



TRAFFORD
COUNCIL

Statement of accounts



2022

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Narrative Report

This document provides the detail behind the Council's financial performance for the year 1 April 2021 to 31 March 2022.

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 2021/22 (the Code), supported by International Financial Reporting Standards (IFRS).

The Department for Levelling Up Housing and Communities (DLUHC) introduced the Accounts and Audit (Amendment) Regulations 2021, which changed the statutory audit deadlines for all Local Authorities as a result of the pandemic. The deadline for draft accounts has remained as it was for 2020/21 and must be issued by 31 July 2022. The publication for the final audited accounts has however been extended from 30 September to the 30 November.

The requirement for the public inspection period to include the first 10 working days of June was also removed. Instead, the Council must commence the public inspection period for its Statement of Accounts on or before the first working day of August 2022.

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 2021/22, 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 2022 and key issues that have affected the accounts during the year.

Trafford the Borough

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

Trafford has a robust economy with approximately 13,900 businesses, ranging from cutting edge digital and creative companies to advanced manufacturing and green technology. The 235,100 strong population is one of the most highly skilled and educated in the North West of England with 55% qualified at NVQ4 and above compared to the North West Average of 39%. The population is projected to increase by around 8.3% to 254,500 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.

During the year the Council refreshed its Corporate Plan (see later for details) with a focus on three priorities of Reducing Health Inequalities, Support People out of Poverty and Addressing our Climate Crisis.

On Reducing Health Inequalities

Throughout the pandemic, we have made rapid changes to the ways we support residents in their community, their own home, in acute care and across our health and social care services. We have a 16-year difference in healthy life expectancy and an 8.5-year difference for males and 7.4-year difference for females in life expectancy between our most affluent and most deprived areas and the pandemic has laid bare these inequalities. Nationally, new inequalities have emerged and existing inequalities have intensified. We are responding to these changes to reduce these inequalities so all our residents can live long and healthy lives.

During the year, key achievements included a No Smoking Day campaign to encourage smokers in Trafford to get free support and advice to stop smoking from pharmacies and GPs. An e-cigarette scheme is also in place

for Trafford smokers looking to quit. The launch of a consultation on our mental health services for adults in Trafford to make sure residents receive the right care at the right time. Our Diabetes Services working with National Diabetes Prevention Programme made 641 referrals between 1st April 2019 and 30th November 2021 to support people to change their diet and physical activity habits in order to reduce their risk of developing diabetes. Trafford Moving physical activity strategy was agreed, as well as a multi-million pound investment agreed in principle for refurbishing Altrincham, Sale and Stretford Leisure Centres and the full opening, following covid restrictions, of our new leisure centre in Urmston.

On Supporting People Out of Poverty

By providing the necessary skills, opportunities, information and advice we will work with partners to give people the choices and power to make best use of their income and prevent and reduce poverty. The Trafford Poverty Action Group is working in partnership to help coordinate activity and make the borough a place where no-one is marginalised or discriminated against due to their financial or material circumstances. The Trafford Poverty Truth Commission was launched by the Council, Trafford Housing Trust and Community Commissioners with the aim of bring groups together to bring about the change that will impact positively on the lives of those living in poverty in the borough.

Key Achievements during the year included new Social Housing which opened in Timperley. This was the first new-build socially rented housing in the borough in over ten years, and the first to be built from the Trafford Affordable Housing Fund, which was set up to support the creation of social housing. The annual homelessness study has shown that Trafford Council's Homelessness Strategy is proving to be a success. The five-year strategy has helped hundreds of families from becoming homeless and has taken rough sleepers off the streets of Trafford. Trafford's Welfare Rights Team received 598 contacts and of these contacts, 296 were referred for specialist welfare rights advice from the team.

Trafford's Housing Options Service (HOST) has helped to prevent 311 households from becoming homeless in 2021/22 whilst also providing housing advice to 71,766 households/individuals which is an increase of 30,374 from the previous year.

Trafford has seen 501 new build homes developed in 2021/22 with 600 units receiving planning permission.

On climate change

Being in lockdown showed just how important our local environment, green spaces and parks are for our physical health, our mental health and wellbeing. The Trafford Climate Change and Clean Air Commission is working in partnership to enable more residents to be environmentally responsible in their daily lives and encouraging our workforce and partners to adopt more measures which will reduce our impact on the environment and help towards our carbon reduction targets.

We are continuing to make progress with measures that will support the borough as well as reducing our own operational carbon footprint - putting us on a pathway to carbon neutrality by 2038. In doing so, we will help to improve the health and wellbeing of our communities, our environment and our economy. The impact of climate change affects us all but the most disadvantaged communities are often those that are most vulnerable and most severely impacted.

Our highlights during the year included, being awarded £4m Public Sector Decarbonisation Scheme funds across 14 sites with installation of Heat Pumps, Solar Panels and improved lighting expected, to save 527 tonnes CO2. Planting 3.68 hectares of woodland (9,200 trees) through Year 1 of the Trees for Climate in Trafford in conjunction with City of Trees. A Citizens Assembly event was held in November 2021, to assist preparation for a citizen assembly in 2022. The Council partnered with Greater Manchester on the GM 'Go Neutral' project looking at smart energy and nature recovery opportunities across Trafford and approved an approach to accelerate installation of EV charging points, with a private sector partner.

Town Centres

Our plans for the redevelopment of our town centres are progressing well, and following extensive community engagement, Trafford Council and our development partners, Bruntwood, were excited to announce that detailed plans for the transformation of Stretford's King Street - the first phase of the wider Stretford Masterplan - have been submitted. The proposals include reinstating the historic King Street as a vibrant high street, where existing businesses will be joined by new shops, cafes and bars, including independent and well known brands. A new covered market hall is also planned, which will provide a home for retailers and eateries, bar areas and outdoor seating to boost the local evening economy.

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 2022/23 as follows:-

- 41 Labour
- 13 Conservative
- 5 Liberal Democrats
- 4 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 last 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 2021 the Council employed 1,928 full time equivalent staff (excluding school based staff); this had increased to 1,933 by 31 March 2022. 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.

With the ending of Covid restrictions our response activity has stepped down. We have had the opportunity to reflect and used any learning to continue to shape the way we work. Our recovery has been built 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.

As mentioned previously, during 2021 the corporate plan, strategic priorities and the 'kind of council we want to be' have been refreshed to confirm 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 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, the vision continues to be at the forefront of everything the Council does and aims to achieve.

Partnerships and collaboration underpin our approach across Trafford and, using a place based approach, the Council will continue to 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 cannot do.

The review of our strategic aims identified three areas to concentrate on that will enable 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.

The refreshed priorities for 2021-2024 are described as ‘better health, better jobs, greener future’ as outlined below:

1. **Reducing Health Inequalities**
 - o *Working with people, communities, and partners, particularly in deprived areas, to improve the physical and mental health of our residents.*
2. **Supporting people out of poverty**
 - o *Tackling the root causes to prevent people from falling into poverty and raising people out of it.*
3. **Addressing our Climate Crisis**
 - o *Leading the way in our region’s response, reducing our carbon footprint and tackling the impact of climate change.*

To deliver on the plan it is also necessary to develop the way we work, given the eleven years of austerity that the Council has been through, and we continue to improve the way services are delivered 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.

We continue to hold focus groups, workshops and create opportunities for discussions with staff and partners to input to and help determine the change projects that will be delivered so that the way services are delivered meets the needs of a modern Trafford.

Progress against the Corporate Plan is reported on a quarterly basis to the Executive and the Corporate Leadership Team. Key performance indicators monitor outcomes related to the three priorities and also include some general performance indicators for council services. The indicators cover a number of economic, social and environmental measures including, but not limited to, housing completions, affordable housing, healthy life expectancy, apprenticeships, waste/recycling, residential / nursing care, homelessness, planning applications and council tax collected.

The Annual report on the Corporate Plan can be found on our website and was reported to the Executive on the 20th June 2022.

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. There were no risks removed or added during the year. Risk levels were changed in three areas, with increased risk levels in relation to demand for children's places and the Medium-Term Financial Plan. There was a reduction in two risk themes, Adult Safeguarding risk which was reduced from medium to low due to a number of improvements to the safeguarding practice over the last 12 months and secondly, Potential Disruption as a result of COVID-19, as the country transitions into a business as usual approach to managing the long term impacts of the pandemic.

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

- The continuing uncertainty regarding the Council's medium term financial position – this risk has been elevated to the highest risk in the SRR. The risk represents financial uncertainty arising from issues regarding the uncertainty about future levels of Government support including possible changes to the grant funding regime, financial pressures caused by the escalating levels of inflation, wider economic uncertainty and fallout from the pandemic and Brexit. 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 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 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. The Trafford Air Quality and Climate Change Commission is now well established – and a new performance tool is managing progress. The Council has also been successful in two rounds of the Public Sector Decarbonisation Scheme – and this will assist in lowering emissions within the Council and Leisure estate. Activity is now focussed on businesses, which account for a significant portion of emissions. New staff have been recruited through 2021 and are now in post – thus improving the Council's overall capacity to address the issue.
- 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 assessment followed an increase in delays in Subject Access requests, Freedom of Information responses and two significant data breaches in recent years. Significant 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. It is anticipated that by the next monitoring report, in early 2022/23 that the improvements will lower the overall risk score.
- Children's Service demand - 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 permanent capacity being brought on stream through the capital programme and temporary bulge classes through conversion of specialist space. Data on forecast demand continues to be updated reviewing most recent GP data, planned housing developments and links with DfE Place Planning Teams to monitor impact of inbound migration.
- One Trafford Joint Venture partner fails to deliver services to the required standard or fails to deliver required efficiency savings. Following a period of service quality concerns, the Council subsequently activated the contractual seven year review clause to achieve significant improvements in the delivery of the contract. This gives an opportunity to recommend any changes to the contract for improvements and efficiencies. This process is still ongoing which has been elongated due to COVID interference.
- The provision of Leisure services operated by Trafford Leisure Community Interest Company has been challenged by the prolonged closures due to the pandemic. Whilst numbers are increasing, facilities continue to operate at below full capacity. 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 review of the Council's Leisure Investment Strategy was

completed and approved at the January 2021 Executive. This included the recommendation to further explore the options to refurbish Altrincham, Sale and Stretford Leisure Centres. In December 2021 Executive approval was gained to continue with the proposed capital investment into the design of the refurbishment for Altrincham in the first instance. Business cases for Sale and Stretford are also being developed.

- 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.
- Significant disruption as a consequence of the COVID-19 outbreak. COVID restrictions have now ended, and we have now moved to a steady state; transitioning activity and governance back to BAU. Recovery governance and silver groups have been stood down. Increases in risk levels will be reported through the existing council governance structures.
- 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 continued to be classed as medium risk during the year, reduced from a previous high level following the significant service improvements. The most recent DfE review in February 2022 concluded that **"Trafford has solid foundations in place and now, together with partners, needs to relentlessly focus on the quality of practice and the difference it makes to each child's life. A successful workforce strategy is central to this in terms of stabilising the workforce through positive recruitment and retention strategies and there is evidence this is now beginning to have impact. I am confident that they will be able to do this over the coming months"**

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 2022.

The effectiveness of the Governance Framework is also required to be undertaken on an annual basis. The review is informed by the work of the Council's executive managers, the Head of Internal Audit's annual report, by the external auditor's comments, and the results of reviews and inspections. The review of the effectiveness of the governance framework by the Accounts and Audit Committee concluded that the arrangements continue to be fit for purpose in accordance with the governance framework.

In the 2020/21 Annual Governance Statement, a number of significant governance issues were identified, and an action plan was subsequently drafted to remedy these shortcomings. Full details of the issues and the action that the Council has taken in 2021/22 to address them can be found in the Annual Governance Statement for 2021/22.

In addition, during the year, the Council conducted a review of the Members Code of Conduct utilising the code provided by the LGA which incorporated model code guidance. Changes to the draft followed a detailed consultation exercise with the Standards Committee in September and December 2021 with the final code being agreed by the Committee and recommended to the Executive. The new Members Code of Conduct was approved by the Scrutiny Committee and Executive before the final submission and adoption by the Council on the 23rd March 2022.

The Council's Whistleblowing Policy, which is one of several policies to support the Council's overall Anti-Fraud and Corruption Strategy, was also reviewed and updated during 2021/22. Further work will be undertaken to review the Strategy and supporting guidance in 2022/23.

The Budget Process 2021/22

On 17 February 2021 the Executive recommended the Council approve an overall net revenue budget of £179.30m, this was adjusted during the year to £179.47m 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 2021/22 an overall budget gap of £25.52m was addressed by a combination of additional funding of £5.2m, use of reserves of £11.14m and £9.18m of service savings and additional income. This means that since 2010 the Council has addressed an overall budget gap over the period of £244m.

There was a 1.99% increase in Council Tax in April 2021 for Trafford services and a 3% increase was made in respect of the adult social care precept specifically to support adult social care costs. This increased the Band D Council Tax to £1,410.83. This Band D Council Tax increased to £1,720.08 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 2021/22 the overall gross budget gap for the next three years stood at £43.27m 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 the escalating levels of inflationary pressures. In addition, the downturn in the aviation sector, initially triggered by the pandemic and subsequently compounded by uncertainty in the wider economy has resulted in a significant loss of dividend income from investments in Manchester Airport Holdings.

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 despite the pandemic and have helped to support the budget in recent years through a continued focus on economic regeneration. This approach will be a key component 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 2021/22 the Council refreshed its Corporate Plan focused on Reducing Health Inequalities, Supporting People out of Poverty and Addressing Our Climate Crisis. Work was also continued on the delivery of a number of other 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 of the three strategic priorities 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. In addition, Council Service metrics are also included in the regular reports, as although they are not included in the priorities, they provide a performance update for a range of services the Council provides.

Table 1

Priority Area	Sample Measure
Reducing Health Inequalities	Reduce the under 75 mortality rate from causes considered preventable (per 100,000 population)
	Reduce the proportion of five - year-old children with experience of visually obvious dental decay
Supporting People Out of Poverty	Number of people prevented from becoming homeless
	Reduce % of households fuel poverty levels
Addressing Our Climate Crisis	Percentage of household waste which is collected for recycling
	Reduce Corporate CO2 emissions (tonnes)
General Council Services	Number of Libraries loans (physical)
	Percentage of council tax collected
	Maintain rate of admissions to permanent residential nursing in over 65+

Performance is monitored by individual service directorates, the Corporate Leadership Team, Executive Members and Scrutiny Committee.

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.

A red-amber-green (RAG) direction of travel rating is provided to give an indication of whether performance is improving or declining based on the target although some indicators do not have a target (for example, due to being a new indicator developed under the new Corporate Plan outcomes) and therefore have no target RAG rating. Similarly, some of our indicators are new and we do not have any previous data to compare our performance to or it is not appropriate to compare to previous data.

There are 39 key performance indicators and many have been effected by the ongoing effects of Covid-19. For some indicators benchmarking or comparisons with the previous year is difficult. For some indicators factors outside of Trafford's control have had an impact on current performance. For example, the ongoing effect from the rising cost of living cannot be directly influenced by organisations in Trafford and this will impact on measures such as the reduction in fuel poverty. However, we continue to work together locally to support residents who are experiencing poverty.

In addition to the measurable outcomes, the Council has incorporated case studies in its performance reports showing how the outcomes of the Corporate Plan are making a real difference to resident's lives. An example of which includes Supporting People out of Poverty - highlighting a new state-of-the-art social housing

development completed in Bowker Court, Timperley providing 30 one and two bed flats which are triple glazed and powered by electricity.

Of the key performance indicators the vast majority were met to a satisfactory level, however as mentioned above the impact of the pandemic and the creation of new indicators has limited the scope of the performance monitoring when compared with previous years. There are however good examples where Trafford has maintained a good standard of performance, such as increasing the healthy life expectancy by almost two years for females and 0.7 years for males from 2017/2019 to 2018/2020.

Full details of the quarterly reports can be found on the Council's website. An interactive dashboard of the three corporate priorities and associated targets is also available and can be accessed on the Trafford Data Lab website: <https://trafforddatalab.shinyapps.io/corporate-plan/>

Performance against budget

The Council's net revenue expenditure was £177.942m and this represents a saving of £1.530m 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.

As in 2020/21, the implications of COVID-19 have continued to have a major 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 received 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 narrative report.

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	42,648	44,126	1,478	3.47%
Adult Services (incl. Public Health)	52,749	52,234	(515)	(0.98)%
Public Health	12,505	10,867	(1,638)	(13.10)%
Place	31,566	32,175	609	1.93%
Strategy and Resources	5,824	5,171	(653)	(11.21)%
Finance & Systems	7,818	7,882	64	0.82%
Governance & Community Strategy	6,361	6,367	6	0.09%
Directorate Budgets	159,471	158,822	(649)	(0.41)%
Council-wide Budgets	20,001	19,120	(881)	(4.40)%
Net Service Expenditure Outturn	179,472	177,942	(1,530)	(0.85)%
Financed by:				
Business Rates	(62,459)	(62,459)	-	-
Council Tax	(105,869)	(105,869)	-	-
Collection Fund Surplus	(2,803)	(2,803)	-	-
Reserves	(8,341)	(8,341)	-	-
Funding variance	(179,472)	(179,472)	-	-
Net Revenue Outturn	0	(1,530)	(1,530)	(0.85)%

With regard to the net outturn position, the following issues are worthy of being highlighted:-

Pressures include:-

- Children’s placements £721k overspend due to an increase in the cost and complexity of cases during the year;
- Home to School Transport pressures of £678k due to increase in demand in the current passenger numbers during the year and additional costs for fuel and also staffing to cover passenger assistants who were self-isolating.
- Strategic Investment Programme – These investments were budgeted to generate a net revenue benefit in 2021/22 of £7.61m. The net income at year end was £6.52m leaving a shortfall of £1.09m which is largely COVID-19 related due to delays in developer loans being drawn down, lower income from debt facilities due to lower variable interest rates, delays in schemes in the pipeline and lower trading income due to COVID-19 impacts at retail investment sites.
- COVID-19 related pressures in Place and central services directorates of £450k. The pressure largely related to income pressures in traded services and lower sales, fees and charges as a result of the economic impact of the pandemic lasting longer than the first quarter assumed when setting the budget.

Service underspends include: -

- Staffing budgets net underspend of £1.50m due to delays in recruiting and service redesign, in Adults Services, Children’s Services and Public Health.
- Adults placements £2.30m net underspend, represented by a net underspend on the Hospital Discharge Programme of £2.69m, due in part to an increase in the income from the risk sharing agreement with the Clinical Commissioning Group. This is offset by £329k of pressure due to savings not being achieved, an underlying pressure of £308k due to an increase in costs of care packages and new cases and lower costs of £285k from other local authorities under Section 117 of the Mental Health Act.
- The favourable outturn within Adults Services has enabled the Adults earmarked reserves to be bolstered by £2.57m to support a number of short-term pressures expected in 2022/23. These pressures include the consequences of hospital settings trying to reduce waiting lists which will have an impact on the levels of discharges from hospital. The reserve will support the temporary continuation of enhanced levels of homecare and care home bed provision until a sustainable model and funding can be worked through with partners. The reserve will also support the cost of implementing new government legislation (e.g. preparation of market sustainability and reform of adult social care charging).
- Public Health community services contract £400k underspend – representing a one off reduction due to assumed inflation costs being met from within the current financial regime operating in the NHS since the coronavirus pandemic.
- Other favourable items of £2.806m. This includes a favourable outturn of £826k within the Place Directorate, £511k within Strategy and Resources and £877k within Council Wide. The Council Wide figure includes the release of the contingency budgets and £211k one off income from Trafford Housing Trust associated with the recovery of VAT made on behalf of the Council at the time of the stock transfer. The positive outturn within service budgets largely relates to staffing budgets, following ongoing management actions on such things as vacancy management and staff turnover.

Reserves

The total balance of earmarked reserves reduced from a balance of £200.35m to £154.12m and consisted of the following group balances:-

Usable Reserves	Balance 31.3.21	Balance 1.3.22	Movement
MTFP Budget Resilience and Transformation	6.35	11.65	5.30

Smoothing and Business Risk	15.64	18.85	3.21
Strategic Priority	13.76	11.60	(2.16)
Corporate	(2.94)	1.00	3.94
General Reserve	8.00	9.50	1.50
Service Area Priorities	11.10	16.49	5.39
Earmarked Reserves (ex COVID)	51.91	69.09	17.18
COVID-19 Reserves	114.27	48.14	(66.13)
Capital Related Reserves	18.99	22.65	3.66
School Related Reserves	15.17	14.24	(0.93)
Total Usable Reserves	200.34	154.12	(46.22)

The favourable outturn position has given the Council the further opportunity to review the adequacy of reserves, particularly to address the evolving pressures regarding the escalating rates of inflation and legislative changes and hospital discharge demand pressures in adults services.

The Council's Earmarked Reserves (excluding COVID accounting reserves, Capital and Schools) have increased from a balance brought forward of £51.91m to £69.09m at year end an increase of £17.18m of which a large proportion relates to a transfer of £5.2m from the COVID General Reserve to MTFP Budget Resilience Innovation and Change Reserve to support the 2022/23 budget and £4.4m of reserve adjustments relating to business rates accounting.

The remaining key movements of £7.58m include:

- Favourable outturn at year end +£1.53m
- Favourable outturn Business Rates 2021/22 (General Fund elements) +£3.30m
- Contain Outbreak Management Fund (general expenditure charged to grant) +£1.01m
- Adults Services favourable movement at outturn +£2.57m. Of this balance, £1.58m has been moved to a new reserve associated with Hospital Discharge to Assess to manage the expected pressures in 2022/23 and £0.99m to Adults Service Earmarked Reserve to manage legislative pressures.
- +£0.67m increase in ICT Development Reserve to smooth the short to medium term pressures of implementing the Council's Digital Strategy
- +£0.73m increase to the Economic Development Reserve to smooth uncertainty in grant funding relating to Housing Option Services Trafford (HOST).
- -£2.80m budget support as planned
- +£0.57m net other minor movements in 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 £8.0m and was increased to £9.5m as agreed by the Council in February 2022 to reflect increased risk of a wider economic downturn due to the pandemic, Brexit and inflationary pressures.

The movement in the COVID-19 reserve of £66.13m represents the utilisation of the Government support grants relating to Business Rates Relief, Council Tax and Business Rates compensation schemes. These are being drawn down to repay the Collection Fund deficit and support our budget plans agreed in February 2021.

Capital Investment

The Capital Programme for 2021/23 was initially approved at the Council meeting of 19 February 2021 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 2021/22 to 2023/24, was set at £415.40m in February 2021. Of this, £184.37m was originally programmed for 2021/22, consisting of £61.80m for the General Programme and £122.57m for the Asset Investment Portfolio.

Financing of the investment proposals was made up of grants and contributions of £131.76m relating to specific areas of investment, e.g. schools and highways, a requirement for capital receipts of £20.08m generated from the disposal of assets, revenue and reserves contributions £0.97m, and prudential borrowing of £262.59m 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 £0.91m of over-programming

Investment across the 3 years included addressing specific Council priorities:

- Leisure Centre Strategy;
- Investment in Highways;
- Cycling and Walking Initiatives
- 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;
- Decarbonisation of Council Buildings
- 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 2021/22 a total amount of £345.88m had been made or committed to by the Investment Management Board, leaving a balance for further investment of £154.12m. This investment has provided a net benefit to support the revenue budget in 2021/22 of £6.50m, which is £1.09m 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 £57.97m on its Capital Programme in 2021/22 compared to a significantly rephased programme with a revised budgeted spend of £98.91m. The capital expenditure incurred during the year and financing of this expenditure is shown in the table below.

