

STOCKPORT METROPOLITAN BOROUGH COUNCIL STATEMENT OF ACCOUNTS AUDITED

2021/22

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PART 1

STOCKPORT METROPOLITAN BOROUGH COUNCIL STATEMENT OF ACCOUNTS

DEPUTY CHIEF EXECUTIVE'S (SECTION 151 OFFICER) NARRATIVE REPORT

I am pleased to present the Council's 2021/22 Statement of Accounts.

The Statement of Accounts have been prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom. The Statement of Accounts play a vital role in providing Stockport residents, Council Members, and other interested parties with an understanding of the Council's financial position, providing assurance that public resources have been used and accounted for in an appropriate manner. It aims to ensure the readers of the Statement of Accounts can:

- Understand the overarching financial position of the Council and the 2021/22 financial outturn position;
- Have confidence that the public money with which the Council has been entrusted has been used and accounted for appropriately; and
- Be assured of the robustness of the Council's financial standing.

Government have continued to provide Local Authorities flexibility over the production of their Annual Statement of Accounts in 2021/22 in recognition of the impact of the pandemic. The legislation for 2021/22 requires draft accounts to be produced no later than 31 July rather than the 31 May deadline pre-pandemic. Despite this Officers across the Council have worked diligently to ensure the Council's accounts have been prepared on a timely basis. Whilst the Annual Statement of Accounts are an important financial review and position of the past twelve months, timely production allows the Council to focus on addressing the significant financial challenges ahead, and to continue the Council's and Borough's recovery from the financial impact of the pandemic. The draft accounts were produced and handed to the Council's External Auditors on 24 June 2022.

During the year the Council has continued to face the unprecedented challenges of responding to and recovering from a global pandemic which has led to significant changes to the way the Council has had to operate and deliver services to residents and businesses. The Council has witnessed the collaboration and inspirational response of Stockport's communities and businesses as part of this, which continues to shape how we collectively address the continuing challenges and opportunities faced across the Borough. Progress in responding and recovering from the pandemic, including the fantastic commitment and sacrifices of local people and businesses, has allowed for our communities to reconnect, businesses to reopen and a step forward into a new way of living, working, and spending time together. Despite this, we know that it remains a time of struggle and anxiety for many of our residents and businesses as our recovery continues and we respond to new challenges. Outbreaks of new Covid variants during the year have highlighted the fragility of this recovery both nationally and locally. In addition, the ongoing war in Ukraine has added to the adverse impact on the national economy with resulting energy cost increases, delays in supply chains and inflation rates hitting historic levels during the year. We are aware that our residents and businesses will continue to face an uncertain period as cost-of-living increases are leading to financial crisis, increasing food and energy poverty and increasing demand for services, particularly those that

support our most vulnerable residents across our communities. It is therefore more important than ever that the Council has the robust and resilient financial platform in place to continue to provide support and deliver essential services particularly to our most vulnerable residents.

It is pleasing to report that the Council's financial position remains robust and resilient despite the challenges faced. This is crucial to the continuing delivery of these essential services. Robust financial management continues to be key to the Council's sustainability and resilience over the medium-term period and is demonstrated by the financial position presented in these accounting statements. This is a combination of the Council's financial management processes during the year including its budget monitoring, medium-term financial planning, Capital Strategy, Treasury Management Strategy and Reserves Policy. This enables the Council to direct available resources as required to mitigate the financial impact of the pandemic whilst minimising the impact on the achievement of the Council's longer-term priorities and investment plans. Despite the challenging financial landscape, it is testament to the hard work of Members and Officers across the Council who have embedded a strong culture of financial management that has meant we have achieved this financial position without the need for Section 114 notices (declaring bankruptcy) or Government capitalisation directives.

