Total Reserves	(145,444)

(i) Further detail can be found in the Council's accounts Notes 26 and 27

(ii) Reserves of £1.470m for Trafford Leisure CIC relates to their Pension Reserve.

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 outgoing 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