Capital Programme	Budget £m	Actual Exp. £m	Variance £m
Schools Investment	11.42	9.79	(1.63)
Supporting Infrastructure	3.87	2.38	(1.49)
Regeneration Projects	2.39	2.56	0.18
Highways / Transport Improvements	9.16	7.85	(1.32)
Social Services	2.25	2.20	(0.06)

ICT Investment	0.73	0.55	(0.18)
Recreation & Culture	2.26	1.75	(0.52)
General Programme	32.08	27.08	(5.02)
Investment Programme	66.83	30.90	(35.93)
Total Programme	98.91	57.98	(40.95)
FINANCED BY:			
Grants and Contributions	(25.25)	(23.31)	1.94
Capital Receipts	(3.08)	(3.79)	(0.71)
Earmarked Reserves	(0.40)	(0.22)	0.18
Borrowing	(70.18)	(30.65)	39.53
	(98.91)	(57.97)	40.94

The variance between the budgeted capital expenditure and the final outturn for the year was £40.94m and this will require re-profiling into 2022/23 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 2021/22 the Council complied with its legislative and regulatory requirements, including compliance with all treasury management prudential indicators.

Debt - at 31 March 2022 the Council's total external level of debt was £322.4m compared to £380.1m at 1 April 2021. During 2021/22 the Council did not undertake any new borrowing. The net reduction of £57.7m is a result of planned debt repayments of £29.9m as a result of natural maturity together with £27.8m of debt restructuring. The restructuring consisted of three PWLB Loans at an average rate of 2.55% with breakage costs of £5.76m which will be paid for by interest savings over the life of the loan and was undertaken as a prudent approach due to low level of investment returns available when compared to borrowing rates.

The total debt repayment consisted of £30.5m to the Public Works Loan Board and £26.7m from other Local Authorities and £0.5m to Salix Finance related to a Government sponsored loan used to part fund the LED Street lighting Programme.

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 2.68%, which compares with 2.53% in 2020/21. The following table provides further details, including the interest rate at the beginning and end of the financial year.

	as at 31.3.21	as at 31.3.22
Average weighted maturity of long term loans (in years)	29.42	32.68
Number of loans	35	26
Value of loans (Principal)	£380.1m	£322.4m
Loan rate	2.53%	2.68%

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 £113.0m as at 31 March 2022 and this compares to £79.8m as at 31 March 2021. In 2021/22 an average investment rate of 0.35%, 0.39% above the market

benchmark (London Inter-bank BID 7 day rate), was achieved. This compares with an average return of 0.76%, in 2020/21 which was 0.83% above the LIBID 7 day rate.

Impact of the COVID-19 pandemic

The Statement of Accounts gives an overview of the Council's finances for 2021/22, the second full financial year impacted by the global pandemic. The impact of which continued to be felt during the financial year and required the Council to continue to adapt to evolving events as the various restrictions in the early part of the year were gradually relaxed, and subsequently reintroduced towards the end of 2021 as a result of the Omicron variant and finally ending in January 2022.

The enhanced management arrangements introduced in 2020/21 continued during the year, which included working with our Clinical Commissioning Group partners, using a structure based on Gold (Strategic), Silver (tactical) and Bronze (operational) groups. This continued to ensure 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.

This structure remained in place during the year, however as the year progressed the frequency of meetings reduced accordingly with the groups eventually being stood down in June 2022. Covid continues to pose a threat to Trafford, both through its impact on widening inequalities and worsening population health, but also from the danger of further waves or a vaccine resistant variant emerging. Plans are in place to manage or mitigate the risks from a recurrence of a more virulent strain aspects but for now the focus is on recovery.

A COVID Contain capability has been retained to continue necessary activities and to be in a position to respond quickly and effectively if we see a new variant/further surge. A tool kit is under development so that governance arrangements can be stood up quickly if required.

A neighbourhood based community engagement team continues to work in localities on community engagement and behaviour change, and vaccination uptake and our ongoing communication programme for residents, staff and partners continues.

The pandemic has had a widespread impact on the workforce of the Council and the way in which the Council delivers its services. 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 has been introduced to support new ways of working for our staff.

The pandemic continued to have a dramatic impact on both the local and national economy. To offset the adverse impact on local taxpayers several short-term local support measures were extended during the year, including additional support for council tax through the Council Tax Support and Council Tax Hardship Scheme. In addition, the Council continued to administer the delivery of Government initiatives such as the administration of:

- Business Rate Reliefs and the payment of grants to support businesses impacted by COVID-19 at 100% relief to the retail, leisure hospitality and nursery sector from April to June 2021 and then at 66% for the remainder of the year.
- Test and Trace support payments to provide financial assistance to those forced to self-isolate
- Grants to support the Adult Social Care sector such as infection control and workforce retention.

Recognising the impact of COVID-19 would not cease on 31 March 2021, the Council's 2021/22 budget was approved with an allocation of resources specifically to address residual pressures, this assumption has also continued into 2022/23, albeit at a reduced level. However, services are required to adapt to incorporate the long-term impacts of the pandemic into business as usual.

In total, the Council has administered £15.4m of grants to business and £30.9m of COVID-19 specific grant funding including grants to support the additional costs incurred by services during 2021/22 that were not business as usual activities. Full details of the grants are detailed below.

As in 2020/21, the Council also received additional unringfenced funding (£0.8m) to offset the loss of sales, fees and charges income due to COVID-19. However, unlike the previous financial year where compensation

was received for the whole year, for 2021/22, this funding only offset losses incurred during the period April to June 2021.

During 2020/21, Council Tax and Business Rates collection was significantly reduced by the impact of the pandemic, however at the end of 2021/22 collection levels had recovered resulting in a favourable surplus over our budget assumptions.

In the early stages of the pandemic, the Adult Social Care team had to implement new working arrangements and these continued into 2021/22. 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 measures were supported by extra Council investment (funded by additional Government grant) and by the NHS via Trafford CCG accessing a 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.

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 an impact on income streams, especially the significant dividend receipts from our strategic investments in the Manchester Airport Holdings and also increasing uncertainty in income from our Investment Programme and 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.

The pandemic sets the scene for future financial years and places additional strain on the budget planning. The main focus in our medium term financial strategy 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.

Given the financial challenges and the ongoing impact of COVID-19 on the Country and the Local Government sector, the Department for Levelling Up, Housing and Communities (DLUHC) continued to request Local Authorities provide monthly updates on their financial position via a questionnaire. This gave the DLUHC an understanding of the overall financial pressures and the position of individual Local Authorities. This information in turn was useful in supporting the Council's budget monitoring and budget setting processes. The requirement to provide the DLUHC with monthly monitoring information ceased In May 2022 with the 2021/22 outturn information.

The Chancellor announced the Spending Round on 16th December 2021 and included headline numbers for government departmental spending for a further 1 year only settlement 2022/23, with a promise of a more fundamental review of local government funding starting in 2022. There was no indication of any further specific 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, which will signal the trajectory of local government for the next few years, the full extent of future budget challenges will not be known. The likelihood of a two year settlement was announced by the Secretary for State for Levelling Up Housing and Communities at the LGA conference in July 2022, however this also may be delayed given the recent changes in the leadership of the Government.

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, business rate risk and budget support until the full economic impact becomes clearer. In addition a contingency balance of £1.5m remains in place in the 2022/23 revenue budget to absorb any unknown impact of specific pressures relating to the pandemic.

COVID-19 Grants

The Council received a range of grants from Central Government in 2020/21 and 2021/22 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 stages of the local and national lockdowns. These are summarised below.

Local Restrictions Support Grant (LRS)

During 2021/22 the Council received £0.5m in grant across eleven separate allocations. Elements of LRS had a discretionary element and for these the Council determined eligibility and therefore acted as principal. Unspent balances relating to grants where the Council acted as agent at 31 March 2022 are included in the Council's Balance Sheet (Receipts in Advance in Short Term Creditors). The total amount repaid to Government during 2021/22 relating to income received in 2020/21 was £8.1m with a further £2.18m expected to be repaid in 2022/23. 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 and 2021/22, four rounds of grant were received totalling £9.71m for which the Council acted as a principal. By the end of the Scheme on 31 March 2022 £9.58m had been spent leaving £0.13m to be carried forward within the Council's Grants Receipts in Advance, to be paid back to the Government in 2022/23.

Restart Grants

From 1 April 2021, the Council began administering a new round of business support grants known as Restart Grants. The Scheme ended on 31 July 2021. Total grant received was £12.84m and grants paid of £10.53m leaving £2.31m to be paid back to the Government in 2022/23.

Omicron Grants

On 21 December 2021 the Chancellor announced a new round of grants for businesses experiencing difficulties because of the Omicron variant of COVID-19 and the dual impact of staff absences and lower consumer demand. Trafford received grant of £1.81m and paid out £1.52m leaving £0.29m to be carried forward in the Council's Balance Sheet (Receipts in Advance in Short Term Creditors), to be paid back to the Government in 2022/23.

Business Rate Reliefs

As a response to the pandemic, the Government granted businesses in the retail, hospitality, Leisure and nurseries relief at 100% of rates for the period April 2021 to June 2021 and 66% for the remainder of the year, which was administered by the Council. The award of relief resulted in a shortfall of income from rates and the Council was compensated for this loss via a Section 31 Grant of £37.75m. This grant has been held in an earmarked reserve and will be used in 2022/23 to reimburse the Collection Fund for the Council's share of the deficit.

A further relief announced in March 2022 was the COVID-19 Additional Relief Fund (CARF). The Council was awarded £6.8m of CARF grant. However, given the timing of the award and the requirements to apply the reliefs to businesses, applications to the scheme were only opened after the year end and no funds were distributed in 2021/22. The CARF grant was received on account and has therefore been treated as a receipt in advance and is held as a creditor on the Council's balance sheet. A reconciliation of this relief will take place during 2022/23.

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 £	Credited to Taxation & Non-Specific Grant Income £	Carried Forward as Grant Receipt in Advance £
PRINCIPAL GRANTS 2021/22			
INFECTION CONTROL FUND GRANT	(3,866,642)	0	0
REOPENING HIGH STRTS SAFELY FND GRANT	(258,677)	0	0
LA TEST & TRACE SERVICE SUPPORT GRANT	(1,274,275)	0	0
DIGITAL INCLUSION GRANT	(4,446)	0	0
TEST & TRACE (SIPS) GRANT DISCRETIONARY	(783,041)	0	0
COVID19 CATCH UP PROGRAMME FOR SCHOOLS	(760,900)	0	0
COVID19 CONTAINED FUNDING	(5,787,293)	0	(1,480,399)
LRS G1 (OPEN)	(1,550)	0	0
COVID 19 WINTER GRANT	(896,553)	0	0
ADDITIONAL RESTRICTIONS GRANT COVID 19	(1,700,738)	0	0
ADDITIONAL RESTRICTIONS GRANT 3 AUG 21	(2,077,894)	0	(129,915)
ADDITIONAL RESTRICTIONS GRANT 4 JAN 22	(376,059)	0	0
DIGITAL EDUCATION GRANT	(3,000)	0	0
NEW BURDENS 2 ADMIN GRANT	(228,800)	0	0
ADDITIONAL RESTRICTIONS GRANT 2 5 JANUARY	(2,108,428)	0	0
WORKFORCE CAPACITY FUND COVID -19	(1,822,452)	0	0
ELECTION 21 ADDITIONAL FUNDING COVID-19	(118,807)	0	0
HOLIDAY ACTIVITIES & FOOD PROGRAMME GRANT COVID-19	(451,667)	0	0
KICKSTART SCHEME GRANT	(110,513)	0	0

LEVELLING UP GRANT	(19,823)	0	0
COVID-19 RECOVERY PREMIUM GRANT	(361,237)	0	0
SCHOOL LED TUTORING GRANT	(286,040)	0	0
HOUSEHOLD SUPPORT FUND GRANT	(1,118,509)	0	0
TEMPORARY PAVEMENT LICENSING NEW BURDENS GRANT	(18,069)	0	0
PROTECT AND VACCINATE GRANT	(1,326)	0	0
COVID 19 SUPPORT GRANT	0	(5,690,937)	0
SALES, FEES AND CHARGES GRANT COVID 19	0	(759,420)	0
TOTAL PRINCIPAL GRANTS 2021/22	(24,436,739)	(6,450,357)	(1,610,314)
	Grant received during the year	Grants repaid to Government	Grant to be repaid – carried forward as a creditor
	£	£	£
Grants whereby Trafford acted as agent			
TEST & TRACE	(238,000)		
LRS1 (CLOSED) NATIONAL LOCKDOWN		1,421,090	
LRS1 (CLOSED) TIER 3		27,821	
LRS1 (SECTOR)	(4,239)		
WET-LED PUBS GRANT COVID 19	(28,800)		
LRS2 (OPEN) POST 2 DEC	(4,220)		
LRS2 (CLOSED) TIER 3 POST 2 DEC	(451,142)		
LRS3 (CLOSED) ADDENDUM TIER 4 GRANT		630,017	
LRS4 (CLOSED) ADDENDUM GRANT 5 JANUARY		2,034,594	
CLOSED BUSINESS LOCKDOWN PAYMENT GRANT 5 JANUARY		3,992,000	2,180,152
RESTART GRANT COVID-19	(12,840,408)		2,315,008
OMICRON HOSPITALITY LEISURE & RETAIL GRANT	(1,812,069)		291,998
TOTAL AGENT GRANTS 2021/22	(15,378,878)	8,105,522	4,787,158

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 has worked through the requirements detailed within the Code to ensure compliance and whilst full compliance can be demonstrated in most areas, several themed improvements have been identified. A full report, including a detailed action plan was presented to the Accounts and Audit Committee in July 2022, which will be progressed during 2022/23 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 £10.4m (deficit of £15.5m at 20/21). However, the management accounts declare an outturn underspend of £1.53m (2020/21 £2.80m). 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 £99.93m deficit to a £217.7m surplus. The movement in the CIES of £317.63m primarily relates to;
- Changes in pension charges of £268.178m;
- Changes in Net (Gains)/Losses on asset revaluations including PPE and Investment assets £(40.7)m;
- Changes in Other Operating Expenditure of £(1.7)m largely relating to improvement in the profit on disposal of assets;
- A net reduction in financing and investment income and expenditure between 2020/2021 and 2021/2022 of £3.78m, mainly relating to improvements in the fair value of financial assets of £2.73m; improvements in trading income of £3.6m after a prior year which was impacted by the pandemic, offset by a reduction in interest income from our strategic investments of £3.52m and a one off charge of £5.75m related to the premium charges for the early repayment of a long term loan.
- An increase in tax and non-specific grant income £(4.45)m largely related to expected annual increases in Council Tax £7.67m, a reduction in COVID-19 support grants when compared with 2020/21 and additional capital grants supporting the Capital Programme, further analysis can be seen in note 40;
- An increase in the cost of provision of services, of £4.8m, which includes an increase related to pension charges of £14.9m, which if excluded results in a reduction in other charges of £10.1m, consisting of an increase in general expenditure and service grants of approximately £19.9m partially offset by an increase in service related COVID related grants of £5.6m, a £20.9m reduction of capital related adjustments such as depreciation, revenue related capital items and asset revaluations and an increase in the grants related to Dedicated schools funding of £3.5m.

Balance Sheet:

Net assets have increased from £138.796m to £356.491m, an increase of £217.7m or 157% in the value of the balance sheet, with the key movements being:

- An increase in the value of long term assets of £71.27m. There has been a significant increase in Property Plant and Equipment of £70.58m largely due to revaluations upwards. There has been a significant increase in the Building Cost Information Service (build rates index) (average of 9.5%) that are applied to the valuations that represent the current market conditions. In addition, certain areas within the borough there has been a more active disposals market which has given better comparable land values which where relevant have been applied. A reduction in Long Term Debtors of £5.6m, largely related strategic investment programme loans, due for repayment in the next 12 months, which have been moved to Short Term Debtors. An upward revaluation has been seen in the value of our equity investments in the Manchester Airport Holdings of £0.04m plus a further £3.3m of deferred interest debtors related to loan support to the group. The value of our holding in the strategic investments in our Joint Ventures and the CLA property fund has increased by £1.34m.
- A reduction in current assets of £3.7m including £26.8m increase in short term investments largely relating to grant monies being received in advance of spend offset by a reduction in debtors relating to £33.3m of strategic investment loans being repaid during the year as planned. A reduction in Business Rates and Council Tax debtors of £1.7m has largely been offset by a reduction in the expected credit

losses of £1.5m reflecting a better than expected collection of historic debt. A reduction in general debtors of £4.5m has been offset by an increase in cash and cash equivalents of £4.4m. The balance of movement consists of £2.8m increase in assets held for sale.

- A reduction in current liabilities of £2.4m associated with a reduction in Short Term Borrowing for day to day treasury management of £25.8m, and an increase in Short Term Creditors of £31.1m largely due payments received in advance from the Government relating to the Council Tax Energy Rebate £12.0m and Section 31 rates relief grants received on account of £17.1m. There was a reduction in short term business rates appeals of £2.4m along with a reduction in revenue and capital grants receipts in advance of £2.9m largely as a result of lower COVID-19 grants when compared with the previous year.
- A reduction in long term liabilities of £148.9m primarily due to a reduction in pension liability of £115.221m, following actuarial assessment and caused by investment returns being greater than expected, a change in assumptions in discount rates (the expected rates of returns on investments) and CPI. A reduction in long term borrowing of £32.07m, £27.8m of which was an early repayment of a PWLB loan. The repayment, which will result in revenue savings being made over its lifetime, incurred an early repayment premium of £5.75m. This figure was charged to the CIES and reversed out via the Movement in Reserve Statement to the Financial Instrument Adjustment Account in accordance with accounting practice.
- The bottom part of the balance sheet reflects the increase of £217.7m mirrored by the change in net assets above. Usable Reserves have reduced by £46.16m from £200.35m to £154.19m. The largest reduction relates to £49.84m related to the Business Rates Exceptional Deficit Reserve, which held the balance of government grants used to covering losses from COVID-19 rates reliefs. Details of reserve movements are shown in Note 10.
- Unusable Reserves have increased by £263.86m from a debit balance of £61.553m to a credit balance of £202.302m of which the largest movement relates to the change in the Pension Reserve of £129.541m relating to the reduction in the Pension Liability as mentioned above, plus the timing difference in accounting for the remainder of the advanced pension payment of £14.32m. Other significant increases relate to the reduction in the deficit shown in the Collection Fund Adjustment Accounts of £55.16m, as a result of the repayment of the prior year deficits in the Collection Fund caused by COVID-19. In addition, an increase in the Revaluation Reserve of £58.65m representing the changes in property revaluations as described above and change in the Financial Instrument Adjust Account of £5.2m largely related to the premium related to the early repayment of the long term loan.

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 2022 the Council had a net liability for pensions of £235.67m, which compares with £350.89m at 31 March 2021.
- The liability includes a figure of £14.32m relating to the balance of the three year advanced pension contribution (see details page 1706), which if excluded to allow for comparison would have resulted in a net liability of £221.05m against an adjusted balance of £379.53m for 2020/21 and a reduction in the liability of £158.48 from 2020/21. 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 163 to 171.

Collection Fund – Council Tax

The Council collected Council Tax in 2021/22 on behalf of itself, the Greater Manchester Combined Authority (Mayoral, Police and Fire) and Partington and Carrington Parish Town Councils.

A total of £132.18m of Council Tax was collected in respect of 2021/22 (£124.48m 2020/21), an in year performance of 97.5% (97.2% in 2020/21). Details of the Collection Fund can be found on page 181, which shows an overall accumulated surplus of £2.092m (£3.008m deficit in 2020/21).

There was an in-year surplus on the Council Tax Collection Fund of £3.100m (£2.66m deficit 2020/21) consisting of:

- £2.19m improvement in cash collection - The collection of debt for both in year and prior year was better than expected, largely due to a release from the amount set aside for the **expected credit loss**. 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.
- £0.420m 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;
- £1.290m positive variance over budget due to lower take up of the Local Council Tax Support Scheme;
- £1.170m Hardship Awards – Hardship awards relating to COVID-19 were £1.170m for the year after the scheme was extended by the Council for the year. This was offset by the Government sponsored Council Tax Hardship Grant the Council received within its General Fund in the previous year and carried over in its reserves. The grant held in reserve was transferred to the Collection Fund to offset the lost income from awards resulting in a neutral impact on the Collection Fund.
- The combined positive effect of the above, albeit largely one off in nature from the favourable collection of historic debt, gives an in year surplus of £3.10m, of which the Council's share is £2.54m

After taking into account the brought forward collection fund deficit of £3.008m and the prior year collection of the estimated deficit of £2.00m, the net impact of the above resulted in a year end cumulative surplus of £2.092m (deficit £3.008m 2020/21).

This surplus 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 surplus is £1.718m (£2.455m deficit 2020/21) which will be repaid over the three years 2022/25 in line with Government regulations.

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 £118.473m (£64.079m in 2020/21) compared with an estimated income of £153.072m (£156.055m in 2020/21), resulting in an in-year deficit of £34.599m (deficit £91.976m in 2020/21).

The deficit includes a figure of £38.130m (£88.599m 2020/21) in lost income related to COVID-19 rates reliefs, where businesses in the retail, hospitality, leisure and nursery sector were awarded relief due to the pandemic. The remaining balance of £3.531m (£3.377m deficit 2020/21) relates to a surplus in other rates income, such as favourable collection rates, review of **expected credit loss** and the release of existing provision for appeals due to some big cases being dismissed by the VOA.

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 (£37.749m) 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 2022 was a deficit of £36.308m (deficit £87.812m in 2020/21). The accumulated deficit is made up from the 2021/22 deficit of £34.599m and a balance of £1.709m yet to be collected relating to 2019/20 and 2020/21 balances which will be collected in 2022/23 and 2023/24. The in-year deficit of £34.599m will be separated into two elements, with the shortfall relating to the COVID-19 rates reliefs of £38.130m being repaid by the Council and Major Preceptor in 2022/23 and the remaining surplus balance of £3.531m being paid over the two financial years 2022/23 to 2023/24.

Reconciliation between Statutory Accounts and Management Accounts

The Council's management accounts outturn position is an underspend of £1.5m (analysed above), whereas the (Surplus)/Deficit on the Provision of Services in the CIES on pages 33 to 34 shows an overspend of £10.4m.

The differences between the CIES and the Council's management accounts are adjusted for in the Movement in Reserves Statement (MiRS) (pages 37 to 39) and further analysed in the Expenditure and Funding Analysis (page 41). 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 £51.4m, as detailed below:

CIES account reconciled to outturn	£m
CIES Account (Surplus)/Deficit on Service Provision	10.4
Accounting adjustments in MiRS:	
- Capital charges and Capital Grants	16.7
- Pensions	(32.3)
- Collection Fund and Other Adjustments	55.0
Total Accounting adjustments	39.4
Net Transfers to/(from) reserves	
-Net transfer to/(from) schools reserves	0.9
-Net transfer to/(from) schools DSG Deficit reserve	(0.1)
-Net transfer to/(from) Other earmarked reserves	(53.7)
-Net transfer to/(from) General Reserve	1.5
Total Net transfers to/(from) earmarked reserves	(51.4)
Total Management Outturn (under)/Overspend *	(1.6)

* figure is £1.5m (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 2022/23.

Schools

At the end of 2021/22 the Council maintained 52 primary schools, 5 secondary schools and 3 special schools (60 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 2021/22 increased by £1.549m when compared to 2020/21, 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. No schools transferred to Academy status during 2021/22.

The net DSG position at the end of 2021/22 was a deficit of £0.068m (a surplus of £1.753m in 20/21). The DSG deficit is included within the Movement in Reserves Statement as an unusable reserve. This is the result of the introduction on 29 November 2020 of a new Statutory Instrument to amend the Local Authorities (Capital Finance and Accounting) Regulations 2003 by establishing new accounting practices in relation to the treatment of schools' budget deficits. The aim is to ensure that DSG deficits are ringfenced and held separately from General Fund resources so that specific measures can be put in place to address the deficits without placing pressure on resources required for other essential services.

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. The escalating level of inflation, which in June 2022 reached a 40 year high of 9.1% poses not only a significant risk to the 2022/23 budget but also an impact on the Medium Term Financial Plan and increase in the budget gap in future years.