At the start of the year the Council had a saving requirement of over £23m to address in order to balance its 2022/23 Budget. The focus of the response to this has been to deliver impactful and outcomes-focussed transformational change for Stockport communities and businesses, whilst recognising the importance of a resilient budget to enable this change. To achieve this, saving proposals of £10.291m were identified focusing on addressing the financial and demand challenges, enabling longer-term transformation and shared ambitions, and delivering robust corporate governance. Aligned to this and supporting the robustness of the Medium-Term Financial Plan (MTFP), saving proposals of £6.930m 2023/24 and £5.800m 2024/25 were also identified. The financial risks in the forecast and assumptions underpinning the Council's medium-term financial planning remain, particularly in 2022/23 as the ongoing adverse impact on the national economy continues to present uncertainty, volatility and risk within the financial landscape. The Council's MTFP reflects this and will continue to be updated during 2022/23 to mitigate the volatility. The Council remains committed to its MTFP Strategy and the transformational change needed to ensure the Council continues to move towards being self-sufficient in terms of its funding over the medium-term period. This will provide the financial robustness needed to deliver the Council's longer-term ambitions in terms of its transformation, and the delivery of the Council Plan and the One Stockport Borough Plan.

The pandemic recovery has continued to delay key Government decisions about the future direction of Local Government funding. The 2022/23 Local Government Finance Settlement was again a one-year funding settlement, providing no certainty about the Council's Government funding beyond 2022/23. A multi-year settlement to determine the distribution of funding across Local Authorities over the medium-term period is still expected. The 2022/23 settlement can be considered a further one-year holding position whilst more significant transformation of Local Government finance is undertaken by Government, including the completion of delayed reforms linked to the Fairer Funding Formula and Business Rates, and planned reforms to adult social care. However it seems increasingly likely that a further one year holding settlement will

continue in 2023/24 at least, due to the continuing national economic uncertainty post pandemic that is being exacerbated by the war in Ukraine. Whilst understandably the delay is in part due to the Government's need to have certainty about the financial position for the country over the medium-term period, the uncertainty, volatility, and complexity of the financial landscape is making the Council's own medium-term financial planning difficult. The Finance Team will continue to work with Members and Officers across the Council within the framework of the MTFP Strategy to address the significant financial challenge ahead. This will ensure the Council's revenue budget, capital programme and MTFP are robust on a recurrent basis to provide a robust foundation on which to address and deal with the financial challenges ahead.

During the year and despite the challenges faced, the Finance Service has continued to provide excellent financial leadership across the Council through its robust financial management. This has been achieved despite the many challenges of the pandemic. The vision for the service continues to be a service which is innovative, providing excellent financial leadership, and enabling colleagues across the organisation to effectively manage the finances of the Council. A culture of continuous improvement is at the heart of this, ensuring the service is fit for the future and continues to provide robust and resilient financial management for the Council whilst identifying new ways of working and enabling services to deliver on their own transformation priorities and ambitions.

The following Narrative Report provides information about Stockport. It highlights the key issues affecting the Council and its Statement of Accounts and includes a summary of the Council's financial position as at 31 March 2022.

Michael Cullen
Deputy Chief Executive (Section 151 Officer)

INTRODUCTION TO STOCKPORT

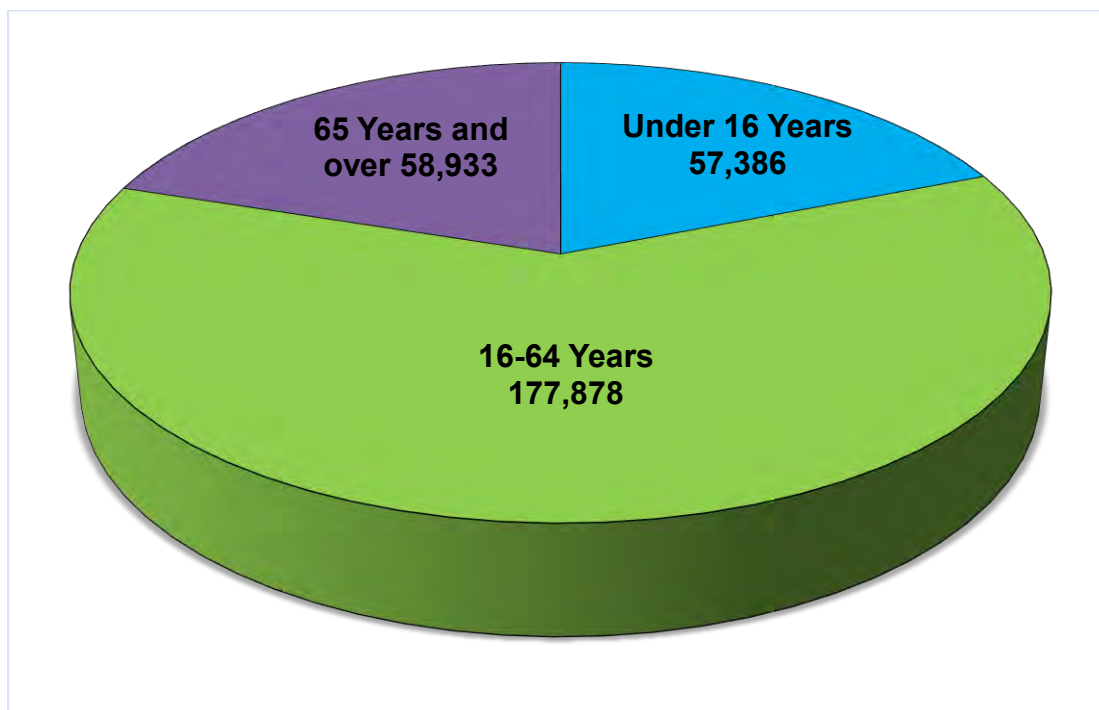
Stockport is one of ten Local Authorities in the Greater Manchester region. It is situated in between the Peak District, the Cheshire Plain and one of the UK's fastest growing cities, Manchester. Stockport is a Borough of independent shops, great schools, thriving businesses and strong communities making it a place where people want to live, work, and spend their leisure time.