Prior to the pandemic, the Government had already signalled some major changes in funding, 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. The planned funding review, including Business Rates was further delayed due to the pandemic and the Government announced a one year settlement for the 2021/22 financial year. This was extended by a further one-year settlement for 2022/23 with a promise of consultation on reforms commencing in early 2022. This consultation has not commenced at the time of writing this narrative and given the scale of the changes, particularly around the resetting of business rates, and the disruption at Government Leadership level, any significant changes in funding are likely to be delayed until 2024/25 at the earliest.

In September 2021, the government announced plans to reform adult social care and later released the Social Care white paper in December 2021. As a result of these reforms, local authorities will incur additional costs due to changes in the contribution an individual will make towards their costs. This means that local authorities will have to fund a greater proportion of care costs that are currently paid for by self-funders. Further to this, there will be an increase in costs due to market equalisation as self-funders will be able to ask their local authority to arrange care on their behalf so that a better value of care can be sought. To compensate local authorities for these additional costs, a number of new grants were announced as part of the settlement and Social Care white paper totalling £5.4bn over the next three years. £3.6bn of which is aimed at covering the cost of the cap and means testing and provision for market sustainability by reviewing the fair cost of care, the balance of £1.7bn will be used to improve the wider social care system, including the quality and integration of care, such as integrated housing and distribution of Disabled Facilities Grants.

Although the social care reform announcement was welcome news in addressing the systemic issues underlying the social care sector, the White Paper gave little certainty or solution to the immediate funding challenges facing our social care services. The scale of the changes poses a significant challenge to the Council and the wider sector and the adequacy of the total resources of £5.4bn will only become clear as the programme evolves.

Trafford, like many Council's is experiencing significant pressure within the High Needs Block of the Dedicated School Grant. The Department for Levelling Up, Housing and Communities (DLUHC) has made regulations which ring-fence DSG deficits from councils' wider financial position in their statutory accounts. DSG deficits can no longer be paid off from general funds without requesting permission from the Secretary of State. As it stands, this ring-fence is due to end after the accounts for the 2022-23 financial year, at which point LAs will need to demonstrate their ability to cover DSG deficits from their future available reserves.

Treasurers representatives of each of the main authority types (including Social of Metropolitan Treasurers) have already written to the Deputy Director for Funding Policy at DfE, expressing concerns that many authorities may be unable to set a 2023-24 budget on this basis, without using general fund reserves. A sustainability paper is currently being consulted on and feedback is likely to conclude that the proposals will only be capable of being implemented if the quantum of funding in High Needs is adequate.

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 were 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. These arrangements were formalised in the new Health and Care Act 2022 which aims to improve joined-up care for people who rely on a number of different services at the same time. As part of this, on 1st July 2022, a new NHS organisation was formed called NHS Greater Manchester Integrated Care. This organisation brings together staff from all 10 Greater Manchester clinical commissioning groups (CCGs) – including Trafford – as well as Greater Manchester Health and Social Care Partnership and Greater Manchester Shared Services, all of which have all been disbanded.

It will be at the heart of a wider partnership called Greater Manchester Integrated Care Partnership which involves all the different organisations that support the health and social care of residents across the city region. These include NHS organisations, Councils, voluntary, community and social enterprise (VCSE) colleagues and other key partners.

It also means there will be a local integrated care partnership in each of the 10 Greater Manchester boroughs – in Trafford this will be called Trafford Integrated Care Partnership – that brings the same partners together within the borough to ensure residents get the best possible services.

To support the changes, Sara Todd, Trafford Council's Chief Executive, has been appointed the Place Based Lead for Health and Care Integration in which she will lead the development of integrated working within our locality. The partnership will help organisations work better with the public to keep everyone healthier; plan and deliver health services more effectively; make sure everyone is treated equally and fairly; help the NHS become as efficient as possible, and also help it contribute to the wider economy.

Future Budgets

The Authority approved its budget for 2022/23 at the Full Council Meeting on 16 February 2022. The scale of the challenges faced by the Council in managing demand within the available resources remains the single biggest strategic risk for the Council.

Whilst I, the Director of Finance and Systems, made it clear in the budget report that the proposals can secure a robust budget for 2022/23, supplemented by the short-term use of one-off reserves, the use of reserves to balance the budget is not sustainable beyond 2022/23 and cannot be used to avoid the requirement for permanent savings. The Council has subsequently embarked on a bold and ambitious Innovation and Change Programme to identify substantial and permanent savings and investment in further transformational delivery of our services.

Further information on the planned future expenditure and the financial environment of the Council can be found in the Council's 2022/23 Budget and 2022/25 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
Xx September 2023

Explanation of the Financial Statements

Please note that a glossary of terms can be found on page 206.

A description of the responsibilities of the Council regarding the Accounts 2022 is provided at page 31, and the Audit Report can be found on page 32.

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 53 to 70.

The main financial statements that make up the Accounts (pages 33 to 40) 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 33 to 34) 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 2021 to 31 March 2022. 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 2022 are adjusted for within the Movement in Reserves Statement on pages 37 to 39, with more detail in note 9 on pages 77 to 84. 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 37 to 39) 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 35 to 36.

The Cash Flow statement (page 40) 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 31 to 179. These notes expand on the figures, providing greater detail and information as prescribed or as necessary. Included within these notes is a statement on 2021/22 capital expenditure and how this was financed on pages 158 to 159.

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 181 to 182.

Main Changes to the Core Statements and Significant Transactions in 2021/22

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 and reducing the overall pension liability on the balance sheet over the three year period.

At 31 March 2022 the Council had a net liability for pensions of £235.67m, which compares with £350.89m at 31 March 2021, a decrease of £115.22m. This net liability at year end includes a figure of £14.32m relating to the balance of the three year advanced pension contribution, which is yet to be utilised (i.e. one year remaining). If the cash advance balance is excluded for comparison, this would have resulted in a net liability of £221.35m and a movement of £152.32m from 2020/21 as advised by the pension fund Actuary (Hymans-Robertson).

The amount of pension movements shown within the CIES totals £152.32m (£24.9m in Cost of Services, £7.4m Financing and Investment Income and Expenditure and £184.62m 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 2021/22 the implications of COVID-19 continued to have an impact on the Council's finances with significant items of additional income and expenditure across most service areas of the Council. In preparing the 2021/22 budget the Council was able to anticipate some of the potential impact and budgets were adjusted accordingly. The costs of the pandemic have been reported within the Council's regular monthly budget monitoring reports and returns continued to be made to Government during the year.

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 had a significant impact on the Collection Fund for both Council Tax and Business Rates and various support packages were made available by the Government, including an additional Council Tax Support Grant paid to the Council as well as the extension of the Business Rates Relief Schemes for Retail, Hospitality and Leisure sectors. Due to announcement of the 2021/22 rate relief scheme, which was after the budget was set, this resulted in another significant deficit on the Collection Fund. The consequences can be seen on the face of the balance sheet, where the Collection Fund Adjustment Account has a combined deficit of £34.3m (£89.4m 2020/21) 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, offering 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 2021/22 a number of new investments were made, in addition to a continuation of funding for existing investment assets, at a total value of £14.35m, financed by additional borrowing. In addition a number of loans were repaid in year, with a total value of £96.45m. Total net investments at 31st March 2022 had a value of £237.27m.

MAH 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 Holdings. As at 31 March 2022 the Council's valuers advised of an increase of £0.04m in the fair value Council share from £23.36m to £23.4m which has been reflected in the financial statements.

There are two elements to the valuation as follows:

- The main shares in MAH have been revalued upwards by £0.94m from £17.66m to £18.6m;
- 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. No further payments have been made in 2021/22. The shares are valued on an annual basis and in 2021/22 there was a downward revaluation of £0.9m from £5.70m to £4.80m.

MAH Interest on Loans

Along with the MAH share holdings mentioned above, the Council also holds a number of investment loans which were advanced over a number of years to support the long term development of the airport.

All MAH loans attract interest which is included in the CIES under Financing and Investment Income and Expenditure. Interest of £3.3m has been accrued for 2021/22. Since 2020, due to the impact of the pandemic the collection of all interest payments was suspended with the accumulated interest held as a Long Term Debtor with a balance of £7.33m as at 31st March 2022.

Land and Property Revaluations

There has been a significant increase in Property Plant and Equipment of £71.7m largely due to revaluations upwards. There has been a significant increase in the Building Cost Information Service (build rates index which is an average of 9.5% reflecting increases in material and labour costs) that are applied to the valuations that represent the current market conditions. In addition, certain areas within the borough there has been a more active disposals market which has given better comparable land values which where relevant have been applied.

The increase in revaluations has been reflected in an opposite movement the Revaluation Reserve of £58.4m and in addition a net credit to the CIES of £8.84m, reflecting the writing back of downward revaluations previously held in this reserve.

Borrowing

At 31 March 2022 the Council's total external level of debt was £322.4m compared to £380.1m at 1 April 2021. The net reduction of £57.7m is a result of planned debt repayments of £29.9m as a result of natural maturity together with £27.8m early repayment. The early repayment consisted of three PWLB Loans totalling £27.8m with breakage costs of £5.76m and was undertaken as a prudent approach due to low level of investment returns available when compared to borrowing rates. The early repayment is reflected in the Statement of Accounts as a reduction in Long Term Debtors on the Balance Sheet, the early repayment charge appears within Financing and Investment Income & Expenditure and reflected in the MIRS and Financial Instrument Adjustment Account.

Academy School Transfer of Assets

No schools transferred to Academy status during 2021/22.

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 2022, and its expenditure and income for the year ended 31 March 2022.

Graeme Bentley CPFA
Director of Finance and Systems
Xx September 2023

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.

2020/21			Year ended 31 March			2021/22	
Gross Expenditure £000	Gross Income £000	Restated Net Expenditure £000	Service	Note	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
223,293	(171,195)	52,098	Children's Services		241,456	(181,092)	60,364
122,053	(65,374)	56,679	Adults Services		131,330	(66,307)	65,023
63,787	(19,323)	44,464	Place		53,145	(23,454)	29,691
8,367	(1,005)	7,361	Governance and Community Strategy		9,426	(2,002)	7,424
14,312	(4,001)	10,311	Finance and Systems		16,169	(5,321)	10,848
11,461	(5,194)	6,267	Strategy and Resources and Traded Services		13,449	(4,460)	8,989
55,250	(49,092)	6,158	Council-wide		52,956	(47,154)	5,802
498,523	(315,184)	183,338	Cost of Services		517,931	(329,790)	188,141
33,255	(66)	33,189	Other Operating Expenditure	11	39,005	(7,534)	31,471
43,248	(39,323)	3,925	Financing and Investment Income and Expenditure	12	42,024	(41,872)	152
0	(204,900)	(204,900)	Taxation and Non-Specific Grant Income and Expenditure	13/40	0	(209,353)	(209,353)

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (continued)

2020/21			Year ended 31 March			2021/22	
Gross Expenditure £000	Gross Income £000	Restated Net Expenditure £000	Service	Note	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
		15,552	(Surplus) or Deficit on Provision of Services				10,411
			Items that will not be subsequently classified in the Deficit on Provision of Services				
		106,371	Re-measurement of Net Defined Benefit / Liability	27(v)			(161,807)
		(25,541)	(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets	14			(66,261)
			Items that will be subsequently classified in Deficit on Provision of Services				
		3,550*	(Surplus) or deficit on financial assets measured at fair value through other comprehensive income	27(ii)			(40)
		84,380	Other Comprehensive (Income) and Expenditure				(228,108)
		99,933	Total Comprehensive (Income) and Expenditure				(217,697)

*see note 54 Prior Period Adjustments for details on restatement of 2020/21

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'.

1 April 2020 £000	31 March 2021 Restated * £000		Notes	31 March 2022 £000
510,692	352,350	Property, Plant & Equipment	14	422,934
	173,058	Infrastructure Assets	14a	174,193
991	985	Heritage Assets	15	979
113,520	108,124	Investment Property	16	108,873
5,133	4,751	Intangible Assets	17	4,466
64,200	64,873	Long Term Investments	18	66,253
136,846	101,689	Long Term Debtors	21	99,406
831,382	805,830	Long Term Assets		877,104
50,694	49,591	Short Term Investments	18	76,348
2,950	4,481	Assets Held for Sale	23	7,316
365	78	Inventories	19	81
80,217	114,184	Short Term Debtors	21	76,483
45,022	43,097	Cash and Cash Equivalents	18/22	47,504
179,248	211,431	Current Assets		207,732
(35,423)	(31,795)	Short Term Borrowing	18	(5,949)
(68,027)	(65,532)	Short Term Creditors	24	(95,708)
(29,814)	(32,028)	Short Term Provisions	25	(29,424)
(1,169)	(12,255)	Grants Receipts in Advance (Revenue)	40	(3,778)
(1,635)	(3,034)	Grants Receipts in Advance (Capital)	40	(8,587)
(136,068)	(144,644)	Current Liabilities		(143,446)

BALANCE SHEET (continued)

1 April 2020 £000	31 March 2021 Restated * £000		Notes	31 March 2022 £000
(36)	(36)	Long Term Creditors		(36)
(14,208)	(13,580)	Provisions	25	(13,325)
(344,580)	(351,019)	Long Term Borrowing	18	(318,952)
(113)	(113)	Capital Grants & Contributions – Long-Term Receipts in Advance (REFCUS)	40	(113)
(11,787)	(11,540)	Grant Receipts in Advance (Capital)	40	(10,493)
(257,037)	(350,887)	Other Long Term Liabilities – Pensions	49	(235,666)
(8,074)	(6,646)	Other long-term liabilities – Deferred	24	(6,314)
(635,835)	(733,821)	Long Term Liabilities		(584,899)
238,727	138,796	Net assets		356,491
(7,000)	(8,000)	General Fund Balance	10	(9,500)
(63,185)	(174,355)	Earmarked General Fund Reserves	10	(123,041)
(303)	(281)	Capital Receipts Reserve	26	(403)
(3)	(64)	Revenue Grants Unapplied (REFCUS)		(360)
(20,863)	(17,649)	Capital Grants Unapplied		(20,885)
(91,354)	(200,349)	Usable Reserves	26	(154,189)
(95,173)	(116,112)	Revaluation Reserve	27	(174,758)
(10,948)	(7,363)	Financial Instrument Revaluation Reserve	27	(8,250)
(317,792)	(304,540)	Capital Adjustment Account	27	(329,542)
15,609	15,048	Financial Instruments Adjustment Account	27	20,242
257,037	379,529	Pensions Reserve	27	249,988
(124)	89,388	Collection Fund Adjustment Account	27	34,227
-	-	DSG Adjustment Account	27	68
4,018	5,603	Accumulated Absences Account	27	5,724
(147,373)	61,553	Unusable Reserves		(202,302)
(238,727)	(138,796)	Total Reserves		(356,491)

*see note 54 Prior Period Adjustments for details on restatement of 2020/21

*Graeme Bentley CPFA
Director of Finance and Systems
Xx September 2023*

MOVEMENT IN RESERVES STATEMENT

About this Statement

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

	General Fund Balance £000	Earmarked General Fund Reserves £000	Total General Fund Balance £000	Capital Receipts Reserve £000	Revenue Grants Unapplied £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000
Balance as at 31 March 2021	(8,000)	(174,355)	(182,355)	(281)	(64)	(17,648)	(200,348)	61,553*	(138,795)*
MOVEMENT IN RESERVES DURING 2021/22									
(Surplus) or deficit on the provision of services	10,411	-	10,411	-	-	-	10,411	-	10,411
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	(228,108)	(228,108)
Total Comprehensive Income and Expenditure	10,411	-	10,411	-	-	-	10,411	(228,108)	(217,697)
Adjustments between accounting basis & funding basis under regulations (note 9)	39,471	-	39,471	(122)	(297)	(3,237)	35,815	(35,815)	-
Net (Increase)/Decrease before transfers to Earmarked Reserves	49,882	-	49,882	(122)	(297)	(3,237)	46,226	(263,924)	(217,697)

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	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
Transfers (to)/from Earmarked Reserves (note 10)	(51,382)	51,314	(68)	-			(68)	68	-
(Increase)/Decrease in 2021/22	(1,500)	51,314	49,814	(122)	(297)	(3,237)	46,158	(263,856)	(217,697)
Balance as at 31 March 2022	(9,500)	(123,041)	(132,541)	(403)	(360)	(20,885)	(154,190)	(202,302)	(356,493)

	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)
Restated Balance as at 31 March 2020**	(7,000)	0	(63,186)	(70,186)	(303)	(3)	(20,863)	(91,355)	(147,373)	(238,728)
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	-	-	-	-	-	-	-	-	84,380**	84,380
Total Comprehensive Income and Expenditure	15,552	-	-	15,552	-	-	-	15,552	84,380	99,932
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)	208,925	99,932
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)	208,925	99,932
Balance as at 31 March 2021	(8,000)	(92,470)	(81,885)	(182,355)	(281)	(64)	(17,648)	(200,348)	47,212	(153,136)
Restated Balance as at 31 March 2021**	(8,000)	(92,470)	(81,885)	(182,355)	(281)	(64)	(17,648)	(200,348)	61,553	(138,795)

(*) 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.

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(**) See note 54 Prior Period Adjustments for details on restatement of 2020/21

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.

2020/21 £000	Year Ended 31 March	2021/22 £000
15,552	Net (surplus) or deficit on the provision of services	10,411

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(31,836)	Adjustments to net surplus or deficit on the provision of services for non-cash movements (Note 28a)	(103,447)
7,345	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities (Note 28b)	26,418
(8,939)	Net cash flows from Operating Activities (Note 28c)	(66,618)
(16,991)	Investing Activities (Note 29)	17,512
(434)	Financing Activities (Note 30)	59,019
28,642	Cash flows from Advanced Pension Contribution (Note 28d)	(14,321)
2,278	Net (increase) or decrease in cash and cash equivalents	(4,408)
(45,022)	Cash and cash equivalents at the beginning of the reporting period	(43,097)
(353)	Adjustment to the opening Cash and Cash equivalents	-
(45,375)	Cash and cash equivalents revised balance at the beginning of the reporting period	(43,097)
(43,097)	Cash & cash equivalents at the end of reporting period (Note 22)	(47,505)

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

2021/22	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	44,126	1,074	45,200	15,164	60,364
Adults Services	63,101	(1,560)	61,541	3,481	65,022
Place	32,174	(7,422)	24,752	4,939	29,691
Governance and Community Strategy	6,367	(9)	6,358	1,066	7,424
Finance and Systems	7,882	287	8,169	2,679	10,848
Strategy and Resources and Traded Services	5,173	2,179	7,352	1,637	8,989
Council-wide	19,117	(9,902)	9,215	(3,413)	5,802
Net Cost of Services	177,940	(15,353)	162,587	25,553	188,140
General Fund Financing	(179,472)	179,472	-	-	-
Other Operating Expenditure	-	31,976	31,976	(505)	31,471
Financing & Investment Income & Expenditure	-	(10,198)	(10,198)	10,351	153
Taxation and Non Specific Grant Income	-	(134,483)	(134,483)	(74,870)	(209,353)
Total Other Income and Expenditure	(179,472)	66,767	(112,705)	(65,024)	(177,729)
(Surplus) or Deficit	(1,532)	51,414	49,882	(39,471)	10,411

The table below shows the comparative information for 2020/21

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	44,465
Governance and Community Strategy	6,727	(1)	6,726	636	7,362
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)	11,160	(5,002)	6,158
Net Cost of Services	172,718	(26,501)	146,217	37,122	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)	(258,386)	90,600	(167,786)
(Surplus) or Deficit	(2,804)	(109,364)	(112,169)	127,722	15,553

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	2020/21 £000	2021/22 £000
Opening General Fund as at 1 April	(70,186)	(182,355)
(Surplus) or Deficit on the General Fund in year	(112,169)	49,814
Need Closing General Fund as at 31 March	(182,355)	(132,541)

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.

2021/22 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)	23	-	1,084	1,074
Adults Services	-	(4)	136	-	(1,692)	(1,560)
Place	(15,625)	4,487	-	5,997	(2,282)	(7,422)
Governance and Community Strategy	-	-	-	-	(9)	(9)
Finance and Systems	-	-	1,054	-	(767)	287
Strategy and Resources and Traded Services	-	2,017	-	-	162	2,179
Council-wide	(16,257)	(2,267)	9,453	-	(832)	(9,902)
Net Cost of Services	(31,882)	4,200	10,666	5,997	(4,336)	(15,353)
General Fund Financing	(94)	-	123,816	-	55,750	179,472
Other Operating Expenditure	31,976	-	-	-	-	31,976
Financing & Investment Income & Expenditure	-	(4,201)	-	(5,997)	-	(10,198)
Taxation and Non Specific Grant Income	-	-	(134,483)	-	-	(134,483)
Total Other Income and Expenditure	31,882	(4,201)	(10,667)	(5,997)	55,750	66,767
Difference between General Fund (surplus) or deficit and Comprehensive Income and Expenditure Statement (surplus) or deficit	-	(1)	(1)	0	51,414	51,414

Adjustments between Accounting Basis and Funding Basis 2021/22				
2021/22 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	2,439	12,739	(13)	15,165
Adults Services	255	3,175	52	3,482
Place	3,089	1,792	58	4,939
Governance and Community Strategy	31	1,044	(9)	1,066
Finance and Systems	850	1,832	(4)	2,678
Strategy and Resources and Traded Services	94	1,506	37	1,637
Council-wide	(6,176)	2,762	1	(3,413)
Net Cost of Services	582	24,850	122	25,554
General Fund Financing	-	-	-	-
Other Operating Expenditure	(505)	-	-	(505)
Financing & Investment Income & Expenditure	2,937	7,414	-	10,351
Taxation and Non Specific Grant Income	(19,710)	-	(55,161)	(74,871)
Total Other Income and Expenditure	(17,278)	7,414	(55,161)	(65,025)
Difference between General Fund (surplus) or deficit and Comprehensive Income and Expenditure Statement (surplus) or deficit	(16,696)	32,264	(55,039)	(39,471)

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)	(3,892)
Net Cost of Services	(32,406)	3,790	18,385	3,929	(20,198)	(26,500)
General Fund Financing	(86)	0	264,773	0	(89,166)	175,521
Other Operating Expenditure	32,492	0	0	0	0	32,492
Financing & Investment Income & Expenditure	0	(3,790)	0	(3,929)	0	(7,719)
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)	(82,864)
Difference between General Fund (surplus) or deficit and Comprehensive Income and Expenditure Statement (surplus) or deficit	0	0	0	0	(109,364)	(109,364)

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	635
Finance and Systems	682	784	151	1,617
Strategy and Resources and Traded Services	188	522	142	852
Council-wide	(5,887)	885	(1)	(5,003)
Net Cost of Services	25,605	9,929	1,584	37,118
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	20,502	16,120	91,096	127,718

(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

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

	2020/21 £000	2021/22 £000
Expenditure		
Employee benefit expenses	183,744	208,038
Other service expenses	288,930	311,251
Depreciation, amortisation & impairment	31,570	9,301
Interest payments	10,377	9,486
Precepts and levies	32,492	31,976
Loss on the disposal of assets	697	(505)
Loss on transfer of schools to academy status	-	-
Pension interest costs	22,176	24,976
Change in fair value of investment property	5,419	0
Total expenditure	575,405	594,524
Income		
Fees, charges and other service income	(36,633)	(38,438)
Interest and investment income	(15,695)	(12,517)
Income from Council Tax and Business Rates	(170,433)	(182,103)
Government grants and contributions	(297,374)	(301,669)
Other grants and contributions	(23,732)	(29,856)
Change in fair value of investment property	0	(1,968)
Pension expected return on assets	(15,985)	(17,562)
Total income	(559,852)	(584,113)
(Surplus) or Deficit on the Provision of Services	15,553	10,411

3a. Accounting Concepts

The Statement of Accounts summarises the Council's transactions for the 2021/22 financial year and its position at the year-end 31 March 2022. The Council is required to prepare an Annual Statement of Accounts by the Accounts and Audit Regulations 2015 which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (The Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 21(2) of the Local Government Act 2003.

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

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

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.