Similar to other Local Authorities across the country, the Council faces significant financial challenges due to the uncertainty, volatility, and risk within the financial landscape. The financial challenge of the past twelve months has been significant and required robust and resilient financial management to mitigate the financial impact whilst the national and local economy recovers. A fundamental part of the Council's recovery is its transformation programme and how it plans to 'build back better' through its One Stockport approach. The need to transform and ensure it is a sustainable organisation fit for the future is fundamental to the achievement of the Council's ambitions. A robust and resilient financial platform continues to enable this transformation despite the challenges and ensuring a better future for the Borough.

KEY FACTS ABOUT STOCKPORT

Population

The Office for National Statistics 2020 mid-year population estimates report Stockport's total population as 294,197. The age profile of the population is shown below:



The working age population (age 16 to 64 years inclusive) as a proportion of the total population, is slightly lower than the regional and national averages, whilst those aged 65 years and older represent a higher proportion of the population than regional and

national averages, with over 85's representing 2.8% of the population compared to 2.5% nationally. The population of those Under 16 is in line with regional and national averages. The population is expected to increase over the medium-term with a high proportion of this increase coming from those residents aged over 65 years. The population aged over 85 years is also forecast to increase, with resulting increases in demand for health and social care services expected.

Local Economy

Stockport's knowledge-driven economy, combined with its high-quality of life, is reflected in the range of occupations held by its resident population. A high proportion of residents are employed in management and professional occupations, which make up around a third of the total number in employment. A higher proportion of residents tend to be employed in skilled or highly skilled occupations in comparison to the North West and UK. In addition, a high proportion of residents are self-employed when compared to regional and national averages.