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 2.7% (based on the indicative rate of return on a basket of high quality corporate bonds, Government gilts and other factors).

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

- quoted securities – current bid price
- unquoted securities – professional estimate
- unitised securities – current bid price
- Property – market value.

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

Service cost comprising:

- current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
- past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Council Wide Costs;

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- 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

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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 Holdings
 - £8.7m in 2009/10 set to expire in 2055,
 - £11.3m in 2018/19, in two tranches of £5.6m for repayment in 2056 and 2057, and
 - £9.7m in 2020/21 set to expire in 2058.
- 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 and vacant premises in Altrincham, Sale, Urmston or Stretford **town centres to part-fund works 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.

Fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. 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. Fair value gains and losses are recognised as they arise in other comprehensive income.

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 - Main Shareholding
- Manchester Airport Holding Limited Class - C Shareholding (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

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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

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 has now been dissolved; 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 – Highways infrastructure assets are generally measured at depreciated historical cost. However, this is a modified form of historical cost – opening balances for highways infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April 1994, which was deemed at that time to be historical cost. Where impairment losses are identified, they are accounted for by the carrying amount of the asset being written down to the recoverable amount. Further details in note 14a;
- 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 current 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 current 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;
- Depreciation is provided on the parts of the highways network infrastructure assets that are subject to deterioration or depletion and by the systematic allocation of their depreciable amounts over their useful lives. Depreciation is charged on a straight-line basis. Useful lives of the various parts of the highways network are assessed by the Chief Highways Engineer using industry standards where applicable as follows. Further details of useful life is included in note 14a;
- all other property, including infrastructure and community 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 current 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.

Disposals and derecognition of Infrastructure Assets

When a component of the network is disposed of or decommissioned, the carrying amount of the component in the Balance Sheet is written off to the 'Other operating expenditure' line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement, also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal). The written-off amounts of disposals are not a charge against council tax, as the cost of noncurrent assets is fully provided for under separate arrangements for capital financing. Amounts are transferred to the capital adjustment account from the General Fund Balance in the Movement in Reserves Statement

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:

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- current 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 2021/22 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 2022/23 Code are:

- IFRS 16 Leases (but only for those local authorities that have decided to adopt IFRS 16 in the 2022/23 year). See below for further details.
- Annual Improvements to IFRS Standards 2018–2020. The annual IFRS improvement programme notes 4 changed standards:
 - IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS
 - IAS 37 (Onerous contracts) – clarifies the intention of the standard
 - IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material
 - IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances.

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

IFRS 16 leases – Following its emergency consultation on exploratory proposals for changing the Code of Practice on Local Authority Accounting in the United Kingdom, CIPFA LASAAC issued its preliminary decision and feedback statement. This preliminary decision was subsequently considered by the government's Financial Reporting Advisory Board (FRAB). FRAB advised CIPFA LASAAC that it agreed with the deferral of IFRS 16 Leases until 1 April 2024. However, both the 2022/23 and the 2023/24 Codes will allow for adoption as of 1 April 2022 or 2023 should the authority wish. The Council has chosen not to follow early adoption.

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 arrangements for Sale Waterside.

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- 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 188 to 197 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. Whilst two of the joint ventures could be excluded from the consolidation on the ground of immateriality, the Council has included them as part of the group accounts for completeness.
- 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	35
Voluntary Controlled (VC) schools	1
Voluntary Aided (VA) schools	21
Foundation schools	3
Sub-Total Maintained Schools	60
Academies	28
Total Number of Schools	88

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 5.2.

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 2022 of £37.56m (of which the Council's share is £37.19) 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 2022 the provision stands at £3.325m.	In the event that the cost of insurance claims exceeds this amount then the excess will be met from the insurance reserve.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pensions liability	The pensions liability is based on assumptions relating to discount rates used, future changes in salaries, changes in retirement ages, mortality rates and expected returns on pension fund assets. These assumptions are reviewed regularly. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	Changes in liability are actuarially measured every three years, and increases in contributions spread over the following three years. The pension contribution is a key financial assumption in the medium term financial plan.
Pension Guarantees	The Council is guarantor for a number of admitted bodies in the Greater Manchester Pension Fund. An assessment has been undertaken of the surplus/deficit position for those bodies together with their risk of default. This has identified a minimal level of exposure as at 31/3/22.	The position is assessed annually and if material would lead to a liability being recognised on the balance sheet.
Long Term Assets – Manchester Airport Holdings	<p>The Council's shareholding in the Manchester Airport Group is 3.22% as at 31 March 2022. 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 MAHL. 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.</p> <p>The Council also holds a 10% holding in Manchester Airport Car Park (1) Limited is valued on the updated financial forecast, taking into account the impact of COVID-19 on earnings and the reduced passenger numbers at Manchester Airport as evidenced in the Council valuation of its shareholding in MAHL. The data is then adjusted by discount factors to allow for the fact that the shares are not publicly traded and that the Council holds a minority interest with no voting rights.</p>	As at 31 March 2022 the Council's valuers advised of an increase of £0.04m in the fair value of the Council's share from £23.36m to £23.4m 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	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,

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
	<p>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.</p>	<p>the Council has determined that the level of uncertainty at this time is not sufficient to indicate this course of action.</p>
PFI Arrangements	<p>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.</p>	<p>The Council has one PFI scheme and the impact is not material.</p>
Future year assumptions	<p>The impact of COVID-19 on the Councils future assumptions are yet unknown.</p>	<p>The impact of COVID-19 is likely to be significant in future years, however no specific assumptions have been made about this in the 2021/22 Statement of Accounts.</p>
Infrastructure Assets	<p>The CIPFA LASAAC Local Authority Code Board has released temporary proposals to update the Code of Practice on Local Authority Accounting in the United Kingdom for infrastructure assets. The temporary proposals address an issue raised by auditors about the derecognition (removal of the carrying amount) of parts of local authority infrastructure assets as they are replaced. CIPFA LASAAC will consult on a longer-term solution later in the year.</p>	<p>The temporary proposals have been interpreted and the statutory override has been implemented.</p> <p>The timescale for a long term solution is less than clear which may require new valuations to be commissioned by the Council. As this is a national issue, it impacts on all Local Authorities.</p>

7. Material Items of Income and Expense (Comprehensive Income & Expenditure Statement page 33)

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 2021/22 the Council received additional Section 31 grants for Business Rates to the sum of £37.8m 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 2022/23. The S31 grant income has therefore been transferred to an Earmarked reserve to offset the deficit in 2022/23.

The council received additional resources to help with the impact of COVID-19. Included in Tax and non-specific income is £6.5m of grants, and £24.5m 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

The Director of Finance authorised The Statement of Accounts for issue on xx September 2023. Events taking place after this date are not reflected in the financial statements or notes. Events taking place before this date where information about conditions existed at 31 March 2022, are adjusted in all material aspects in the financial statements and notes. There was a triennial review of the Local Government Pension Scheme where the outcome of the review only became available post 31 March 2022. Therefore, it has been treated as an adjusting event within the accounts which has led to a £11.39m increase in the pension liability. There are no non-adjustment events after the Balance Sheet date.

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.

2021/22	Usable Reserves 2021/22						2021/22	
	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.	(18,140)	-	(18,140)	-	-	-	-	(18,140)
Revaluation losses on Property, Plant & Equipment.	8,838	-	8,838	-	-	-	-	8,838
Movements in the fair value of Investment Properties.	(1,968)	-	(1,968)	-	-	-	-	(1,968)
Amortisation of intangible assets.	-	-	-	-	-	-	-	-
Capital grants and contributions applied.	-	-	-	-	-	-	-	-
Movement in the Donated Assets Account.	-	-	-	-	-	-	-	-
Revenue expenditure funded from capital under statute.	(136)	-	(136)	-	-	-	-	(136)
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.	505	-	505	(7,313)	-	-	-	(6,808)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:-								
Statutory provision for the financing of capital investment.	8,401	-	8,401	-	-	-	-	8,401
Voluntary provision above MRP	66,248	-	66,248	-	-	-	-	66,248
Capital expenditure charged against the General Fund balance.	224	-	224	-	-	-	-	224

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

2021/22	Usable Reserves 2021/22 (continued)							2021/22
	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.	19,710	-	19,710	-	-	-	(19,710)	-
Application of grants to capital financing transferred to the Capital Adjustment Account.	-	-	-	-	-	(297)	16,473	16,176
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.	-	-	-	6,863	-	-	-	6,863
Use of the Capital Receipts Reserve to repay Debt.	(66,575)	-	66,575)	328	-	-	-	(66,247)
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)

2021/22	Usable Reserves 2021/22 (continued)							2021/22
	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.	(5,194)	-	(5,194)	-	-	-	-	(5,194)
ADJUSTMENTS INVOLVING THE FIRR								
Gain/loss on revaluation of Financial Instruments charged to FVPL	847	-	847	-	-	-	-	847
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).	(50,298)	-	(50,298)	-	-	-	-	(50,298)
Employer's pension contributions and direct payments to pensioners payable in the year.	18,033	-	18,033	-	-	-	-	18,033
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	4,173	-	4,173	-	-	-	-	4,173
NDR	50,988	-	50,988	-	-	-	-	50,988

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

	Usable Reserves 2021/22 (continued)							2021/22
2021/22	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.	(122)	-	(122)	-	-	-	-	(122)
Total Adjustments	39,471	-	39,471	(122)	-	(297)	(3,237)	35,815

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

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	-	(146)
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)

	Usable Reserves 2020/21 (continued)							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 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)

10. Transfers to/from Earmarked Reserves (Balance Sheet page35)

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 2021/22.

	Balance as at 1 April 2020 £000	Movements Out 2020/21 £000	Movements In 2020/21 £000	Balance at 31 March 2021 £000	Movements Out 2021/22 £000	Movements In 2021/22 £000	Balance at 31 March 2022 £000
General Fund	(7,000)	0	(1,000)	(8,000)	0	(1,500)	(9,500)
Earmarked Reserves:							
Balances held by schools under a scheme of delegation	(8,004)	8,009	(13,419)	(13,414)	13,432	(14,322)	(14,304)
Other Earmarked Reserves:							
Synthetic Pitch Replacement Reserve							
This will be used towards replacing one synthetic pitch within the Borough.	(78)	0	(15)	(93)	0	(15)	(108)
Insurance Reserve							
Funds earmarked for future claims and to carry out various risk management initiatives.	(1,900)	200	(0)	(1,700)	250	(89)	(1,539)
Delegated Service Budgets							
Revenue budget under/overspends to be carried forward as part of the Council's Medium Term Financial Plans.	(2,181)	1,095	(5,534)	(6,620)	2,512	(2,978)	(7,086)
ICT Development							
Investment in new ICT to improve efficiency Council-wide.	(625)	371	(335)	(589)	241	(911)	(1,259)
Dedicated Schools Grant (DSG)							
Government grants specifically for the funding of schools and schools' related services.	(2,895)	1,142	(0)	(1,753)	1,821	(68)	0
Elections Reserve							
To smooth the elections budget across the 4 year Municipal cycle.	(144)	31	(195)	(308)	50	(5)	(263)

10. Transfers to/from Earmarked Reserves (continued)

	Balance as at 1 April 2020 £000	Movements Out 2020/21 £000	Movements In 2020/21 £000	Balance at 31 March 2021 £000	Movements Out 2021/22 £000	Movements In 2021/22 £000	Balance at 31 March 2022 £000
Transformation Reserve							
Moneys set aside to pump prime the achievement of the next stage of efficiencies through the Transformation Programme.	0	0	(306)	(306)	0	0	(306)
Interest Rate Reserve							
To smooth the effect on the Council's budget of volatile movements in interest rates.	(2,132)	1,433	(1,462)	(2,161)	213	(619)	(2,567)
Waste Levy Reserve							
To smooth the effects on the Council's budget of movements in the waste levy over the medium term.	(1,059)	488	0	(571)	0	(780)	(1,351)
Long Term Accommodation Decant Reserve							
To cover the cost of accommodation changes arising from the Long Term Accommodation Project.	(603)	54	(209)	(758)	130	(132)	(760)
Employment Rationalisation Reserve							
To cover the cost of rationalising the employment of staff by the Council.	(1,000)	334	(500)	(1,166)	366		(800)
Capital Reserve							
Investment in disabled facilities schemes.	0	0	(1000)	(1000)	0	0	(1,000)
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 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.	0	0	0	0	0	0	0

10. Transfers to/from Earmarked Reserves (continued)

	Balance as at 1 April 2020 £000	Movements Out 2020/21 £000	Movements In 2020/21 £000	Balance at 31 March 2021 £000	Movements Out 2021/22 £000	Movements In 2021/22 £000	Balance at 31 March 2022 £000
Economic Development Reserve							
Reserve set aside to earmarked grant specifically for economic development related projects (previously held within Service Earmarked Reserve).	(663)	112	(154)	(704)	58	(792)	(1,438)
Manchester Airport Dividend Smoothing Reserve							
Dividends received above budget to be used to support future years' Revenue Budgets.	(550)	550	0	(0)	0	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.	(9,855)	24,930	(21,422)	(6,347)	7,303	(12,607)	(11,651)
Business Rates and NDR deficit 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. It is also used to meet Trafford's share of the NDR Deficit. Included in this reserve is the Section 31 grant used to cover the Collection Fund deficit in 2021/22	(8,770)	8,383	(89,731)	(90,118)	88,191	(42,162)	(44,089)
Transformation Fund Reserves							
Monies allocated from Greater Manchester Health and Social Care Partnership for the transforming of health and social care services, in addition to monies set aside by the Council to match fund expenditure in the Transformation Fund.	(4,818)	2,000	(1,464)	(4,282)	2,458	0	(1,824)
Strategic Investment Property Risk Reserve							
The strategic investment property risk reserve was established to be used to offset any fluctuations in investment property	(3,893)	827	(3,136)	(6,201)	946	(1,054)	(6,309)

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	Balance as at 1 April 2020 £000	Movements Out 2020/21 £000	Movements In 2020/21 £000	Balance at 31 March 2021 £000	Movements Out 2021/22 £000	Movements In 2021/22 £000	Balance at 31 March 2022 £000
COVID-19 Grants Reserve							
Government Grant to support local COVID-19 pressures	(4,722)	4,722	0	0	0	0	0
COVID-19 General Reserve							
New Reserve created to support local COVID-19 pressures	0	0	(20,672)	(20,672)	13,575		(7,097)
Council Tax Collection Fund Reserve							
To smooth the timing difference in Trafford's shortfall of estimated Council Tax Surplus	(285)	0	0	(285)	285	0	0
Bus Reform Reserve							
Potential contribution to the Bus reform in 2021	(1,500)	1,500	(1,500)	(1,500)	0	0	(1,500)
Other Reserves							
Other amounts earmarked for specific purposes.	(7,391)	4,835	(4,159)	(6,714)	1,582	(8,137)	(13,269)
SALE PFIRESERVE							
Reserve set aside to fund the final bullet payment	0	0	(1,086)	(1,086)		(146)	(1,232)
Council Tax Hardship reserve							
Unspent grant set aside to pay for future costs of the scheme	0	0	(1,131)	(1,131)	1,131	0	0
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	(767)	(767)	258	0	(509)
Business Rates 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	(3,990)	(3,990)	1,330		(2,660)
Total Other Earmarked Reserves	(55,184)	53,007	(158,768)	(160,942)	122,700	(70,495)	(108,737)
Total Earmarked Reserves (incl. Schools)	(63,188)	61,016	(172,187)	(174,356)	136,132	(84,817)	(123,041)
Total Reserves	(70,185)	61,017	(173,186)	(182,355)	136,132	(86,317)	(132,541)

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11. Other Operating Expenditure (Comprehensive Income & Expenditure Statement page 33)

2020/21 £000		2021/22 £000
86	Parish council precepts (i)	94
32,406	Levies (ii)	31,881
685	Amount written off on disposal of non-current assets	6,808
(66)	Sale proceeds from disposal of non-current assets	(7,533)
78	Cost of disposal of non-current assets	221
33,189	Total	31,471

- (i) Partington Town Council at its meeting on 7 December 2020, elected to keep the level of Band D council Tax at £52.04 in 21/22, the same as in 2020/21. With a Parish Tax Base of £1,578 (£1,573 in 2020/21) 2021/22 the precept was £82,119 (£81,859 in 2020/21). The Council also agreed to provide grant of £10,000 to support the 2021/22 precept, the same as in 2020/21, in addition to the Parish Council grant of £26,569 (£26,569 in 2020/21), both of which are contained within the Cost of Services.

Carrington Parish Council passed a resolution on 17 December 2020 to keep the Band D Council Tax at £30.00 in 2021/22, the same as in 2020/21. With a Parish Tax Base of 126 (125 in 2020/21) in 2021/22 the precept was 3,780 (3,750 in 2020/21). The Parish council also received a grant of £2,098 the same as in 20/22, which is contained within the Cost of Services.

Warburton Parish Council at its meeting on 3 November 2020, elected to set a Band D Council Tax of £50.00 in 2021/22. With a Parish Tax Base of 165 (nil 20/21) the precept was 8,250. They agreed not to set a precept in 20/21.

Dunham Massey Parish Council is not setting a Precept in 2021/22, the same as 20/21.

- (ii) Included are levies as follows:

2020/21 Expenditure £000		2021/22 Expenditure £000
146	Flood Defence	146
16,084	Waste Disposal Authority	15,625
16,176	GM Combined Authority	16,110
32,406	Total	31,881

12. Financing and Investment Income and Expenditure (Comprehensive Income & Expenditure Statement page 33)

2020/21 £000		2021/22 £000
10,376	Interest payable and similar charges	9,486
(15,985)	Interest income on plan assets (pensions)	(17,562)
22,176	Interest cost on defined benefit obligation (pensions)	24,976
(3,074)	Interest receivable and similar income (i)	(2,529)
1,490	Income and expenditure in relation to investment properties and changes in their fair value (ii)	(7,965)
35	Gains and losses arising from the revaluation of financial assets measured at fair value through profit and loss	(847)
1,563	Residual (Surplus)/deficit on trading undertakings (iii)	(2,017)
-	Other Charges (iv)	5,751
(12,656)	Other investment income (v)	(9,141)
-	(Profit)/Loss on Disposal of Academy non-current assets	-
3,925	Total	152

(i) During 2021/22 the average amount invested in the money market was £122.0m, at an average interest rate of 0.35%. Investment interest generated for the year was £3.585m, 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 2020/21 the average amount invested was £76.9m at an average rate of 0.76%, producing £3.074m of investment interest, including £2.171m from the Airport.

(ii) Includes increase/(decrease) in the fair value of investment properties £1.968m 21/22 (£5.419m in 2020/21). Net expenditure/(income) on investment properties is £(5.997)m, (£(3.929)m in 2020/21).

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

(iv) The early repayment of PWLB loan in 2021/22 incurred an early repayment premium of £5.75m.

(v) This includes interest and dividend income in relation to Strategic Property Investments of £(9.141)m in 2021/22 (£(12.656)m in 2020/21).

13. Taxation and Non-Specific Grant Income (Comprehensive Income & Expenditure Statement page 33)

2020/21 £000		2021/22 £000
(101,921)	Council Tax income	(109,593)
(68,513)	Non domestic rates*	(69,383)
(23,213)	Non ring-fenced government grants*	(10,667)
(11,254)	Capital grants and contributions*	(19,710)
(204,901)	Total	(209,353)

* Further detail on grants is shown in note 40.

14. Property, Plant and Equipment (Balance Sheet page 35) Movements on Balances 2021/22:

	Other land & buildings £000	Vehicles, plant & equipment assets £000	Community assets £000	Surplus assets £000	Assets under construction £000	Total £000
COST OR VALUATION:						
As at 1 April 2021	357,747	24,340	23,383	20,038	12,853	438,361
Additions	8,066	657	485	25	7,862	17,095
Disposals (incl. adj. for academy school transfers)	(6,157)	-	-	-	-	-6,157
Accumulated depreciation written out on revaluation	(11,939)	-	-	-	-	-11,939
Reclassification to Assets Held for Sale	-	-	-	1,300	-	1,300
Other Reclassifications	1,945	163	21	-	(8,431)	-6,302
Revaluation increases/(decreases) recognised in the revaluation reserve	63,459	-	-	2,803	-	66,262
Revaluation increases/(decreases) recognised in the surplus/deficit on the provision of services	-	-	-	-	-	0
As at 31 March 2022	413,121	25,160	23,889	24,166	12,284	498,620

14. Property, Plant and Equipment (continued):

	Other land & buildings £000	Vehicles, plant & equipment assets £000	Community assets £000	Surplus assets £000	Assets under construction £000	Total £000
As at 1 April 2021	(53,581)	(20,820)	(6,057)	(5,552)	-	(86,010)
Depreciation charged to CIES (ii)	(11,443)	(564)	(361)	-	0	(12,368)
Revaluation downwards charged to CIES	9,060	-	-	(222)	0	8,838
Impairment written off to Revaluation Reserve	-	-	-	-	-	0
Revaluation Reserve	-	-	-	-	-	0
Disposals	1,915	-	-	-	-	1,915
Reclassifications	-	-	-	-	-	0
Accumulated depreciation and impairment written out on revaluation adj.	11,939	-	-	-	-	11,939
Revaluations	-	-	-	-	-	0
As at 31 March 2022	(42,110)	(21,384)	(6,418)	(5,774)	0	(75,686)
NET BOOK VALUE:						
Balance Sheet amount as at 31 March 2022	371,011	3,776	17,471	18,392	12,284	422,934
Nature of Asset Holding						
Owned	359,219	3,776	17,471	18,392	12,284	411,142
Finance Lease	-	-	-	-	-	-
PFI (i)	11,792	-	-	-	0	11,792
Total	371,011	3,776	17,471	18,392	12,284	422,934

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

Movement in PFI Asset Value	£000
Opening Value 1 April 2021	11,549
Additions	117
Less Depreciation	(237)
Less Impairment	363
Closing Value 31 March 2022	11,792

(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 2020/21 and 2021/22.

Comparative Movements in 2020/21:

	Other land & buildings £000	Vehicles, plant & equipment 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	22,086	17,379	7,418	420,568
Additions	7,630	830	859	640	7,129	17,088
Disposals (incl. adj. for academischool 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	-	0
Restatement due to transfer from AUC 31/3/20	997	435	438	0	(1,694)	176
Restatement due to transfer from Assets Under Construction	-	-	-	-	-	0
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	-	-	-	-	-	0
As at 31 March 2021	357,746	24,340	23,383	20,038	12,853	438,361

Comparative Movements in 2020/21 (Continued):

	Other land & buildings £000	Vehicles, plant & equipment 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)	(5,725)	(4,060)	0	(82,764)
Depreciation charged to CIES (ii)	(11,948)	(463)	(332)	0	0	(12,743)
Revaluation downwards charged to CIES	(11,808)	0	0	(1,492)	0	(13,300)
Impairment written off to Revaluation Reserve	0	0	0	0	0	0
Revaluation Reserve	0	0	0	0	0	0
Disposals	270	0	0	0	0	270
Reclassifications	0	0	0	0	0	0
Accumulated depreciation and impairment written out on revaluation adj.	22,526	0	0	0	0	22,526
Revaluations	0	0	0	0	0	0
As at 31 March 2021	(53,580)	(20,821)	(6,058)	(5,552)	0	(86,011)
NET BOOK VALUE:						
Balance Sheet amount as at 31 March 2021	304,166	3,520	17,326	14,486	12,853	352,351
Nature of Asset Holding						
Owned	292,617	3,520	17,326	14,486	12,853	340,802
Finance Lease	0	0	0	0	0	0
PFI (i)	11,549	0	0	0	0	11,549
Total	304,166	3,520	17,326	14,486	12,853	352,350

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. 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		3,776		3,776
Valued at current value in:				
Current Year (31 March 2022)	256,449		18,392	274,841
Previous Year (1 April 2021)	89,243			89,243
Two years ago (1 April 2020)	14,276			14,276
Three years ago (1 April 2019)	4,891			4,891
Four years ago (1 April 2018)	6,156			6,156
Total	371,015	3,776	18,392	393,183

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.

The fair value for surplus assets 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.

Significant commitments under capital contracts as at 31 March 2022

As at 31 March 2022 the Council was contractually committed to capital expenditure which amounted to approximately £6.17m. Major contracts included the following schemes:

	£000
Firs Primary School, Sale	3,390
Public Sector De-carbonisation Programme	2,778
Total at 31 March 2022	6,168

14a. Infrastructure Assets

In accordance with the temporary relief offered by the Update to the Code on Infrastructure Assets introduced through the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position of the Council to the users of the financial statements.

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

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

Net Book Value (modified historic cost)	2020/21 £000	2021/22 £000
Balance at 1 April	172,888	173,058
Additions	5,147	5,561
Depreciation	(5,019)	(5,247)
Impairment	42	821
Net Book Value Balance at 31 March	173,058	174,193

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

Asset description	Useful Life
HIGHWAYS	40
STREET LIGHTING	40
BRIDGES	40
TRAFFIC MANAGEMENT & ROAD SAFETY	40
CULVERTS & W'CURSES	25
LANDFILL GAS EXPEND.	25
HIGHWAYS - MAINTENANCE WORKS	10

15. Heritage Assets (Balance Sheet page 35)

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	2020/21 £000	2021/22 £000
Opening Value 1 April	991	985
Additions	-	-
Reclassifications	-	-
Disposals	-	-
Less Depreciation	(6)	(6)
Less Impairment	-	-
Closing Value 31 March	985	979

16. Investment Properties (Balance Sheet page 35)

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

	2020/21 £000	2021/22 £000
Balance at start of year	113,520	108,124
Additions:		
Purchases		
Construction		
Subsequent expenditure	8	-
Disposals		
Net gains/(losses) from fair value adjustments	(5,419)	1,968
Transfers:		
to/from Inventories		
to/from Property, Plant & Equipment	15	(1,219)
Other changes		
Balance at end of year	108,124	108,873

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:

	2020/21 £000	2021/22 £000
Rental income from investment property	(7,608)	(7,807)
Direct operating expenses arising from investment	3,679	1,810
Net (gain)/loss	(3,929)	(5,997)

17. Intangible Assets (Balance Sheet page 35)

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 £0.523m charged to revenue in 2021/22 (£0.500m in 2020/21) 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:

	2020/21			2021/22		
	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		8,990	8,990		9,109	9,109
Accumulated amortisation		(3,858)	(3,858)		(4,358)	(4,358)
Net carrying amount at start of year		5,133	5,133		4,751	4,751
Additions:						
Purchases		351	351		239	239
Amortisation for the period		(500)	(500)		(523)	(523)
Other changes		(232)	(232)			
Net carrying amount at end of year		4,751	4,751		4,467	4,467
Comprising:						
Gross carrying amounts		9,109	9,109		9,348	9,348
Accumulated amortisation		(4,358)	(4,358)		(4,881)	(4,881)
Balance at the end of the year		4,751	4,751		4,467	4,467

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	
	2021	2022	2021	2022	2021	2022	2021	2022	2022
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Fair value through profit and loss									
Church Commissioner Local Authority Fund - Principal	4,827	5,674	0	0	0	0	0	0	5,674
Sub-total – Fair value through profit and loss	4,827	5,674	0	0	0	0	0	0	5,674
Amortised Cost									
Other Investments									
Principal (i)	0	0	0	0	49,499	76,199	0	0	76,199
Accrued Interest (i)	0	0	0	0	35	95	0	0	95
Cash and cash equivalent:									
Cash at Bank	0	0	0	0	18,043	16,743	0	0	16,743
Principal	0	0	0	0	25,050	30,740	0	0	30,740
Accrued interest	0	0	0	0	4	20	0	0	20
Other Financial Instruments									
MAH Loans (included within Long term debtors)	0	0	29,650	29,650	0	0	0	0	29,650
MAH Loans (included within Long term debtors)- Accrued Interest	0	0	4,038	7,329	0	0	0	0	7,329
Homestep Loans (included within Long term debtors)	0	0	631	586	0	0	0	0	586
Capital Loans (included within Long term debtors)	0	0	47,707	47,738	0	0	78,793	46,776	94,514

	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	
	2021	2022	2021	2022	2021	2022	2021	2022	2022
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Treasury Asset Investments (included within Long term debtors)	0	0	17,600	11,934	0	0	0	0	11,934
Trafford Leisure CIC	0	0	1,140	1,140	0	0	0	0	1,140
Trafford Leisure CIC Accrued Interest	0	0	13	27	0	0	0	0	27
Trade Debtors (included within Short term debtors)	0	0	0	0	0	0	9,667	10,407	10,407
Church Commissioner Local Authority Fund – Accrued Interest (i)	0	0	0	0	56	54	0	0	54
Sub-total – amortised cost	0	0	100,779	98,404	92,687	123,851	88,460	57,183	279,439
Fair value through other comprehensive income –designated equity instruments									
Manchester Airport Holdings (MAH) Shareholding (See note on “Interest in Companies” on page 62)	17,660*	18,600	0	0	0	0	0	0	18,600
Manchester Airport Holdings (MAH) Shareholding Car Park (iii)	5,700	4,800	0	0	0	0	0	0	4,800
Sub-total – Fair value through other comprehensive income	23,360	23,400	0	0	0	0	0	0	23,400

	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	
	2021	2022	2021	2022	2021	2022	2021	2022	
	£000	£000	£000	£000	£000	£000	£000	£000	
Total financial Instruments (included in Financial Assets)	28,187	29,074	100,779	98,404	92,687	123,851	88,460	57,183	308,513
Other Financial Assets:									
Investments included in Group Accounts (ii)									
Equity - Trafford Bruntwood LLP – K site	11,101	11,308	0	0	0	0	0	0	11,308
Equity - Trafford Bruntwood LLP – Stamford & Stretford Malls	25,585	25,871	0	0	0	0	0	0	25,871
Sub-total – amortised cost	36,686	37,179	0	0	0	0	0	0	37,179
Other (ii)									
Section 106 debtors (included within Short term debtors)	0	0	0	0	0	0	2	1,026	1,026
Total Financial Assets	64,873	66,252	100,779	98,404	92,687	123,851	88,462	58,209	346,718

*see note 54 Prior Period Adjustments for details on restatement of 2020/21

- (i) The sum Short Term Investment Principal (£76.199m), Accrued Interest (£0.149m) equals Short Term Investments and as per the balance sheet (£76.348m).
- (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's group accounts
- (iii) The MAH shareholding has been designated at Fair Value through Other comprehensive Income on the basis that the MAH 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	
	2021	2022	2021	2022	2021	2022	2021	2022	2022
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Amortised Cost									
Principal	(350,218)	(318,167)	0	0	(29,916)	(4,256)	0	0	(322,423)
Accrued Interest	0	0	0	0	(1,879)	(1,693)			(1,693)
Market loans EIR adjustments	(800)	(785)	0	0	0	0	0	0	(785)
Trade Creditors (included within short term creditors)	0	0	0	0	0	0	(6,841)	(5,146)	(5,146)
Sub-total amortised cost - (per balance sheet)	(351,018)	(318,952)	0	0	(31,795)	(5,949)	(6,841)	(5,146)	(330,047)
Market loans EIR adjustments	0	0	0	0	(15)	(15)	0	0	(15)
PFI and finance lease liabilities	(4,433)	(4,104)	0	0	(327)	(328)	0	0	(4,433)
Sub-total - Other (included in long term liabilities and short term creditors)	(4,433)	(4,104)	0	0	(342)	(343)	0	0	(4,448)
Total financial liabilities	(355,451)	(323,056)	0	0	(32,137)	(6,292)	(6,841)	(5,146)	(334,495)

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:

	2021/22		2020/21	
	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	(847)		36	0
- CCLA Interest	(217)		(237)	0
Investments in equity instruments designated at fair value through other comprehensive income				
- MAH Share revaluation		(940)	0	3,640
- MAH Shares (project Apollo)		900	0	(90)
- MAH Share dividend		0	0	0
Total net (gains)/losses	(1,064)	(40)	(201)	3,550*
Interest revenue:				
Financial assets measured at amortised cost				
- Investment interest	(197)		(327)	0
Total interest revenue	(197)		(327)	0
Interest expense				
Financial assets measured at amortised cost				
- Loan interest payable	9,400		9,911	0
Total interest expense	9,400		9,911	0

*see note 54 Prior Period Adjustments for details on restatement of 2020/21

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 31/3/22 £000	As at 31/3/21 £000
Church Commissioners Local Authority Property Fund	Level 1	Unadjusted quoted prices in active markets for identical shares	5,674	4,826
Manchester Airport Holdings *	Level 2	Earning Based	18,600	17,660
Manchester Airport Holdings	Level 2	Discounted cash flow method	4,800	5,700
Total			29,074	28,186

* The 2020/21 valuation have been restated following the correction of the error identified in the valuation of the Council's shareholding in Manchester Airport Group.

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

31 March 2022	Other significant observable inputs (Level 2)	Total
	£000	£000
Financial liabilities		
Financial liabilities held at amortised cost:		
- PWLB	346,495	346,495
- Non-PWLB	55,519	55,519
- Trade Creditors	5,146	5,146
PFI and finance lease liability	5,317	5,317
Total	412,477	412,477
Financial assets		
Financial assets held at amortised cost:		
- Investments	107,108	107,108
- Cash at Bank	16,743	16,743
MAH loans	36,978	36,978
Homestep loans	586	586
Capital Loans	94,514	94,514
Treasury Asset Investment	11,934	11,934
Trafford Leisure CIC	1,140	1,140
Trade debtors	10,407	10,407
Total	279,410	279,410

Comparator year

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
MAH 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

The fair value for financial liabilities and financial assets that are not measured at fair value included in Level 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 Holdings & 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 £18.6m and £4.8m 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 publicly 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 Holdings for 2019, 2020, and 2021 along with interim 6 month reports for the period ending 30 September 2021. These shares are subject to an annual valuation and in 2021/22 increased in value by £0.94m for the main shareholding and a reduction of £0.9m for the car park shareholding (project Apollo).

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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 2021/22 the fair value of the shares are £11.31m compared to £11.10m in 2020/21. 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 2022.

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. Redevelopment is currently underway to aid with the redevelopment of the area, as part of the Stretford Masterplan. The shares in this company are not traded in an active market and for the financial year 2021/22 the fair value of the shares are £8.68m, the same as 2020/21. 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 2021/22 the fair value of the shares are £16.91m, the same as 2020/21. 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 allowing the exit cost to be calculated without undertaking a repayment or transfer it is appropriate to disclose the exit price.
- For investments the prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the principal outstanding or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount;

The fair values calculated are as follows:

Liabilities							
	31 March 2021		31 March 2022				
	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	318,316	425,284	286,172	0	1,452	287,624	346,494
Market	64,497	88,174	36,251	785	241	37,277	55,519
Trade creditors (included within short term creditors)	6,841	6,841	5,146	0	0	5,146	5,146
Sub total	389,654	520,299	327,569	785	1,693	330,047	407,159
PFI & finance lease	4,452	5,731	4,434	0	0	4,434	5,317
Sub total	4,452	5,731	4,434	0	0	4,434	5,317
Total	394,106	526,030	332,003	785	1,693	334,481	412,476

Assets						
	31 March 2021		31 March 2022			
	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	18,043	18,043	16,743	0	16,743	16,743
- Deposits	12,550	12,550	30,740	20	30,760	30,760
Sub total	30,593	30,593	47,483	20	47,503	47,503
Financial Instruments						
Deposits over 1 year	0	0	0	0	0	0
Deposits under 1 year	62,409	62,409	76,199	95	76,294	76,294
CCLA Property Fund	4,883	4,883	5,674	54	5,728	5,728
MAH Loans (included within Long term debtors)*	33,689	35,001	29,649	7,329	36,978	33,590
Homestep Loans (included within Long term debtors)	631	631	586	0	586	586
Capital Loans (included within Long term debtors)	125,435	127,044	94,514	0	94,514	81,782
Treasury Asset Investment (included within Long term debtors)	17,615	18,606	11,934	0	11,934	18,606
Trafford Leisure CIC	1,153	1,153	1,140	27	1,167	1,167
Trade Debtors (included within short term debtors)	9,667	9,667	10,407	0	10,407	10,407
Sub total	255,482	259,394	230,103	7,505	237,608	228,160

Assets						
	31 March 2021		31 March 2022			
	Carrying Amount £000	Fair Value £000	Principal £000	Add accrued Interest £000	Carrying Amount £000	Fair Value £000
Other Financial Instruments						
MAH Shareholding*	17,660	17,660	18,600	0	18,600	18,600
MAH Shareholding Car Park	5,700	5,700	4,800	0	4,800	4,800
Sub total	23,360	23,360	23,400	0	23,400	23,400
Total	309,435	313,347	300,986	7,525	308,511	299,063

* The 2020/21 valuation have been restated following the correction of the error identified in the valuation of the Council's shareholding in Manchester Airport Group.

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 2022) 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 £286.2m and Market loans of £36.2m would be valued at £280.8m and £48.3m 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 £346.5m and for Market loans £55.5m.

19. Inventories (Balance Sheet page 35)

The Council held the following inventories at 31 March 2021 and 2022. All are related to consumable stores.

Consumable Stores		
	2020/21 £000	2021/22 £000
Balance outstanding at start of year	365	78
Purchases*	1,249	6
Recognised as an expense in the year*	(1,536)	(3)
Written off balances	-	-
Balance outstanding at year-end	78	81

* 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, 2020/21 and 2021/22. 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 35)

Long Term Debtors & Prepayments

2020/21 £000		2021/22 £000
526	Her Majesty's Prison & Probation Service (previously Probation Service) (i)	461
33,688	Manchester Airport Plc. (ii)	36,978
320	Sale PFI – lifecycle replacement (iii)	429
631	Homestep Loans (iv)	586
65,306	Capital Loans (v)	59,672
65	Town Centre Loans (vi)	73
1,153	Loans to Leisure Organisations (vii)	1,207
101,689	Total	99,406

(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 has made three loans to Manchester Airport Holdings, to finance capital expenditure, to a total value of £29.6m:

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- £8.7m in 2009/10 set to expire in 2055,
- £11.3m in 2018/19, in two tranches of £5.6m for repayment in 2056 and 2057, and
- £9.7m in 2020/21 set to expire in 2058

Since 2020, due to the impact of the pandemic the collection of all interest payments on all loans was suspended with the accumulated interest held as a Long Term Debtor. The balance on the accumulated loan interest deferred debtor is £7.3m as at 31st March 2022 (£4.03m 2020/21).

- (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 number of new schemes have been approved during the year, including an additional £12m at Castle Irwell for Phase 2 of the residential scheme. A £16m investment into the Stamford Quarter LLP, has been approved, to fund regeneration schemes in Altrincham, split £8.0m for both equity and debt. A provision of £4.6m for a regeneration scheme in Hale Village which will provide new housing and community facilities, including a library. In January 2022, the loan facility for the CIS Tower was part repaid by £24m as the scheme progresses to its next stage and, following an approval to extension by the IMB, the remainder due to be repaid in 2022/23. The first phase of the Castle Irwell scheme has also begun to be repaid as elements of the residential development are sold, with £10.0m repaid to date.
- (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 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 Loans - The Council has agreed two loan agreements, one 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. A further advance has been made to George Carnell of £0.04m

Short Term Debtors and Payments in Advance		
2020/21 £000	Amounts falling due within one year	2021/22 £000
8,520	Council Tax	8,689
14,429	Business Rates	12,435
8,240	Other Government Departments	12,675
6,267	Payments in advance	5,588
78,793	Capital loans (i)	46,777
25,329	Other (ii)	16,104
141,578	Sub Total	102,268
(27,394)	Less Provision for Expected Credit Loss	(25,785)
114,184	Total	76,483

- (i) Capital Loans – the 2021/22 balance reflects development loans and deferred interest on two loan schemes, due for repayment in 2022/23. The reduction from the comparable 2020/21 figure is due to two large short term loans, of a total £41.9m, being repaid in 2021/22.
- (ii) Other Debtors – Includes Debtors relating to Housing Benefit Overpayment £4.4m, Adults Social Care Debtors £4.01m, General System Debtors and Manual Accruals £18.9m, Capital Debtors and Section 106 of £3.7m.

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

Short Term Debtors and Payments in Advance by Party		
2020/21 £000		2021/22 £000
5,719	Central Government Bodies	8,216
(5,454)	Other Local Authorities	978
2,521	National Health Service Bodies	4,459
111,398	Bodies External to General Government	62,830
114,184	Total	76,483

22. Cash and Cash Equivalents (Balance Sheet page 35)

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

2020/21 £000		2021/22 £000
18,043	Cash held by the Council/Bank current accounts	16,744
25,050	Short-term deposits	30,740
4	Short-term deposits - Accrued Interest	20
43,097	Total Cash and Cash Equivalents	47,504

23 Assets Held for Sale (Balance Sheet page 35)

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	
	2020/21 £000	2021/22 £000
Balance at start of year	2,950	4,481
Assets newly classified as held for sale:		
Property, Plant and Equipment	1,831	6,700
Assets held as declassified for sale:		
Assets sold	0	(2,565)
Transfers from Assets Held for Sale to Surplus Assets (i)	(300)	(1,300)
Balance at year-end	4,481	7,316

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 35)

Long Term Creditors

Long-Term Liabilities – Deferred		
2020/21 £000		2021/22 £000
(4,434)	Sale PFI – Finance Lease liability (i)	(4,104)
(831)	Environmental Surcharge Crematoria (ii)	(839)
(64)	Trafford Park Development Corporation (iii)	(57)
(1,318)	Commuted sums/S106 agreements (iv)	(1,313)
(6,647)	Total	(6,313)

- (i) This relates to the lease liability on the Sale Waterside PFI scheme (note 44).
- (ii) 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.
- (iii) 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 £0.057m as at 31 March 2022.
- (iv) 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		
2020/21			2021/22
£000			£000
(3,316)	HM Revenue and Customs		(3,427)
(16,696)	Other Government Departments		(38,240)
(23,569)	Sundry Creditors		(33,579)
(5,603)	Employees – accumulated absences		(5,724)
(3,438)	Receipts in Advance – Council Tax		(3,641)
(7,823)	Receipts in Advance – NDR		(8,232)
(5,087)	Other Receipts in Advance		(2,865)
(65,532)	Total		(95,708)

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

	Short Term Creditors by Party		
2020/21			2021/22
£000			£000
(20,012)	Central Government Bodies		(39,241)
(1,994)	Other Local Authorities		(4,044)
1	National Health Service Bodies		(582)
0	Public Corporations and Trading Funds		0
(43,527)	Bodies External to General Government		(51,841)
(65,532)	Total		(95,708)

25. Provisions (Balance Sheet page 35)

The Council has the following total provisions at 31 March 2022:

Total Provision	Balance 1 April 2020 £000	Net Movement in Year in Year £000	Balance 1 April 2021 £000	Net Movement in Year in Year £000	Balance 31 March 2022 £000
Insurance (i)	(3,164)	(53)	(3,217)	(108)	(3,325)
Equal Pay (ii)	(220)	2	(218)	1	(217)
VAT on DFG Admin fees (iii)	(232)	41	(191)	55	(136)
Employment Rationalisation (iv)	-	(230)	(230)	160	(70)
MMI Clawback (v)	(92)	-	(92)	-	(92)
NDR Appeals (vi)	(38,352)	(1,966)	(40,318)	3,131	(37,187)
Land charges litigation costs (vii)	(34)	-	(34)	-	(34)
Ordinary Residence Cases (viii)	(235)	(48)	(283)	(47)	(330)
Section 117 Aftercare (ix)	(1,497)	1,057	(440)	(64)	(504)
Schools with deficit cash balances (x)	(93)	(136)	(229)	229	-
Planning Inquiry (xi)	(103)	-	(103)	-	(103)
Impact of COVID-19 on Let Estate rents (xii)	-	(253)	(253)	(499)	(752)
Total	(44,022)	(1,586)	(45,608)	2,858	(42,750)

- (i) Insurance £3.325m – 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 2021/22 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 2021/22, from a starting balance of £3.217m net contributions of £0.690m were made to the provision, £0.582m of claims were paid, leaving a balance on the provision of £3.325m 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 £0.217m. The movements in year of £0.001m are in respect of 5 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 £0.136m. 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 £70k (£230k in 2020/21).

- (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 2022. 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 2021/22 has been calculated at £3.163m, of which Trafford's share at 99% is £3.131m.
- (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. The increase in year represents the amount for estimated costs in 21/22.
- (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 net increase of £64k in year is due to a full re-evaluation of existing provisions resulting in a decrease in the value of backdated costs for one existing case and an increase for another existing case to account for the costs incurred in the 21/22 financial year.
- (x) Schools with deficit cash balances - are monies set aside to cover estimated deficits on schools in special measures transferring to academy status.
- (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 2022 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 2021	(513)	(3,624)	(40,319)	(1,152)	(45,608)
Additional provisions made		(407)	2,372	(334)	1,631
Amounts used	56	252	759	160	1,227
Balance as at 31 March 2022	(457)	(3,779)	(37,188)	(1,326)	(42,750)

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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:

2020/21 £000	Provisions	2021/22 £000
(397)	Insurance	(509)
(218)	Equal Pay	(217)
(230)	Employee Rationalisation	(70)
(92)	MMI Clawback	(92)
(30,546)	NDR Appeals	(28,172)
(34)	Land charges litigation costs	(34)
(283)	Ordinary Residence Cases	(330)
(229)	Impact of COVID-19 on Let Estate rents	-
(32,029)	Total Short Term	(29,424)
(2,818)	Insurance	(2,814)
(9,773)	NDR Appeals	(9,015)
(191)	VAT on DFG Admin fees	(103)
(440)	Section 117 aftercare	(504)
(103)	Planning Inquiry	(136)
(253)	Impact of COVID-19 on Let Estate rents	(752)
(13,579)	Total Long Term	(13,324)
(45,608)	Total	(42,749)

26. Usable Reserves (Balance Sheet page 35)

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

2020/21 £000	Usable reserves	2021/22 £000
(8,000)	General Fund	(9,500)
(13,414)	Schools Reserves (i)	(14,303)
(160,941)	Earmarked Reserves (ii)	(108,738)
(281)	Capital receipts Reserve (iv)	(403)
(64)	Revenue Grants Unapplied	(360)
(17,649)	Capital Grants Unapplied	(20,885)
(200,349)		(154,189)

(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 2022 were £(14.371)m (£(12.822)m at 31 March 2021).

At 31 March 2021 there were 3 schools with a deficit balance on their revenue reserves, amounting to £207k, whilst 57 schools had surplus balances amounting to £(14.579)m.

In addition, there are unspent devolved formula capital balances of £(0.706)m, which are included within Capital Grants and Contributions on the balance sheet (note 40).

(iii) Earmarked Reserves

Details of all earmarked reserves and movements are shown in Note 10. The balance at 31st March 2021 of £160.941m includes a central Dedicated School Grant Reserve of £(1.753m). The balance at 31st March 2022 was a deficit of £0.067m. In line with revised regulations the deficit is now held in a Dedicated Schools Grant Adjustment Account within unusable reserves. See Note 27 (vii).

(iv) **Capital Receipts Reserve**

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

2020/21 £000	Capital Receipts Reserve	2021/22 £000
(303)	Balance carried forward at 1 April	(281)
(74,508)	Capital receipts in the year from sale of assets (net of disposal costs)	(73,233)
(74,811)	Sub-total	(73,514)
10	Amount used to finance capital expenditure in year	3,790
74,520	Use of Capital Receipts to reduce CFR	69,320
(281)	Balance carried forward at 31 March	(404)

27. Unusable Reserves (Balance Sheet page 35)

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.