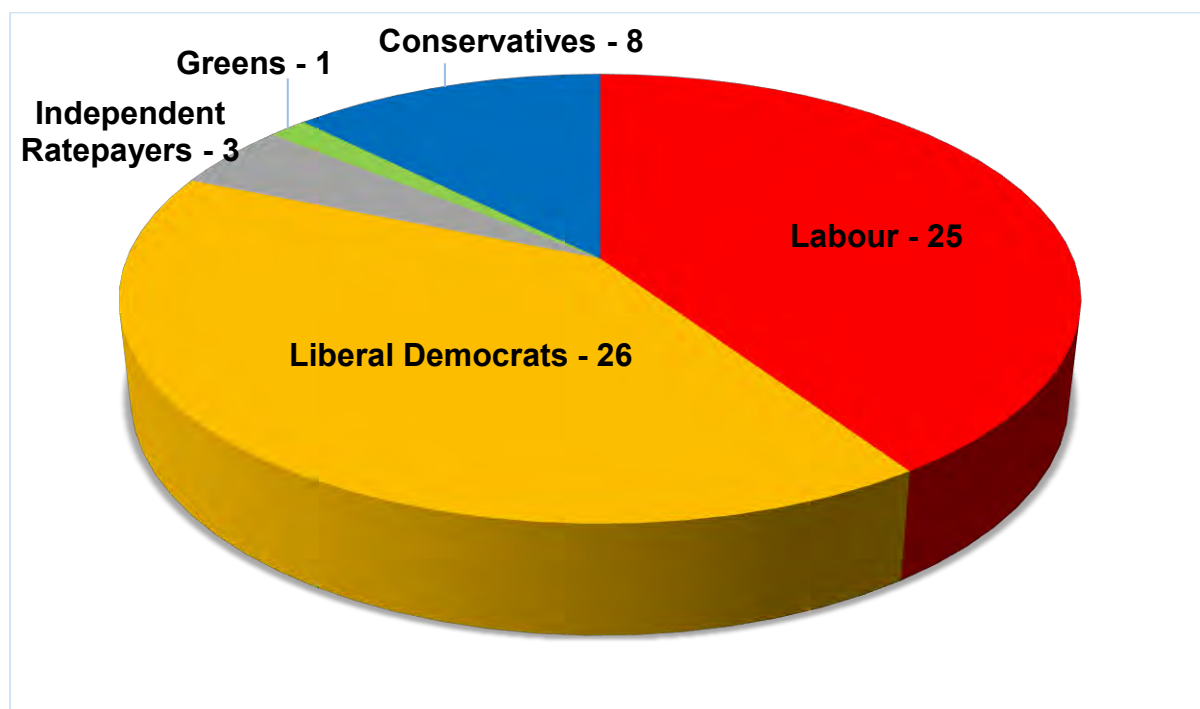
The strength of Stockport's economy is supported by its strategic location, range of business premises, prosperous residential areas and excellent connectivity all of which contributes to a thriving and diverse economy, including many high-growth business start-ups and headquarters of both national and international firms. The Borough is occupied by nearly 13,815 businesses and has the third largest workforce in Greater Manchester, with 131,000 employees in the Borough. This strength is further illustrated by Stockport's employment rate of 74.2% and economic activity rate of 78.4%, both of which continue to exceed the regional average.

Historically, Stockport has experienced low levels of unemployment relative to regional and national averages. However, the effect of the pandemic has been to increase out of work benefit claimant count rates by 25.5% from pre-pandemic levels for the working age population to a current rate of 3.7%. Young people aged 18-24 have had an increase of the claimant count to 5.5%. During the year Stockport businesses made use of the Government's furlough scheme to support employees. In addition, Stockport's self-employed population made use of the Government's Self-Employed Income Support Scheme, the Promotion of Self-Employed Income Support Scheme (SEISS). The Council has supplemented the national support and will continue to offer these support services to residents when the Government support ends in September 2021 as part of its pandemic recovery. This includes a jobs-matching service to help residents match their skills to available jobs across the Borough and working with partners such as the Stockport Credit Union and Stockport Citizens Advice Bureau to support residents facing financial hardship with support, advice, and guidance.

Over £33m of grant support through more than 4,584 Covid-19 business support grants have been administered and paid by the Council to help business survive periods of lockdowns and tier restrictions during the year. Through the support grants and the One Stockport campaign, businesses and the local economy have been supported to make a strong recovery from the pandemic. This is a key part to the ongoing development of a new economic plan for Stockport which is key to the Borough's pandemic recovery.

Political Structure

The Borough of Stockport is made up of twenty-one wards with three Councillors representing each ward. During 2021/22 the political make-up of the Council was:

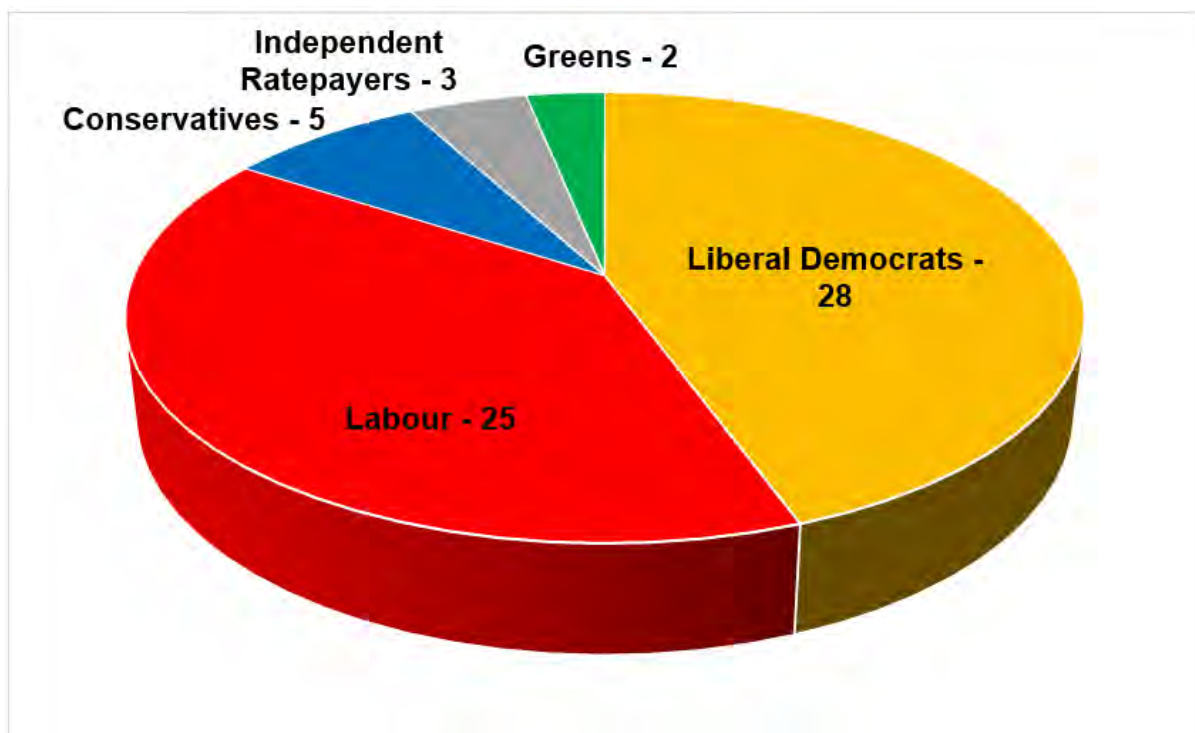


The Cabinet is the main decision-making body of the Council and is responsible for the strategic management of Council Services. The Cabinet consists of the Cabinet Leader and seven Cabinet Member Councillors, each of whom holds a Cabinet Member Portfolio.

The Cabinet Member Portfolios and their Cabinet Members during 2021/22 were:

- Leader of the Council and Cabinet Member for Devolution – Councillor Elise Wilson
- Resources, Commissioning and Governance - Councillor Tom McGee (Deputy Leader)
- Sustainable Stockport – Councillor Sheila Bailey
- Citizen Focus and Engagement – Councillor David Sedgwick
- Children, Family Services and Education – Councillor Colin Foster
- Economy and Regeneration – Councillor David Meller
- Inclusive Neighbourhoods – Councillor Amanda Peers
- Adult Care and Health – Councillor Jude Wells

A local election was held on 5 May 2022 where 21 Council seats were up for election. Subsequently there has been a change in the political make-up of the Council, including a change in Leadership, a new Cabinet and Portfolios. The Leader and Deputy Leader assumed their roles on 19 May 2022 and the Cabinet Members on 24 May 2022. The political make-up of the Council following the 5 May 2022 elections is:

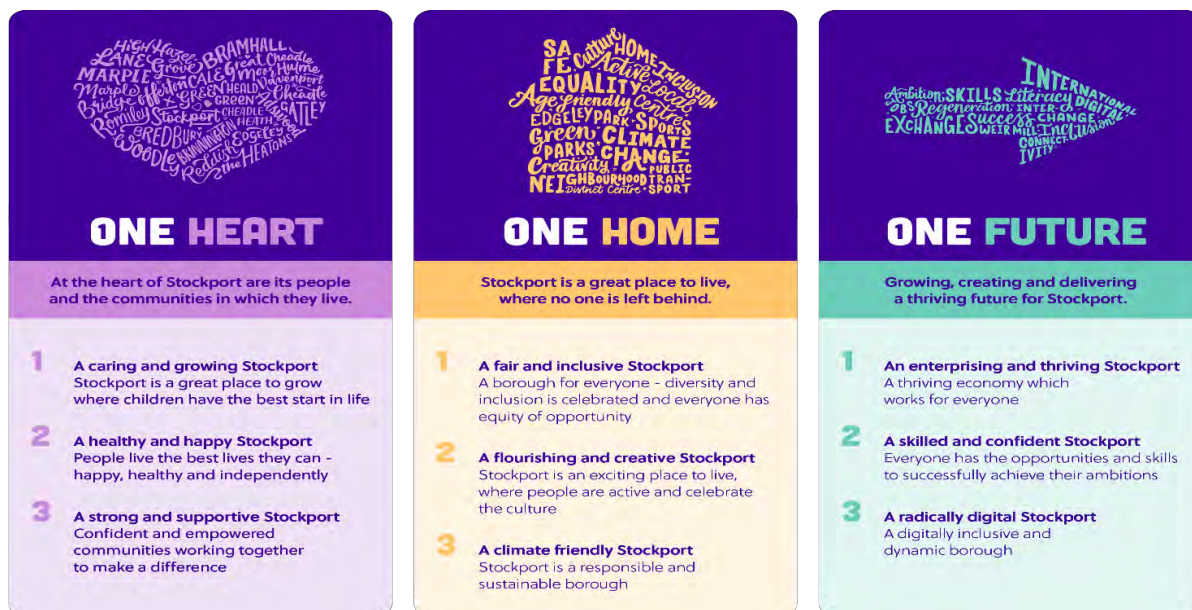


The Cabinet Member Portfolios and their Cabinet Members following the 5 May 2022 election are as follows:

- Leader of the Council – Councillor Mark Hunter
- Education, Children and Families - Councillor Wendy Meikle (Deputy Leader)
- Finance and Resources – Councillor Malcolm Allan
- Climate Change and Green Agenda – Councillor Mark Roberts
- Highways, Parks and Leisure – Councillor Grace Baynham
- Economy and Regeneration – Councillor Colin MacAlister
- Communities and Housing – Councillor Helen Foster-Grime
- Health and Adult Social Care – Councillor Keith Holloway

Council Plan

The Council Plan is an organisational plan that sets a high-level framework for decision making throughout the financial year. It is a public-facing summary document which sits above the annual Portfolio Performance and Resource Agreements that set out the key performance measures for each Portfolio area of the Council. The Council Plan has been aligned with the key themes and ambitions from the ONE Stockport Borough Plan Framework and are as follows:



The key themes are underpinned by a further theme of ONE Council focusing on unifying ambitions around:

- We are a council that **values partnerships and collaboration;**
- We are a council that **cares about our staff and engages them in the future;** and,
- We are a council that **is founded on strong governance and financial sustainability.**

The Plan continues to be shaped not only by our response to the many challenges from the pandemic, but also builds on the positives around joint working and collaboration towards our ambitions for a fairer and greener Stockport. Progress in delivering the Council Plan priorities will be reported over the course of the year through our Portfolio Performance and Resource Agreements along with our Performance Dashboards.

The collaboration and inspirational response of local communities to, and recovery from, the pandemic continues to shape how we collectively address the challenges and opportunities faced across the Borough. Progress in responding to the pandemic, including the fantastic commitment and sacrifices of local people and businesses, has allowed for loved ones to reconnect, businesses to reopen and a cautious step forward into a newly-shaping way of living, working and spending time together. Despite this, we know that it remains a time of struggle and anxiety for many across Stockport's communities as we progress and respond to new Covid variants and face new financial challenges in terms of cost of living increases, demand for services and inflationary cost pressures.

Our Borough Plan and Council Plan build upon the momentum of close working and collective ambition to address these challenges and shape an even better Borough for all people to live, work and spend time in. The plan reaffirms our collective commitment to working together and a series of shared priorities for the future of Stockport. It frames the Council's response to the Medium-Term Financial Plan (MTFP) and our commitment to a transformation led strategy, which aims to manage

service demand, deliver services more efficiently ensuring value for money is achieved and focus on the outcomes for Stockport residents and businesses.

The 2022/23 Council Plan was approved by the Council in February 2022.