Restated 2020/21 £000	Unusable Reserves	2021/22 £000
(116,112)	Revaluation Reserve (i)	(174,758)
(7,363)*	Financial Instruments Revaluation Reserve (ii)	(8,250)
(304,540)	Capital Adjustment Account (iii)	(329,543)
15,048	Financial Instruments Adjustment Account (iv)	20,242
379,528	Pensions Reserve (v)	249,988
89,388	Collection Fund Adjustment Account (vi)	34,227
-	DSG Adjustment Account (vii)	68
5,603	Accumulated Absences Account (viii)	5,724
61,553	Total Unusable Reserves	(202,302)

*see note 54 Prior Period Adjustments for details on restatement of 2020/21

(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

2020/21 £000	Revaluation Reserve	2021/22 £000
(95,173)	Balance as at 1 April	(116,112)
-	Adjustment for prior years accumulated impairment *	-
(95,173)	Sub-Total	(116,112)
(25,541)	Upward revaluation of assets	(66,261)
	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	
(120,714)		(182,373)
-	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	-
4,332	Difference between fair value depreciation and historical cost depreciation	4,187

270	Accumulated gains on assets sold or scrapped	3,428
4,602	Amount written off to the Capital Adjustment Account	7,615
(116,112)	Balance as at 31 March	(174,758)

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 2021/22 the Council revalued its shareholding in Manchester Airport which resulted in an increase in value from £23.36m to £23.4m 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 increased from an opening position of £4.82m at 1 April 2021 to close at £5.67m at 31 March 2022 and it is expected that this investment will be in place for a minimum period of 5 years.

Restated 2020/21 £000*	Financial Instruments Revaluation Reserve	2021/22 £000
(19,848)	Balance as at 1 April	(7,363)
8,900	Prior year adjustment to restate opening balance	
(10,948)	Restated balance at beginning of the year	
3,550	Downward / (Upward) revaluation of investment - Airport	(40)
35	Downward / (Upward) revaluation of investment - CCLA	(847)
(7,363)	Balance as at 31 March	(8,250)

*see note 54 Prior Period Adjustments for details on restatement of 2020/21

(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.

2020/21 £000	Capital Adjustment Account	2021/22 £000
(317,792)	Balance as at 1 April	(304,540)
	Adjustment for prior years accumulated impairment	
(317,792)	Sub-Total	(304,540)
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
17,770	- Charges for depreciation and impairment of non-current assets	17,616
13,300	- Revaluation losses on Property, Plant and Equipment	(8,838)
500	- Amortisation of intangible assets	523
145	- Revenue expenditure funded from capital under statute	136
685	- Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	6,808
32,400		16,244
(4,603)	Adjusting amounts written out of the Revaluation Reserve	(7,615)
27,797	Net written out amount of the cost of non-current assets consumed in the year	8,629
	Capital financing applied in the year:	
(10)	- Use of the Capital Receipts Reserve to finance new capital expenditure	(6,863)
(11,964)	- Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(16,176)
(7,769)	- Statutory provision for the financing of capital investment charged against the General Fund Balance	(8,401)
(221)	- Capital expenditure charged against the General Fund Balance	(224)
(19,964)		(31,664)
5,419	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(1,968)
(304,540)	Balance as at 31 March	(329,543)

(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.

2020/21 £000	Financial Instruments Adjustment Account	2021/22 £000
15,609	Balance as at 1 April	15,048
0	Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement (*)	5,758
(561)	Less annual charge for premiums incurred in previous financial years and stepped loan EIR adjustment	(564)
15,048	Balance at 31 March	20,242

(*) Includes an early repayment premium of £5.75m relating to the repayment of a £27.8m PWLB loan in 2021/22. As a result, the balance on the account at 31 March 2022 will be charged to the general fund, with the final charge made in 38 years in 2059/60, should no further premiums be incurred.

In addition to this, the equalisation of interest on 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 for these two stepped loans, at 31 March 2022 will be charged to the General Fund in accordance with statutory arrangements over the next 21 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.

Restated 2020/21 £000	Pensions Reserve	2021/22 £000
257,036	Balance as at 1 April	379,528
106,371	Re-measurements of the net defined benefit (liability)/asset	(161,805)
33,629	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	50,298
(17,508)	Employer's pension contributions and direct payments to pensioners payable in the year	(18,033)
379,528	Balance as at 31 March *	249,988

* For 2021/22 the balance on Pension Reserve is £238.602m, the balance on the Pension Liability is £235.666m and includes £14.321m 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.

2020/21 £000	Collection Fund Adjustment Account	2021/22 £000
(124)	Balance as at 1 April	89,388
3,372	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	(4,173)
86,140	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	(50,988)
89,388	Balance as at 31 March	34,227

(vii) Dedicated Schools Grant (DSG) Adjustment Account

On 6 November 2020, the Secretary of State for the Department of Levelling Up, Housing and Communities previously the Ministry of Housing, Communities and Local Government laid before Parliament a statutory instrument (the instrument) to amend The Local Authorities (Capital Finance and Accounting) Regulations (the 2003 Regulations). The provisions came into effect from 29 November 2020. The instrument amends the 2003 Regulations by establishing new accounting practices in relation to the treatment of local authorities' schools budget deficits such that where the Council has a deficit on its schools budget relating to its accounts for a financial year beginning on 1 April 2020, 1 April 2021 or 1 April 2022, it must not charge the amount of that deficit to a revenue account. The Council must record any such deficit in a separate account established solely for the purpose of recording deficits relating to its school's budget. The new accounting practice has the effect of separating schools budget deficits from the Councils' General Fund for a period of three financial years. This issue can only be fully resolved by closing the deficits. In December 2022 it was announced that the statutory override would be extended for a further three years, from 2023-24 to 2025-26. This is to provide time for Government and the Council to look at budgetary and financial management strategies to reduce the deficit.

2020/21 £000	Dedicated Schools Grant Adjustment Account	2021/22 £000
-	Balance as at 1 April	-
-	Adjustment for DSG reserve	-
-	Restated Opening Balance	-
-	In year DSG over/under spend	68
-	Balance as at 31 March	68

(viii) 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.

2020/21 £000	Accumulated Absences Account	2021/22 £000
4,018	Balance as at 1 April	5,603
(4,018)	Settlement or cancellation of accrual made at the end of the preceding year	(5,603)
5,603	Amounts accrued at the end of the current year	5,724
1,585	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	121
5,603	Balance as at 31 March	5,724

28. Cash Flow Statement – Operating Activities (page 40)

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		
2020/21 £000		2021/22 £000
(31,070)	Depreciation/Impairment charged to I and E	(8,778)
(500)	Amortisation of Intangible Assets	(523)
(9,944)	(Increase)/Decrease in Creditors	(22,274)
33,760	Increase/(Decrease) in Debtors	(37,643)
(286)	Increase/(Decrease) in Inventories	3
(16,121)	Pensions Liability	(32,265)
-	Advance Pension Payment	-
(1,586)	Contributions to/(from) Provisions	2,858
-	Revaluation Losses	-
(685)	Carrying value on disposal of Property, Plant and Equipment, Investment Property and Intangible Assets	(6,808)
(5,419)	Investment Properties Losses (Gains)	1,968
15	Other non-cash adjustments	15
(31,836)		(103,447)

28b - Adjustments for items included in the net surplus or deficit on the provision of services that are investing or financing activities		
2020/21 £000		2021/22 £000
897	Proceeds from short-term and long-term investments	-
6,460	Capital Grants credited to the surplus or deficit on the provisions of services	19,433
(12)	Proceeds from the sale of non-current assets	6,985
7,345		26,419

28c - The cash flows for operating activities include the following items:		
2020/21 £000		2021/22 £000
(4,004)	Interest received	(3,740)
5,353	Interest paid	3,613

28d - The cash flows relating to the Advanced Pension Contribution		
2020/21 £000		2021/22 £000
(42,963)	Pension Advance Payment covering 3 years (20/21, 21/22 & 22/23)	-
14,321	1/3 Drawn down	14,321
(28,642)		(14,321)

29. Cash Flow Statement – Investing Activities (page 40)

The cash flows for investing activities include the following items:

2020/21 £000		2021/22 £000
21,150	Purchase of property, plant and equipment, investment property and intangible assets	22,301
6,147	Purchase / (proceeds) of short-term and long-term investments	27,692
(35,156)	Other payments for investing activities	(2,283)
12	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(6,985)
(9,144)	Other receipts from investing activities – Capital Grants Received	(23,213)
(16,991)	Net cash flows from investing activities	17,512

30. Cash Flow Statement – Financing Activities (page 40)

The cash flows for financing activities include the following items:

2020/21 £000		2021/22 £000
(111,370)	Cash receipts of short and long-term borrowing	-
268	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	327
108,496	Repayments of short and long-term borrowing	59,594
2,171	Other payments for financing activities – Net Cash inflow from NDR Agency arrangements	(901)
(434)	Net cash flows from Financing Activities	59,020

Reconciliation of liabilities arising from Financing Activities:

	BALANCE AT 1ST APRIL 2021	Financing Cash Flows	Non-cash Changes		BALANCE AT 31ST MARCH 2022
	£000s	£000s	Acquisition	Other non- cash changes	£000s
Long Term Borrowing	351,019	(33,508)		1,442	318,952
Short term borrowing	31,795	(25,845)			5,949
Deferred Liabilities:					
Sale PFI – Finance Lease liability	(4,434)	330			(4,104)
Environmental Surcharge Crematoria	(831)	(8)			(839)
Trafford Park Development Corporation	(64)	7			(57)
Commuted sums/S106 agreements	(1,318)	5			(1,313)
Total liabilities from financing activities	376,167	(59,020)	0	1,442	318,589

	BALANCE AT 1ST APRIL 2020	Financing Cash Flows	Non-cash Changes		BALANCE AT 31ST MARCH 2021
	£000s	£000s	Acquisition	Other non- cash changes	£000s
Long Term Borrowing	344,580	2,635		3,804	351,019
Short term borrowing	35,423	(3,628)			31,795
Deferred Liabilities:					
Sale PFI – Finance Lease liability	(5,843)	1,409			(4,434)
Environmental Surcharge Crematoria	(693)	(138)			(831)
Greater Manchester Debt Administration Fund – MIA	(153)	153			0
Trafford Park Development Corporation	(72)	8			(64)
Commuted sums/S106 agreements	(1,313)	(5)			(1,318)
Total liabilities from financing activities	371,929	434	0	3,804	376,167

31. Acquired and Discontinued Operations

None to report.

32. Trading Operations (See also note 12)

		2019/20 £000	2020/21 £000	2021/22 £000
Building Cleaning	Turnover	(2,260)	(2,338)	(2,452)
	Expenditure	2,272	2,365	2,404
	(Surplus)/Deficit	12	27	(48)
Cumulative (Surplus)/Deficit over last three financial years was £(9)k				
Education Catering	Turnover	(7,823)	(6,119)	(7,684)
	Expenditure	8,070	7,655	5,715
	(Surplus)/Deficit	247	1,536	(1,969)
Cumulative (Surplus)/Deficit over last three financial years was £2,094				
Net (surplus)/deficit on trading operations		259	1,563	(2,017)

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):

	2020/21 £000	2021/22 £000
Net (surplus)/deficit on trading operations	1,563	(2,017)
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	1,563	(2,017)

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 2021/22 of £0.455m (£0.460m in 2020/21).

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. Transactions relating to the Working Well Expansion Programme have now concluded, and any funds not spent have been carried forward and included within the Council's balance sheet under short term liabilities to be repaid to the GMCA. Details of the Income and Expenditure are shown below:

	2020/21 £000	2021/22 £000
Expenditure Incurred on Working Well and Talking Therapies	469	699
Total Expenditure	469	699
Income Received from grants	(2,314)	(0)
Net (Surplus)/Deficit for the year	(1,845)	699
Balance b/fwd.	(36)	(1,881)
Balance c/fwd.	(1,881)	(1,182)

The Council has not acted in an agency capacity for any other external bodies in the 2021/2022 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 2021/22 budget was £30.636m, which after grant income and fees of £2.941m left net planned expenditure of £27.696m to be funded jointly by the Council and the CCG. The net budget was underspent by £199k 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.

	2020/21 £000	2021/22 £000
Funding provided to the pooled budgets:		
the Council	(23,687)	(25,337)
Trafford CCG	(2,328)	(2,359)
Total funding	(26,015)	(27,696)
Expenditure met from the pooled budget:	24,635	27,497
Net (surplus)/deficit arising on the pooled budget during the year	(1,380)	(199)
Contribution (to)/from Service Outturn	(1,380)	(199)
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 2022 was as follows:

	2020/21 £000	2021/22 £000
Total Allocation	(38,922)	(33,202)
Funding provided to the pooled budgets:		
Trafford Council	(10,453)	(10,453)
Trafford CCG	(28,539)	(22,749)
Total Funding	(38,992)	(33,202)
Expenditure met from the pooled budget:		
Trafford Council	16,050	16,442
Trafford CCG	22,181	16,054
Total Expenditure	38,231	32,496
Net (surplus)/deficit arising on the pooled budget during the year	(761)	(706)

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. The Bill received Royal Assent on 28 April 2022 becoming the Health and Care Act 2022, a consequence of which is that Clinical Commissioning Groups (CCG's) will no longer exist after June 2022. The functions of NHS Trafford CCG will continue to be carried out by the NHS, and a new body, Greater Manchester Integrated Care will be created effective from 1st July 2022 to undertake these functions, both in Trafford and in the other localities across Greater Manchester.

36. Members' Allowances

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

	2020/21 £000	2021/22 £000
Basic Allowances	401	452
Special Responsibility Allowances	306	323
Expenses	0	2
Total	707	777

The Council consists of 63 elected Members (Councillors) and 8 co-opted/independent Members to whom **£0.777m** was paid in allowances in the year (£0.707m in 2020/21).

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 2020/21 and 2021/22 was:

2020/21		Remuneration Band	2021/22	
Schools Staff	Other Staff		Schools Staff	Other Staff
-		£145,000 - £149,999	-	-
-		£140,000 - £144,999	-	-
-		£135,000 - £139,999	-	1
-		£130,000 - £134,999	-	1
-	1	£125,000 - £129,999	-	1
-	2	£120,000 - £124,999	-	3
-	2	£115,000 - £119,999	-	1
-		£110,000 - £114,999	-	-
-		£105,000 - £109,999	-	-
-		£100,000 - £104,999	-	1
1	1	£95,000 - £99,999	-	1
-	3	£90,000 - £94,999	1	9
2	6 (1)	£85,000 - £89,999	4	4
2	1	£80,000 - £84,999	4	3
7	2	£75,000 - £79,999	5	1
9	8	£70,000 - £74,999	10	6
11	4	£65,000 - £69,999	7	9
9	12	£60,000 - £64,999	14	11
16 (1)	13	£55,000 - £59,999	17	16
25	24 (2)	£50,000 - £54,999	27	24 (1)
82	79	Total	89	90

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 £	
	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22
£0 - £20,000	2	2	38	33	40	35	330,186	277,150	3	19	79,440	139,825
£20,001 - £40,000	0	0	0	4	0	4	0	118,018	0	6	0	184,753
£40,001 - £60,000	0	0	0	0	0	0	0	0	0	5	0	223,879
£60,001 - £80,000	0	0	0	0	0	0	0	0	0	1	0	60,003
£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	2	2	38	37	40	39	330,186	395,168	3	31	79,440	608,460

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 2021/22 Postholder	Note	Salary, fees & allowances	Compensation for loss of office	Bonuses	Expense allowances	Benefits in kind (e.g. Car allowance)	Employers Pension contributions	Total
		£	£	£	£	£	£	£
S Todd, Chief Executive	1	172,505	0	0	0	0	35,191	207,696
Acting Chief Executive/Corporate Director of Strategy and Resources	2	140,292	0	0	0	0	0	140,292
Director of Finance and Systems (Section 151 Officer)	3	96,663	0	0	0	0	20,059	116,722
Corporate Director of Governance & Community Strategy (Monitoring Officer)	4	122,054	0	0	0	0	24,899	146,953
Director of Public Health	5	101,571	0	0	0	0	20,625	122,196
Corporate Director of Adults and Wellbeing	6	122,064	0	0	19	0	23,944	146,027
Corporate Director of Place	7	122,054	0	0	0	0	24,899	146,953
Corporate Director of Children's Services		130,686	0	0	0	0	26,660	157,346
Director of Integrated Health and Social Care Strategy/ Shared Accountable Officer Trafford Council & NHS Trafford Clinical Commissioning Group (CCG)	8	0	0	0	0	0	0	0

Notes:

- (1) The Chief Executive was also paid Returning Officer fees of £6,520 for the 6 May 2021 Local election and £6,520 as Local Returning Officer for the 6 May 2021 GMCA Mayoral Election.
- (2) The Corporate Director of Strategy and Resources was appointed as Acting Chief Executive on 28 June 2021 due to the Chief Executive having to take a period of planned sick leave. They were also paid Deputy Returning Officer fees of £3,260 for the 6 May 2021 Local Elections and £3,260 as Deputy Local Returning Officer for the 6 May 2021 GMCA Mayoral Elections.
- (3) The Director of Finance and Systems was also paid Accountant fees of £275 for the 6 May 2021 Local Elections and £275 for the 6 May 2021 GMCA Mayoral Elections.
- (4) The Corporate Director of Governance & Community Strategy was also paid Deputy Returning Officer Fees of £3,260 for the 6 May 2021 Local Elections and £3,260 as Deputy Local Returning Officer for the 6 May 2021 GMCA Mayoral Elections.
- (5) The Director of Public Health was also paid Senior Count Supervisor fees of £175 for the 6 May 2021 Local Elections and £175 for the 6 May 2021 GMCA Mayoral Elections.
- (6) The Corporate Director of Adults and Wellbeing was also paid Senior Count Supervisor fees of £175 for the 6 May 2021 Local Elections and £175 for the 6 May 2021 GMCA Mayoral Elections.
- (7) The Corporate Director of Place was also paid Deputy Returning Officer fees of £1,375 for the 6 May 2021 Local Elections and £1,375 as Deputy Local Returning Officer for the 6 May 2021 GMCA Mayoral Elections.
- (8) The Director of Integrated Health and Social Care Strategy stepped up in to the role of Shared Accountable Officer with Trafford Council & NHS Trafford Clinical Commissioning Group (CCG) and was not recharged to the Council in 2021/22.

All remuneration figures above include back pay for the 2021/22 pay award of 1.75% backdated to 1 April 2021, and paid in April 2022.

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 2020/21 Postholder	Note	Salary, fees & allowances	Compensation for loss of office	Bonuses	Expense allowances	Benefits in kind (e.g. Car allowance)	Employers 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.

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:

	2020/21 £000	2021/22 £000
Fees payable to Mazars with regard to external audit services carried out by the appointed auditor	120*	121
Total	120	121

* The Council incurred an additional fee in relation to the external audit of the Statement of Accounts by the Council's External Auditors Mazars LLP. The additional fee of £28,600 approved by the Public Sector Audit Appointments Limited (PSAA) takes the total cost for 2020/21 to £119,608.

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 2021/22 are as follows:

Total 2020/21 £000			Central Expenditure £000	ISB £000	Total £000
(221,217)	A	Final DSG 2021/22 before Academy and high needs recoupment			(238,153)
81,825	B	Academy and high needs figure recouped for 2021/22			89,810
(139,392)	C	Total DSG 2021/22 after Academy and high needs recoupment			(148,343)
(2,895)	D	Brought forward from 2020/21			(1,753)
-	E	Carry forward to 2022/23 agreed in advance			-
(142,287)	F	Agreed initial budgeted distribution in 2021/22	(29,139)	(120,957)	(150,096)
-	G	In year adjustments	288	(288)	-
(142,287)	H	Final budgeted distribution for 2021/22	(28,850)	(121,246)	(150,096)
25,454	I	Less: actual central expenditure	28,918	-	28,918
115,080	J	Less: actual ISB deployed to schools	-	121,246	121,246
	K	Local authority contribution for 2021/22	-	-	-
(1,753)	L	In year carry forward to 2022/23	68	-	68
	M	Plus: Carry-forward to 2022/23 agreed in advance			-
	N	Carry forward to 2022/23			-
	O	DSG unusable reserve adjustment at the end of 2020/21			-
	P	Addition to DSG unusable reserve at the end of 2021/22			68
	Q	Total of DSG unusable reserve at the end of 2021/22			68
(1,753)	R	Net DSG position at the end of 2021/22	-	-	68

A. Final DSG figure before any amount has been recouped from the authority as published in March 2022, excluding the January 2022 early years block adjustment.

- B. Figure recouped from the authority in 2021/22 by the DfE for the conversion of maintained schools into academies and for high needs payments made by the ESFA.
- C. Total DSG figure after academy and high needs recoupment for 2021/22, as published March 2022.
- D. Balance brought forward from 2020/21.
- E. The amount which the authority decided after consultation with the School's Forum to carry forward to 2022/23 rather than distribute in 2021/22.
- F. Budgeted distribution of DSG as agreed with the School's Forum.
- G. Changes to the initial distribution, for High Needs block adjustments and for the final Early Years Block adjustment.
- H. Budgeted distribution of DSG as at the end of the financial year.
- I. Actual amount of central expenditure items in 2021/22.
- J. Amount of ISB distributed to schools in 2021/22.
- K. There was no contribution from Trafford Council in 2021/22.
- L. In year carry-forward to 2022/23.
- M. Carry-forward to 2022/23 already agreed.
- N. Carry-forward to 2022/23 (before any unusable reserve brought forward).
- O. DSG unusable reserve adjusted at the end of 2020/21.
- P. Addition to DSG unusable reserve at the end of 2021/22.
- Q. Total of DSG unusable reserve at the end of 2021/22.
- R. Net DSG position at the end of 2021/22

40. Grant and Other Income (Comprehensive Income & Expenditure Statement page 33, Balance sheet page 35)

(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:

2020/21 £000	Grants	2021/22 £000
	Credited to Taxation and Non Specific Grant Income	
(101,921)	Council Tax	(109,594)
(101,921)	Council Tax Income	(109,594)

	Non Domestic Rates	
(154,493)	Non Domestic Rates Income	(151,541)
95,750	NDR Tariff Payment	95,552
4,560	CAP grant Tariff adjustment	5,928
-	GM Pool No Detriment Payment	7,374
-	No detriment Rebate from GM Pool	(5,530)
(103,570)	Section 31 Compensation Grants	(55,337)
(1,734)	Growth Pilot Income	-
(83)	Renewable Energy Disregard	(83)
86,141	NDR Collection Fund (Surplus)/Deficit	(50,988)
5,405	Local Share Contribution to Accumulated Deficit	87,591
(489)	Local Share of Collection Fund Surplus	(4,124)
-	NDR 1/3 rd Deficit	1,773
(68,513)	Non-Domestic Rates Sub-total	(69,385)

	Revenue Grants:	
(1,311)	New Homes Bonus	(1,077)
(767)	Council Tax Income Guarantee Grant	-
-	Council Tax Support Grant	(1,651)
(558)	Housing Benefit Admin Grant	(538)
-	Lower Tier Service Grant	(266)
(136)	Local Reform & Community Voices Grant	(136)
(460)	NDR Cost of Collection Grant	(455)
(73)	DWP Housing Welfare Reform Grant	(62)
(4,061)	Business Rates Tax Income Guarantee Grant	-
(15,838)	COVID-19 Support Grants (*)	(6,450)
(9)	Other Grants	(31)
(23,213)	Revenue Grants Sub-total	(10,666)

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2020/21 £000	Grants	2021/22 £000
	Capital Grants :	
-	Schools Primary Capital Programme	(3,896)
(501)	Schools Devolved Formula Capital Grant	(329)
(2,592)	Schools Condition and Modernisation	(2,244)
(343)	Schools – Send and Healthy Pupils Grants	(1,622)
(111)	Social Care Grants	-
(4,059)	Highway Structural Maintenance	(3,924)
(1,632)	Integrated Transport Grant – TfGM	(1,740)
-	Future High Streets Fund Grant	(917)
-	Greater Manchester Combined Authority	(2,110)
(2,016)	Other Grants and Contributions	(2,928)
(11,254)	Capital Grants Sub-total	(19,710)
(204,901)	Total Credited to Taxation & Non Specific Grant Income	(209,355)

(*) COVID-19 Grants –See table in Narrative Report page 19 for further details.

Contributions and Donations

Large items of Income included in Other Contributions and Donations

2012/21 £000	Grants	2021/22 £000
(6,358)	Contribution from CCG – Better Care Fund	(6,695)
(2,328)	Contribution from CCG – Learning Disability Pooled Fund	(2,359)

2020/21 £000	Grants	2021/22 £000
	Grants Credited to Services	
	Revenue Grants Credited to services:-	
(139,774)	Dedicated School Grant (DSG) incl. EY allocation	(147,851)
(44,072)	Rent Allowances and Rent Rebate Subsidy	(41,588)
(5,839)	Other Education Grants	(5,926)
(1,265)	Learning Skills Council Grant	(1,265)
(658)	Sale PFI Grant	(658)
(460)	Tackling Troubled Families Grant	(467)
(118)	Section 106 Other Capital Maintenance Grants	(102)
(5,458)	Adult Social Care Grant	(6,516)
(15)	Individual Electoral Registration Grant	-
(1,015)	PE & Sport Grant	(1,006)
(215)	Local Council Tax support Admin Grant	(239)
(2,679)	Universal Infants Free School Grant	(2,541)

(361)	Independent Living Fund Grant	(361)
(7,983)	Improved better care fund	(7,983)
(1,342)	Techers Pay Grant	(88)
(455)	Asylum Seekers Grant	(379)
(323)	Homelessness Prevention Grant	(1,048)
	Domestic Abuse Services Grant	(433)
	Adult Social Care Winter Grant	(1,133)
	Serious Violence Grant	(321)
(16,950)	COVID-19 Grants (for breakdown see table in Narrative Report)	(24,437)
(1,578)	Other Grants	(1,944)
(230,559)	Revenue Grants Credited to Services Sub-total	(246,286)
	Capital Grants Credited to services (REFCUS):-	
-	Schools Primary Capital Programme	(4,013)
(1,713)	Disabled Facilities	(1,764)
-	DLUHC – Estates Regeneration Fund: Sale West	(974)
(3)	Other	(378)
(1,716)	Capital Grants Credited to services (REFCUS) Sub-total	(7,129)
(232,275)	Total Grants Credited to Services	(253,415)

(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:

2020/21 £000	Grants	2021/22 £000
Short Term Liabilities:-		
Capital Grants & Contributions Receipts in Advance:-		
(679)	Devolved Formula Capital	(706)
(1)	Personal Social Care Grant	(1)
(421)	Highways – Altrincham & Stretford Town Centres	-
(51)	S106 & S278 Contributions	(191)
(254)	Mayors Challenge Fund	
-	Carrington Relief Road	-
(372)	Brownfield Fund Grant	(798)
(200)	Future High Street Fund	(5,177)

(58)	Other Grants and Contributions	(10)
(2,036)	Total	(6,883)

2020/21 £000	Grants	2021/22 £000
Capital Grants & Contributions Receipts in Advance (REFCUS):-		
(178)	Schools Primary Capital Programme	(178)
(757)	Disabled Facilities Grant	(1,463)
(63)	Other Grants and Contributions	(63)
(998)	Total REFCUS	(1,704)
(3,034)	Total Capital Grants Receipts in Advance	(8,587)

2020/21 £000	Grants	2021/22 £000
Other Revenue Grants Receipts in Advance:-		
-	Council Tax Rebate – Discretionary scheme	(372)
-	Cyber Resilience Grant	(250)
-	Design Code Grant	(160)
(68)	Future High Street Fund Grant	(68)
-	Children in Need Grant	(76)
(36)	Homeless Prevention Grant	(87)
-	Levelling Up Fund	(105)
-	Custom Build Grant	(90)
-	Community Accommodation Service Grant	(76)
-	A Bed Every Night Grant	(99)
(258)	Homelessness Reduction Act Grant	-
(353)	Spots England	-
(11,085)	COVID-19 Support Grants (for breakdown see table in Narrative Report)	(1,610)
(455)	Other	(785)
(12,255)	Total Short Term Grants Receipts in Advance (Revenue)	(3,778)

2020/21 £000	Grants	2021/22 £000
Long Term Liabilities		
Capital Grants & Contributions Receipts in Advance:-		
(11,540)	Section 106 and S278 Contributions	(10,493)

(11,540)	Total Capital Grants	(10,493)
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	-
(11,653)	Total Long Term Grants Receipts in Advance	(10,606)

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 £9.39m (£9.57m in 2020/21) 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 2021 £000	Receivable in year £000	Contributions applied £000	Balance at 31 March 2022 £000
Open Spaces schemes	1,894	295	(487)	1,702
Education Schemes	5	-	-	5
Affordable Housing schemes	1,417	863	(378)	1,902
Highways/Transport schemes	6,252	71	(546)	5,777
Total	9,568	1,229	(1,411)	9,386

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 £16.110m (£16.176m in 2020/21) and a waste levy of £15.625m (£16,085m in 2020/21) 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 £554.9k.

Another CIC previously used by the Council called Trust Youth Trafford was finally dissolved with Companies House on 9th November 2021.

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.

The three Trafford Bruntwood Joint Ventures have been included in group accounts in 2021/22.

The Council has paid grants to voluntary organisations for 2021/22 as follows:

2020/21 £	Organisation	2021/22 £
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 £82,119 (£81,859 in 2020/21). The Council also agreed to provide grant of £10,000 to Partington Town Council to support the 2021/22 precept, the same as in 2020/21, 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 £3,780 (£3,750 in 2020/21), and for Warburton TC of £8,250 (£nil in 2020/21). There are no debtors or creditors relating to these transactions at year end or income received from these bodies by the Council.

In 2021/22 Trafford Council administered the fourth year of its main Voluntary Sector Grant scheme, the Inclusive Neighbourhoods Grant scheme, which made £100,000 available to support community projects and events; £85,480 of the grants supported 57 events and projects. The underspend was carried over to 2022/23.

We have allocated grants across 3 rounds of funding during 2021/22 which was the carried forward grant from 2020/21. We have funded a wide range of projects covering domestic abuse, support for young people, violence reduction, projects for victims, ASB, environmental crime and cohesion/strengthening communities

The Council also made payments totalling £0.193m (£0.191m in 2020/21) to Trafford Centre for Independent Living, under a Service Level Agreement within Adult Social Services, for an advocacy service.

Shareholdings

Manchester Airport Holdings plc.

2020/21 £m	Manchester Airport Consolidated Profit and Loss Account and Balance Sheet (Extract)	2021/22 £m
(477.6)	Profit/(Loss) before Tax	(288.6)
(393.3)	Profit/(Loss) after Tax	(321.3)
997.9	Net Assets	724.90

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 2021/22, the same as in 2020/21. Further information on these accounts can be obtained from the Head of Financial Accounting, Manchester Airport Holdings 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.

	2020/21 £000	2021/22 £000
Opening Capital Financing Requirement Capital Investment	417,281	423,488
Capital Investment:		
Property, Plant and Equipment	22,235	22,656
Assets Held for Sale	0	0
Investment Properties	8	0
Intangible Assets	351	239
Capital Debtors	77,707	27,319
Equity Shareholding	310	492
Revenue Expenditure Funded from Capital under Statute	4,400	7,265
Sources of finance:		
Capital receipts	(10)	(3,790)
Government Grants and other Contributions	(16,219)	(23,305)
Sums set aside from revenue:		
Direct revenue contributions	(221)	(224)
MRP/loans fund principal	(7,463)	(8,074)
Use of Capital Receipts to reduce CFR	(74,520)	(69,321)
Other Adjustments (including Probation)	(371)	(392)
Closing Capital Financing Requirement	423,488	376,353
Explanations of movements in the year:		
Increase in underlying need for borrowing (supported by government financial assistance)	0	0
Increase/(decrease) in underlying need for borrowing (unsupported by government financial assistance)	6,207	(47,135)
Assets acquired under finance leases	0	0
Assets acquired under PFI/PPP contracts	0	0
Increase/(decrease) in Capital Financing Requirement	6,207	(47,135)

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

Year ended 31 March	2020/21 £000	2021/22 £000
Children's Services	7,736	10,101
Adult Care Services	1,854	1,884
Place	23,156	14,432
Governance & Community Strategy	11	107
Finance & Systems	1,194	551
Asset Investment Fund	71,060	30,897
Total	105,011	57,972
The main items of capital expenditure during the year included:		
Asset Investment Fund	71,060	30,897
Strategic Investment - Manchester Airport	13,419	0
Highways Structural Maintenance (incl. bridges & S.278 schemes)	5,191	5,754
Contribution to Metrolink Extension	-	-
Schools - Places Expansion Programme (* in part)	5,053	6,408
Housing Grants (Disabled Facility, Owner Occupier & Housing Standards Grants) (*)	1,858	3,252
Town Centre Regeneration Initiatives	1,078	1,090
Traffic & Transport Schemes (inc. Integrated Transport & Parking)	359	557
Schools - Capital Maintenance Programme (* in part)	1,151	2,822
Public Buildings - DDA Compliance, Repairs & Refurbishments	427	1,861
Leisure Strategy - "Increasing Physical Activity"	578	1,347
Mayors Challenge Fund	1,089	1,534
Schools - SEND and Healthy Pupil Fund (* in part)	896	218
Schools - Devolved Formula Capital (* in part)	501	341
Additional Burial Land	1,372	772
ICT Initiatives	438	399
Parks, Playgrounds & Greenspace improvements	299	499
Other General Infrastructure Investment	242	220
Total	105,011	57,971
(*) REFCUS		

The type of capital expenditure in 2021/22:		The financing of capital expenditure in 2021/22:	
	£000		£000
Fixed and Intangible Assets	22,895	Borrowing	30,652
Revenue Expenditure Funded from Capital under Statute (i)	7,265	Grants and Contributions	23,305
Debtors	27,319	Revenue Contributions & Reserves	224
Equity Shareholding	492	Capital Receipts	3,790
Total Capital Expenditure on an accruals basis	57,971		57,971

(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 £7.265m (2020/21 £4.400m) under this category, offset by £7.129m (2020/21 £4.255m) of Government grants applied. This amounts to a net cost of £0.136m (2020/21 £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 2021/22 was £19,300 (£19,299 in 2020/21).

Land and Buildings - the Council leases numerous buildings which have been accounted for as operating leases. The rentals payable in 2021/22 were £117,648 (£32,192 in 2020/21).

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

	2020/21 £000	2021/22 £000
Not later than one year	49	135
Later than one year and not later than five years	77	221
Later than five years	427	1,319
	553	1,675

* 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 2021/22 these rents were £0.378m (£0.634m in 2020/21).

Total rents receivable in 2021/22 were £2.408m (£2.587m in 2020/21).

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

	2020/21 £000	2021/22 £000
Not later than one year	1,953	2,030
Later than one year and not later than five years	7,256	7,530
Later than five years	136,688	107,432
	145,897	116,992

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 2022/23	908	328	304	1,540
Payable within two to five years	3,853	1,555	977	6,385
Payable within six to ten years	1,565	2,550	319	4,434
Total	6,326	4,433	1,600	12,359

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 £12.358m. 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 £1.4m;
- 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:

	2020/21 £000	2021/22 £000
Balance outstanding as at start of year	(4,759)	(4,760)
Correction to prior year b/fwd. balance	(308)	
Payments during the year	306	327
Adjustment for in year variation to contract	-	-
Balance outstanding at year-end	(4,760)	(4,433)
Split on Balance Sheet (see also note 24):		
Short term liability (creditor)	(327)	(328)
Long term liability – deferred	(4,433)	(4,105)
Balance outstanding at year-end	(4,760)	(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 £20k of borrowing costs in 2021/22 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 2021/22. 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 2021/22 the Council paid £11.782m (£11.593m in 2020/21) in respect of teachers' retirement benefits. This was based on 23.68% of the teachers' pensionable pay (23.68% in 2020/21).

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 2021/22, these amounted to £1.258m, representing 2.53% of pensionable pay (£1.311m or 2.68% in 2020/21). 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 2023 are £12.42m.

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 2021/22 (19.3% 2020/21), reflecting a reduction due to the advance payment to cover three years of pension contributions. In 2021/22, the Council paid an employer's contribution of £15.831m (£15.271m in 2020/21) into the Greater Manchester Pension Fund, representing 19.3% of pensionable pay (19.3% in 2020/21). The Council is also responsible for pension payments relating to the historic award of added years, together with related increases. In 2021/22 these amounted to £0.944m, which is 1.1% of pensionable pay (£0.925m or 1.1% in 2020/21).

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.

2020/21 £000		2021/22 £000
COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT		
Cost of Services:		
	Service Cost comprising:	
27,323	• current service cost	41,834
115	• past service costs	1,050
0	• (gain)/loss from settlements	0
	Financing and Investment Income and Expenditure:	
6,191	• net interest cost	7,414
33,629	Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	50,298
	<i>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>	
	Re-measurement of the net defined benefit liability comprising:	
(145,555)	• Return on plan assets (excluding the amount included in the net interest cost)	(80,945)
5,784	• Actuarial gains and losses arising on changes in demographic assumptions	(11,256)
255,076	• Actuarial gains and losses arising on changes in financial assumptions	(77,756)
(8,934)	• Other	8,150
140,000	Total Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement	(111,509)
	Movement in Reserve Statement	
(33,629)	• reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(50,298)
	Actual amount charged against the General Fund Balance for pensions in the year:	
15,272	• employers' contributions payable to scheme	16,774
2,236	• retirement benefits payable to pensioners	1,259

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:

2020/21 £000		2021/22 £000
(1,240,588)	Present value of the defined benefit obligation	(1,180,886)
889,701	Fair value of plan assets	945,220
(350,887)	Net Liability arising from defined benefit obligation	(235,666)

Reconciliation of the Movements in the Fair Value of Scheme Assets

2020/21 £000		2021/22 £000
706,179	Opening fair value of scheme assets	889,701
-	Effect of Settlements	-
15,985	Interest income	17,562
	Re-measurement gain/(loss):	
145,555	<ul style="list-style-type: none"> The return on plan assets, excluding the amount included in the net interest expense Other 	58,877
46,150	Contributions from employer	3,712
5,034	Contributions from employees into the scheme	5,224
(29,202)	Benefits paid	(29,856)
889,701	Closing fair value of scheme assets	945,220

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

2020/21 £000		2021/22 £000
963,216	Opening present value of scheme liabilities	1,240,588
27,323	Current service costs	41,834
-	Effect of Settlements	-
22,176	Interest costs	24,976
5,034	Contributions from scheme participants	5,224
	Re-measurement (gains) and losses:	
5,784	<ul style="list-style-type: none"> Actuarial gains/losses arising from changes in demographic assumptions 	(11,256)
255,076	<ul style="list-style-type: none"> Actuarial gains/losses arising from changes in financial assumptions 	(77,756)
(8,934)	<ul style="list-style-type: none"> Other 	(13,918)
115	Past service cost	1,050
(29,202)	Benefits paid	(29,856)
1,240,588	Closing present value of scheme liabilities	1,180,886

Pension Scheme Assets comprised:

Asset category	Period ended 31 March 2022				Period ended 31 March 2021			
	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	62,556	-	62,556	7%	78,071	-	78,071	9%
Manufacturing	61,716	-	61,716	7%	69,530	-	69,530	8%
Energy & Utilities	51,077	-	51,077	5%	43,144	-	43,144	5%
Financial Institutions	93,433	-	93,433	10%	93,460	-	93,460	11%
Health & Care Information	49,459	-	49,459	5%	44,468	-	44,468	5%
Technology	46,160	-	46,160	5%	46,994	-	46,994	5%
Other	10,569	-	10,569	1%	14,374	-	14,374	2%
Debt Securities:								
Corporate Bonds (investment grade)	36,299	-	36,299	4%	43,005	-	43,005	5%
Corporate Bonds (non-investment grade)	-	-	-	0%	-	-	-	0%
UK Government	17,610	-	17,610	2%	-	-	-	0%
Other	29,937	-	29,937	3%	11,558	-	11,558	1%
Private Equity:								
All	-	69,145	69,145	7%	-	52,954	52,954	6%
Real Estate:								
UK Property	-	42,860	42,860	5%	-	33,244	33,244	4%
Overseas Property	-	-	-	0%	-	-	-	0%
Investment Funds and Unit Trusts:								
Equities	59,144	-	59,144	6%	79,940	-	79,940	9%
Bonds	92,717	-	92,717	10%	112,751	-	112,751	13%
Hedge Funds	-	-	-	0%	-	-	-	0%
Commodities	-	-	-	0%	-	-	-	0%
Infrastructure	-	63,316	63,316	7%	-	45,354	45,354	5%
Other	17,145	110,744	127,889	13%	19,284	84,602	103,886	12%
Derivatives:								
Inflation	-	-	-	0%	-	-	-	0%
Interest Rate	-	-	-	0%	-	-	-	0%
Foreign Exchange	-	-	-	0%	-	-	-	0%
Other	(5,256)	-	(5,256)	(1)%	(714)	-	(714)	0%
Cash & Cash Equivalents:								
All	36,589	-	36,589	4%	17,682	-	17,682	2%

Totals	659,155	286,065	945,220	100%	673,547	216,154	889,701	100%
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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 2022.

The significant assumptions used by the actuary have been:

2020/21	Mortality assumptions:	2021/22
Longevity at 65 for current pensioners:		
20.5 years	• men	20.6 years
23.3 years	• women	23.7 years
Longevity at 65 for future pensioners:		
21.9 years	• men	21.8 years
25.3 years	• women	25.4 years
3.3%	Rate of inflation	3.65%
3.60%	Rate of increase in salaries	3.98%
2.85%	Rate of increase in pensions	3.2%
2.00%	Rate for discounting scheme liabilities	2.7%

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

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

Change in assumptions at 31 March 2022:	Approximate % increase to Employer Liability	Approximate monetary amount £000
0.1% decrease in real discount rate	2%	21,802
0.1% increase in the salary increase rate	0%	2,506
0.1% increase in the pension increase rate	2%	19,123

Pensions - Summary

The overall Pension deficit at 31 March 2022 in the Balance Sheet is £235.67m (20/21 £350.89m). 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 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 £235.67m 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 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 were made in 2021/22 other than any adjustment based on the difference between the actuals and estimated 1/3 draw down of the advance.

The Council anticipates paying nil contributions to the scheme in 2022/23. The weighted average duration of the defined benefit obligation for scheme members is 21 years as per the actuary report.

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 £3.76m.

(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 £7.79m.

52. Nature and Extent of Risks Arising from Financial Instruments

Key Risks

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

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

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council;
- Re-financing risk – the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms;
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments;
- Market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements or stock market movements.
- Amounts arising from Expected Credit Losses - The council has assessed its short and long-term investments using historical default tables provided by Link Asset Services to consider expected losses. The exercise concluded that the expected credit loss is immaterial and therefore no allowances have been made.

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 2021/22 was approved by Council on 17 February 2021 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 2022	Historical experience of default*	Estimated maximum exposure to default	Expected Credit Losses
	£000		£000	£000
AAA rated counterparties	30,740	0.008	2	0
AA rated counterparties	0	0.02	0	0
A rated counterparties	63,570	0.048	31	0
Non rated counterparties	36,274	n/a	0	0
Trade debtors **	10,407	Local experience	500	597
Total	140,991		533	597

* The historical default rate has been calculated by using the average 1 year default rates from all three main rating agencies at March 2022.

** 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 2022.

The Council's maximum exposure to credit risk in relation to its investments in financial institutions of £44k 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 2022 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 £10.4m of the £140.991m balance is past its due date for payment. The past due amount can be analysed by age as follows:

	2020/21 £000s	2021/22 £000s
Less than one year	8,653	9,769
More than one year	1,014	638
Total	9,667	10,407

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	2020/21 £000	2021/22 £000
Instant access	25,050	30,740
Up to 3 Months	31,500	22,700
3 to 6 Months	13,370	27,870
6 to 9 Months	0	18,500
9 to 12 Months	5,000	7,500
Over 1 Year	22,427	23,274
Total	97,347	130,584

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	2020/21 £000	2021/22 £000
Under 1 Year	32,136	6,293
1 year to 2 years	4,622	4,698
2 years to 5 years	22,886	29,275
5 years to 10 years	44,771	16,729
10 years to 20 years	23,157	17,434
20 years to 30 years	19,034	19,072
30 years to 40 years	153,667	148,768
40 years and above	86,992	86,573
Total	387,265	328,842

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 2022 with all other variables held constant, the financial effect would be calculated as follows:

2020/21 £000		2021/22 £000
(404)	Increase in interest receivable on variable rate investments	(361)
95,050	Decrease in fair value of fixed rate borrowings liabilities (no impact on Comprehensive Income & Expenditure Statement)	76,614

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 £38.2m in Manchester Airport Holdings and £5.7m 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 £2.195m gain or loss however any movements in price 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 £0.360m at 31 March 2022 and are listed below.

Value of Fund 2020/21 £000	Trust Fund	Value of Fund 2021/22 £000
2	J Birkhead Trust Fund	2
378	Del Panno Trust	358
25	Clifford Wilcox	0
405	Total monies held in Trusts	360

54. Effect of Prior Period Adjustments

The following disclosure is a correction of an error that has been identified in relation to the valuation of the Council's Long-Term investment in Manchester Airport Group. The correction relates to the financial years 2019/20, 2020/21 and 2021/22. In compliance with the CIPFA Code where the correction impacts on balances at 1 April 2020 these have been disclosed as restated as below.

Effect on the Comprehensive Income and Expenditure Statement 31 March 2021

	Originally stated 2020/21 £000	Amount Restated £000	Restatement of error 2020/21 £000
(Surplus) or deficit on Financial Assets measured at Fair Value through Other Comprehensive Income	(1,890)	5,440	3,550
Total Other Comprehensive Income and Expenditure	78,940	5,440	84,380
Total Comprehensive Income and Expenditure	94,493	5,440	99,933

Effect on the line items in the Balance Sheet as at 1 April 2020

	Originally stated 1 April 20 £000	Amount Restated 1 April 20 £000	Restatement of error 1 April 20 £000	Originally stated 31 March 21 £000	Amount Restated 31 March 21 £000	Restatement of error 31 March 21 £000
Long Term Investments	73,101	(8,900)	64,200	79,213	(14,340)	64,873
Long Term Assets	840,284	(8,900)	831,382	820,170	(14,340)	805,830
Net Assets	247,629	(8,900)	238,727	153,136	(14,340)	138,796
Unusable Reserves	(156,275)	8,900	(147,373)	47,213	14,340	61,553
Total Reserves	(247,629)	8,900	(238,727)	(153,136)	14,340	(138,796)

Effect on the line items in the Movement in Reserves Statement as at 31 March 2021 and 31 March 22

	Unusable Reserves Originally stated 2020/21 £000	Value of Restatement adjustment £000	Unusable Reserves Amount Restated 2020/21 £000	Unusable Reserves Originally stated 2021/22 £000	Value of Restatement adjustment £000	Unusable Reserves Amount Restated 2021/22 £000
Balance at 1 April brought forward	(156,273)	8,900	(147,373)	47,212	14,341	61,553
Total Comprehensive Income and Expenditure	78,940	5,440	84,380	(239,955)	460	(239,495)
Increase or (Decrease) in year	203,485	5,440	208,925	(275,702)	460	(275,243)
Balance at 31 March carried forward	47,212	14,342	61,554	(228,489)	14,801	(213,688)

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.

2020/21				2021/22			
Business Rates £000	Council Tax £000	Total £000	Year ended 31 March	Notes	Business Rates £000	Council Tax £000	Total £000
INCOME							
	(126,159)	(126,159)	Income from Council Tax Payers	2		(133,046)	(133,046)
	(630)	(630)	Contribution from General Fund (Hardship Fund)	2		(1,170)	(1,170)
(70,637)		(70,637)	Income from Non-Domestic Rate Payers	3	(117,586)		(117,586)
			Transitional Protection Payments Receivable				
(5,459)		(5,459)	Contribution towards previous years' estimated Collection Fund Deficit/ Overpaid Surplus. Including 1/3 share of estimated 2020/21 COVID Deficit	2	(90,267)	(2,000)	(92,267)
(76,096)	(126,789)	(202,885)	TOTAL INCOME		(207,853)	(136,216)	(344,069)
EXPENDITURE							
Council Tax Precept Demands :							
	104,075	104,075	- Trafford Council			107,058	107,058
	16,120	16,120	- GMCA Mayoral Police and Crime Commissioner			16,551	16,551
	7,038	7,038	- GMCA Mayoral General Precept (including Fire Services)			6,895	6,895
Non-domestic Rates :							
1,561		1,561	- GMCA Mayoral General Precept (including Fire Services)		1,531		1,531
154,494		154,494	- Trafford Council		151,541		151,541

Collection fund statement (continued)

2020/21				2021/22			
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:							
1,581	551	2,132	- Write offs of uncollectable amounts		2,793	294	3,087
1,285	1,667	2,952	- Increase/(Decrease) in Expected Credit Losses		(1,539)	318	(1,221)
1,986		1,986	- Increase/(Decrease) in Provision for Appeals		(3,163)		(3,163)
460		460	- Costs of Collection		455		455
83		83	- Disregarded Amounts		83		83
1,163		1,163	Transitional Protection Payments Payable		484		484
Contributions :							
494	1,466	1,960	- Distribution of previous years' estimated Collection Fund Surplus		4,165		4,165
163,107	130,917	294,024	TOTAL EXPENDITURE		156,350	131,116	287,466
87,011	4,128	91,139	(Surplus) / Deficit for year	2/3	(51,503)	(5,100)	(56,603)
800	(1,120)	(320)	Balance brought forward as 1 April		87,811	3,008	90,819
87,011	4,128	91,139	Deficit/(Surplus) for the Year (as above)		(51,503)	(5,100)	(56,603)
87,811	3,008	90,819	(Surplus) / Deficit as at 31 March	4	36,308	(2,092)	34,216
Allocated to:							
86,933	2,455	89,388	- Trafford		35,945	(1,718)	34,227
	381	381	- Police and Crime Commissioner for GM/ GMCA Mayoral Police and Crime Commissioner			(266)	(266)
878	172	1,050	- GMCA Mayoral General Precept (including Fire Services)		363	(108)	255
87,811	3,008	90,819			36,308	(2,092)	34,216

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 2021/22 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

Over the last two financial years the challenges faced by COVID-19 placed considerable pressure on both the Council Tax and Business Rates Collection Fund components. Council Tax income has been 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 2021/22 for Business Rates continues to be much larger when compared to pre-pandemic years primarily as a result of businesses being awarded expanded retail and nursery reliefs in 2021/22 totalling £38.13m (£88.60m 2020/21) (as part of the Government's response to the COVID-19 pandemic. These reliefs were not anticipated when the Council set the budget for 2021/22.

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 2021/22 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 2022/23.

In 2020/21 the Government announced a change relating to the phasing of Collection Fund deficits. The regulations amended the rules governing the apportionment of Collection Fund surpluses and deficits for Council Tax and Business Rates and allowed the recovery of the estimated COVID-19

related deficits over 3 financial years rather than the previous 1 year. The estimated deficit for 2020/21 for both Council Tax and Business Rates will therefore be collected over the three financial years 2021/22, 2022/23 and 2023/24. 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)	20	x5/9	11
Band A	16,137	x6/9	10,758
Band B	19,533	x7/9	15,193
Band C	24,623	x8/9	21,886
Band D	13,842	x9/9	13,842
Band E	7,296	x11/9	8,918
Band F	4,341	x13/9	6,270
Band G	3,939	x15/9	6,565
Band H	991	x18/9	1,982
	90,722		85,425
Less allowance for losses on collection			(1,666)
Adjustment for Annexes estimate			(61)

The number

actual of

Less cost of Council Tax Support Scheme	(8,125)
Add Empty Home Premium	243
Council Tax Base	75,816

properties was 100,931, after adjusting for single person discounts, empty properties etc., and the notional number of dwellings is 90,722.

The Band D Council Tax levied for the year was £1,720.08 (£1,643.03 in 2020/21).

The Council Tax shares payable to the Council and the precepting authorities were estimated as part of the 2021/22 budget setting process and totalled £130.504m, shared £107.058m Trafford Council, £16.551m GMCA Mayoral Police and Crime Commissioner Share and £6.895m Mayoral General (inc. Fire Services) Share. These sums have been paid in 2021/22 and charged to the collection fund in year.

There was an in year surplus of £5.10m, which included £2.0m collection of prior years' balances, leaving a surplus of £3.1m relating to 2021/2022. The prior years' balances includes the 1/3 collection of the estimated 2020/21 exceptional deficit caused by COVID-19 of £1.65m; this amount will continue to be collected in 2022/23 and 2023/24. This 2021/22 in year surplus was largely due to better than expected collection of historic debt and also included a contribution from the Council's General Fund of £1.17m 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 surplus of £5.10m was offset by an accumulated deficit balance brought forward of £3.008 to arrive at a year-end surplus balance of £2.092m.

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 2021/22 to the value of £95.551m (£95.750m 2021/22) (see Grant and Other Income note 40).

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 £7.374m in 2021/22 (£7.032m in 2020/21) 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 wider economic uncertainty the sharing agreement was renegotiated and the rebate share adjusted to allow Greater Manchester local authorities to retain 75% of the benefit. As a result, the Council retained the no detriment payment net of rebate of £5.53m.

The business rates shares payable for 2021/22 were estimated before the start of the financial year as zero to Central Government, £1.531m to GMCA Mayoral General (including Fire Services) and £151.541m to Trafford Council which were in line with the percentage shares under the 100% Rates Retention Scheme. These sums have been paid in 2021/22 and charged to the collection fund in year.

The total income from business rate payers after discounts, reliefs and allowance for **expected credit losses** and appeals in 2021/22 was £118.473m (£64.079m in 2020/21). This sum includes £0.484m (£1.163m in 2020/21) 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 2022. 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 2021/22 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 a reduction in the provision for appeals of £3.163m, (£1.986m increase in 2019/20).

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

Value of Provision £000 31.03.21		Value of Provision £000 31.03.22
38,741	Balance at 1 April	40,727
(4,826)	Amount of appeals paid during the year	(6,663)
6,812	In year contributions to the provision	3,500
1,986	Net Increase/(Decrease)	(3,163)
40,727	Balance at 31 March	37,564

The overall outturn position on the Non Domestic Rates element of the Collection Fund is an in year surplus of £51.503m against a deficit of £87.011m in 2020/21. The surplus of £51.503m includes £86.102m collection of prior years' balances, leaving a deficit of £34.599m relating to 2021/22. The prior years' balances includes the 1/3 collection of the estimated 2020/21 exceptional deficit caused by COVID-19 of £1.791m; this amount will continue to be collected in 2022/23 and 2023/24.

This 2021/22 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 £34.253m.

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 2022 for the Trafford area was £359.23m (£368.11m at 31 March 2021). 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 (51.2p in 2020/21) 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 (49.9p in 2020/21).

4. Year End Surplus/Deficit 2021/22

Council Tax

In the Balance Sheet at 31 March 2022, the Council has included the accumulated surplus of £2.092m 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 creditor to the value of £0.374m (debtor of £0.553m 2020/21), and a £1.718m attributable surplus (£2.455m deficit 2020/21) on the Council Tax Collection Fund balance alongside the General Fund.

Non Domestic Rates

In the Balance Sheet at 31 March 2022, the Council has included the £36.308m deficit on a consolidated basis, showing the share from the GMCA – Mayoral General Precept (including Fire Services) as a debtor to the value of £0.363m (debtor of £0.878m 2020/21), and a £86.933m attributable deficit (£86.933 deficit 2020/21) 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.

2020/21			Year ended 31 March		2021/22		
Gross Expenditure £000	Gross Income £000	Restated Net Expenditure £000*	Service	Note	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
223,293	(171,195)	52,098	Children's Services		241,456	(181,092)	60,364
122,053	(65,374)	56,679	Adults Services		131,330	(66,307)	65,023
68,266	(23,403)	44,864	Place		59,559	(29,636)	29,923
8,367	(1,005)	7,361	Governance and Community Strategy		9,426	(2,002)	7,424
14,312	(4,001)	10,311	Finance and Systems		16,169	(5,321)	10,848
11,461	(5,194)	6,267	Strategy and Resources and Traded Services		13,449	(4,460)	8,989
55,250	(49,092)	6,158	Council-wide		52,956	(47,154)	5,802
503,003	(319,264)	183,739	Cost of Services		524,345	(335,972)	188,373
33,255	(66)	33,189	Other Operating Expenditure		39,005	(7,534)	31,471
43,369	(38,645)	4,724	Financing and Investment Income and Expenditure		42,175	(41,423)	752
	(204,900)	(204,900)	Taxation and Non-Specific Grant Income and Expenditure			(209,353)	(209,353)
		16,751	(Surplus) or Deficit on Provision of Services				11,243
		(1,401)	Share of operating results of Joint Ventures	G4			(1,620)
		(174)	Tax expense/(Deferred Tax) of subsidiary				250
		0	Tax expenses of Joint Ventures	G4			0
		15,176	Group (Surplus) or Deficit				9,873
		(25,541)	(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets				(66,261)
		3,550*	(Surplus) or Deficit on Revaluation of Financial Instruments				(40)

2020/21			Year ended 31 March		2021/22		
Gross Expenditure £000	Gross Income £000	Restated Net Expenditure £000*	Service	Note	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
		106,371	Re-measurement of Net Defined Benefit / Liability				(161,807)
		870	Share of Other comprehensive Income and Expenditure of Subsidiaries				(989)
		5,605	Share of Other comprehensive Income and Expenditure of Associates and Joint Ventures				160
		90,855	Other Comprehensive (Income) and Expenditure				(228,937)
		106,031	Total Comprehensive (Income) and Expenditure				(219,064)

*see note 54 Prior Period Adjustments for details on restatement of 2020/21

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.

1 April 2020 £000	Restated 31 st March 2021 £000*		Note	31 st March 2022 £000
511,021	352,631	Property, Plant & Equipment		423,175
	173,058	Infrastructure Assets		174,193
991	985	Heritage Assets		979
113,521	108,124	Investment Property		108,873
5,133	4,751	Intangible Assets		4,466
28,032	28,187	Long Term Investments		29,074
35,949	30,970	Long-term investments in Joint Ventures	G5	31,961
136,546	100,536	Long Term Debtors		98,253
831,193	799,242	Long Term Assets		870,974
50,694	49,591	Short Term Investments		76,348
2,950	4,481	Assets Held for Sale		7,316
379	89	Inventories		91
80,528	114,659	Short Term Debtors		76,751
45,244	43,963	Cash and Cash Equivalents		48,703
179,795	212,783	Current Assets		209,209
(35,423)	(31,795)	Short Term Borrowing		(5,949)
(68,882)	(66,475)	Short Term Creditors		(96,977)
(29,814)	(32,028)	Short Term Provisions		(29,424)
(1,409)	(13,253)	Grants Receipts in Advance (Revenue)		(3,778)
(1,395)	(2,036)	Grants Receipts in Advance (Capital)		(8,587)
(136,923)	(145,587)	Current Liabilities		(144,715)
(36)	(36)	Long Term Creditors		(36)

1 April 2020 £000	Restated 31 st March 2021 £000*		Note	31 st March 2022 £000
(14,208)	(13,580)	Provisions		(13,325)
(344,580)	(351,019)	Long Term Borrowing		(318,966)
(113)	(113)	Revenue Grants & Contributions – Long-Term Receipts in Advance (REFCUS)		(113)
(11,787)	(11,540)	Grant Receipts in Advance (Capital)		(10,493)
(257,556)	(352,357)	Other Long Term Liabilities – Pensions		(236,326)
(8,131)	(6,689)	Other long-term liabilities – Deferred		(6,448)
(636,411)	(735,334)	Long Term Liabilities		(585,707)
237,651	131,104	Net assets		349,761
(7,000)	(8,000)	General Fund Balance		(9,500)
(63,186)	(174,355)	Earmarked General Fund Reserves (*)		(123,041)
(303)	(281)	Capital Receipts Reserve		(403)
(3)	(64)	Revenue Grants Unapplied (REFCUS)		(360)
(20,863)	(17,649)	Capital Grants Unapplied		(20,885)
(91,355)	(200,349)	Usable Reserves		(154,189)
(95,175)	(116,112)	Revaluation Reserve		(174,758)
(10,948)	(7,363)	Financial Instruments Revaluation Reserve		(8,250)
		DSG adjustment account		68
(317,792)	(304,540)	Capital Adjustment Account		(329,543)
15,609	15,048	Financial Instruments Adjustment Account		20,242
257,037	379,529	Pensions Reserve		249,987
(124)	89,388	Collection Fund Adjustment Account		34,227
4,018	5,603	Accumulated Absences Account		5,724
(147,373)	61,553	Unusable Reserves		(202,303)
1,075	7,692	Council's Share of Reserves of Subsidiary and Joint Ventures	G6	6,730
(237,651)	(131,104)	Total Reserves		(349,761)

*see note 54 Prior Period Adjustments for details on restatement of 2020/21

Group Movement in Reserves Statement

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

	General Fund Balance £000	Earmarked General Fund Reserves £000	Total General Fund Balance £000	Capital Receipts Reserve £000	Revenue Grants Unapplied £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Council's Share of Subsidiaries and Joint Ventures £000	Total Group Reserves £000
Balance as at 31 March 2021	8,000	(174,355)	(182,356)	(281)	(64)	(17,649)	(200,350)	61,553*	7,691	(131,104)
MOVEMENT IN RESERVES DURING 2021/22										
Realignment of Trading Period of JV (see Note G4)									408	408
(Surplus) or deficit on the provision of services	10,411	-	10,411	-	-	-	10,411	-	(539)	9,872
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	(228,108)*	(829)	(228,937)
Total Comprehensive Income and Expenditure	10,411	-	10,411	-	-	-	10,411	(228,108)	(960)	(218,657)
Adjustments between accounting basis & funding basis under regulations	39,471	-	39,471	(122)	(297)	(3,237)	35,815	(35,815)	0	0
Net (Increase)/Decrease before transfers to Earmarked Reserves	49,882	-	49,882	(122)	(297)	(3,237)	46,226	(263,924)	(960)	(218,657)
Transfers (to)/from Earmarked Reserves	(51,382)	51,314	(68)	-	-	-	(68)	68	0	0
(Increase)/Decrease in 2021/22	(1,500)	51,314	49,814	(122)	(297)	(3,237)	46,158	(263,856)	(960)	(218,657)
Balance as at 31 March 2022	(9,500)	(123,041)	(132,541)	(403)	(360)	(20,885)	(154,190)	(202,303)	6,731	(349,761)

	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)
Restated Balance as at 31 March 2020	(7,000)		(63,186)	(70,186)	(303)	(3)	(20,863)	(91,355)	(147,373)*	1,075	(237,653)
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	-	-	-	-	-	-	-	-	84,380*	6,475	90,855
Total Comprehensive Income and Expenditure	15,552	-	-	15,552	-	-	-	15,552	84,380	6,615	106,547
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	2,443	711	(108,995)	208,925	6,615	106,545
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)	208,925	6,615	106,545
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)
Restated Balance as at 31 March 2021	(8,000)	(92,470)	(81,885)	(182,356)	(281)	(64)	(17,649)	(200,350)	61,553	7,691	(131,106)

(*) See note 54 Prior Period Adjustments for details on restatement of 2020/21

Group Cash Flow Statement

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

2020/21 £000	Year Ended 31 March	2021/22 £000
16,577	Net (surplus) or deficit on the provision of services	11,492
(32,120)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	(104,398)
6,754	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	25,921
(8,789)	Net cash flows from Operating Activities	(66,986)
(17,783)	Investing Activities	17,548
(434)	Financing Activities	59,020
28,642	Net Cash flows from Advanced Pension Contribution	(14,321)
1,636	Net (increase) or decrease in cash and cash equivalents	(4,739)
(45,244)	Cash and cash equivalents at the beginning of the reporting period	(43,964)
(353)	Adjustment to the opening Cash and Cash equivalents	-
(45,597)	Cash and cash equivalents revised balance at the beginning of the reporting period	(43,964)
(43,962)	Cash & cash equivalents at the end of reporting period	(48,703)

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. The financial statements have been prepared on the going concern basis. The Council will continue to work with Trafford Leisure as required in order to take all reasonable steps to find and implement solutions to address current and future cost pressures and is committed to support Trafford Leisure CIC during periods of losses.

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 2021 to 31st March 2022 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 2022.

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 over 30 years experience in the property investment industry;
- K J Crotty, Chief Financial Officer, Bruntwood Limited, Chartered Accountant with over 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 41 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.

2020/21 £000		2021/22 £000
COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT		
Cost of Services:		
	<i>Service Cost comprising:</i>	
27,488	• current service cost	42,047
115	• past service costs	1,070
0	• (gain)/loss from settlements	0
	<i>Financing and Investment Income and Expenditure:</i>	
6,204	• net interest cost	7,446
33,807	Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	50,563
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:	
(146,361)	• Return on plan assets (excluding the amount included in the net interest cost)	(81,346)
7,461	• Actuarial gains and losses arising on changes in demographic assumptions	(11,815)
255,104	• Actuarial gains and losses arising on changes in financial assumptions	(77,795)
(8,963)	• Other	8,160
141,048	Total Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement	(112,233)
	Movement in Reserve Statement	

(33,807)	<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 	(50,563)
	Actual amount charged against the General Fund Balance for pensions in the year:	
15,272	<ul style="list-style-type: none"> employers' contributions payable to scheme 	16,774
2,236	<ul style="list-style-type: none"> retirement benefits payable to pensioners 	1,259

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:

2020/21 £000		2021/22 £000
(1,247,226)	Present value of the defined benefit obligation	(1,187,278)
894,869	Fair value of plan assets	950,952
(352,357)	Net Liability arising from defined benefit obligation	(236,326)

Reconciliation of the Movements in the Fair Value of Scheme Assets

2020/21 £000		2021/22 £000
710,371	Opening fair value of scheme assets	894,869
0	Effect of Settlements	0
16,082	Interest income	17,668
	Re-measurement gain/(loss):	
146,361	<ul style="list-style-type: none"> The return on plan assets, excluding the amount included in the net interest expense Other 	59,278
46,247	Contributions from employer	3,798
5,067	Contributions from employees into the scheme	5,251
(29,259)	Benefits paid	(29,912)
894,869	Closing fair value of scheme assets	950,952

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

2020/21 £000		2021/22 £000
967,927	Opening present value of scheme liabilities	1,247,226
27,488	Current service costs	42,047
-	Effect of Settlements	-
22,286	Interest costs	25,114
5,067	Contributions from scheme participants	5,251
	Re-measurement (gains) and losses:	
7,461	<ul style="list-style-type: none"> Actuarial gains/losses arising from changes in demographic assumptions 	(11,815)
255,104	<ul style="list-style-type: none"> Actuarial gains/losses arising from changes in financial assumptions 	(77,795)
(8,963)	<ul style="list-style-type: none"> Other 	(13,908)
115	Past service cost	1,070
(29,259)	Benefits paid	(29,912)
1,247,226	Closing present value of scheme liabilities	1,187,278

Pension Scheme Assets

	31 March 2021 £000	31 March 2022 £000
Equities	53%	69%
Bonds	35%	13%
Property	11%	8%
Cash	1%	10%
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 2022 for both Trafford Leisure CIC Ltd. and Trafford Council.

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

2020/21	Trafford Leisure CIC Ltd. - Mortality assumptions:	2021/22
Longevity at 65 for current pensioners:		
20.5 years	• men	20.3 years
23.3 years	• women	23.2 years
Longevity at 65 for future pensioners:		
21.9 years	• men	21.6 years
25.3 years	• women	25.1 years
3.3%	Rate of inflation	3.15%
3.6%	Rate of increase in salaries	3.9%
2.85%	Rate of increase in pensions	2.75%
2.0%	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
0.1% decrease in real discount rate	2%	152
0.1% increase in the salary increase rate	0	28
0.1% increase in the pension increase rate (CPI)	2	123

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 2021/22 the statutory accounts as at 30th September 2021 were combined with the management accounts to 31st March 2022 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 2022 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 2021 and March 2022, an 18 month trading period has been used for the 2021/22 trading values. This has allowed the closing balance sheets as at 31st March 2022 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 2022.

2020/21 £000	2020/21 Trafford Council Share at 50% £000		2021/22 £000	2021/22 Trafford Council Share at 50% £000
6,902		Turnover	9,832	
(3,275)		Cost of Sales	(5,479)	
3,627		Gross Profit/(Loss)	4,353	
(825)		Administrative Expenses	(1,113)	
0		Other Operating Income	0	
2,802	1,401	Profit/ (Loss) before Taxation	3,240	1,620
0		Taxation	0	
2,802	1,401	Profit/ (Loss) for the Period before Taxation	3,240	1,620
		Other Comprehensive Income		
(11,209)	(5,605)	Surplus or Deficit on revaluation of non-current assets	(320)	(160)
(8,407)	(4,204)	Total Comprehensive income for the period	2,920	1,460

G5. Investments in Joint Ventures

2020/21 £000		2021/22 £000
	Investment in Joint Ventures	
11,101	Trafford Bruntwood LLP	11,308
8,678	Trafford Bruntwood (Stretford Mall)	8,678
16,907	Trafford Bruntwood (Stamford Quarter)	17,193
36,686	Total Investment	37,179
(5,716)	Share of Accumulated profit/(loss)	(5,217)
30,970		31,962

Summary balance sheet of Joint Ventures

2020/21 £000		2021/22 £000
61,817	Fixed Assets	65,154
4,565	Current Assets	5,486
(4,442)	Creditors : Amounts falling due within one year	(6,720)
61,940	Net Assets/ (Liabilities)	63,920
	Reserves :-	
36,686	Members Capital – Bruntwood Holdings/ K Site	37,177
36,686	Members Capital – Trafford	37,177
(2,690)	Other Reserves (Dividend Distribution)	(3,796)
(11,211)	Other Reserves	(10,821)
2,469	Profit/(Loss) Reserve	4,183
61,940	Total Reserves	63,920

G6. Group Reserves

Restated 2020/21 £000		2021/22 £000
	Usable Reserves	
(200,349)	Trafford Council (i)	(154,189)
	Unusable Reserves	
61,553*	Trafford Council (i)	(202,301)
(138,796)	Sub-Total Trafford Reserves	(356,492)
	Group Reserves	
1,975	Trafford Leisure CIC (ii)	1,512
5,716	Trafford Bruntwood	5,217
7,691	Sub-Total Group Reserves	6,729
(131,105)	Total Reserves	(349,763)

*see note 54 Prior Period Adjustments for details on restatement of 2020/21

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

(ii) Reserves of £0.660m 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 outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflects the benefits that the employer is committed to provide for service up to the valuation date.

Settlement

Occurs when an entity enters into a transaction that eliminates all further legal or constructive obligation for part or all of the benefits provided under a defined benefit plan, for example, when a lump-sum cash payment is made to, or on behalf of, plan participants in exchange for their rights to receive specified post-employment benefits.

Soft Loan

This is where loan is either given to or received from an external organisation or individual at conditions which are more favourable than market rates.

Stepped Interest Rate Loans

A loan agreement where one rate of interest applies for the primary period of the loan and another rate for the remainder, or secondary period.

Trust Funds

Funds administered by the Council on behalf of others, for purposes such as prizes, charities, specific projects, and on behalf of minors.

Unsupported Borrowing

Borrowing undertaken to finance capital expenditure where the related debt costs are paid for by the authority or from other income.

Vested Rights

In relation to a defined benefit scheme, these are:

- for active members, benefits to which they would unconditionally be entitled on leaving the scheme:
- for deferred pensioners, their preserved benefits:
- for pensioners, pensions to which they are entitled