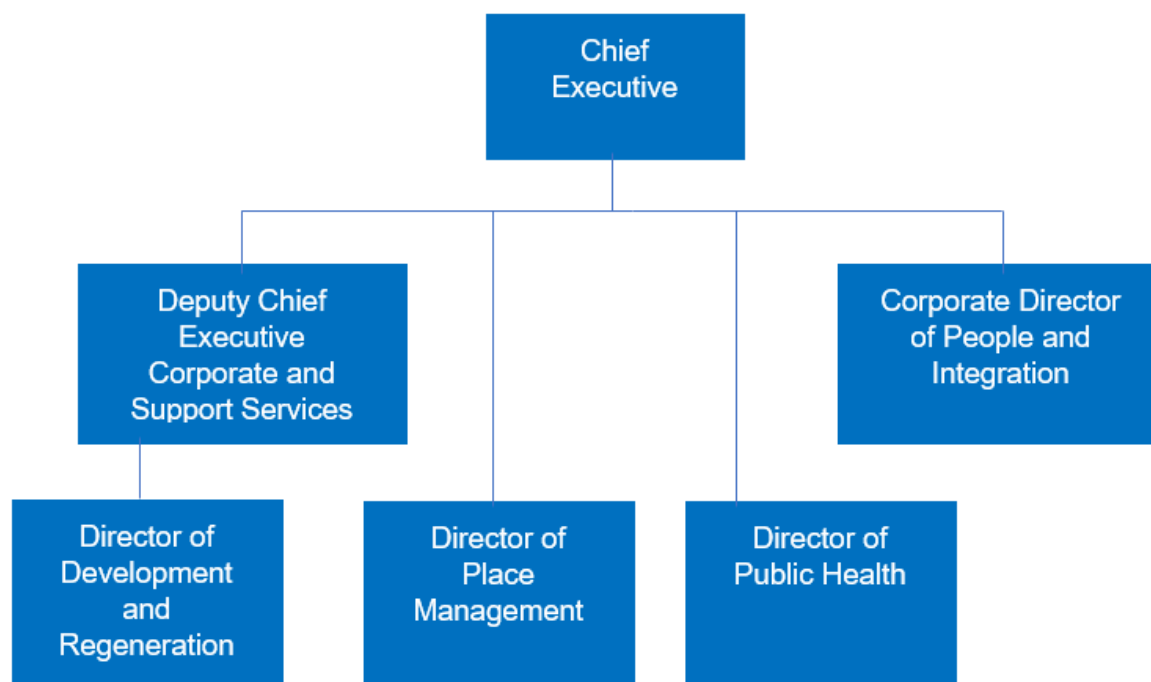
Corporate Leadership Team Structure

The Council's Corporate Leadership Team (CLT) provides managerial leadership, supporting and advising elected members in:

- Developing the Council's strategies;
- Identifying and planning resources for the Council;
- Delivering Council plans; and,
- Reviewing the Council's effectiveness in delivering excellent services to the residents of Stockport.

During the first three quarters of the year CLT was headed by the Council's Chief Executive, two Deputy Chief Executives who also held Corporate Director roles for Place and Corporate and Support Services, Director of Adult Social Care and Director of Children's Services.

During the final quarter of the year the Deputy Chief Executive, Corporate Director for Place became the Chief Executive. On the appointment of a new Chief Executive in January 2022, CLT was restructured as follows:



Council Employees

At the start of April 2021, the Council employed 2,445 full time equivalents (FTEs) excluding school-based employees. By March 2022 this had increased to 2,552 FTEs.

The pandemic has had a significant impact on the Council's workforce since March 2020 in terms of new demands, working patterns, supporting technology and greater

awareness of health and wellbeing. Most notable has been the working from home arrangements and the increased flexibility to enable the workforce to deal with the many challenges of the past two years. Using the Council's existing values and behaviours as a starting point, along with engagement via a series of 'Let's Talk' employee surveys and building on the many positives and opportunities of the past two years, a new One Team People Strategy was developed and launched in July 2021. This is based on five 'pillars':



Leads for each pillar have now been identified and work is underway to produce action plans for each area. Underpinning this strategy is the recognition of the importance of the Council's workforce in building an organisation fit for the future. Responding to the significant financial challenges faced by the Council will require a transformed organisation that embraces change and new ways of working. The strategy builds a solid foundation to support this and develop a bold, resilient and talented workforce, integrated and designed to focus on outcomes with the right skills, shared values and commitment to Stockport residents. This ensures the Council has Officers in the right place with the right skills and the right tools to do their jobs, whilst prioritising limited resources efficiently in order to retain and attract talent.

Council Values

The Council's values and behaviours run through everything the Council and its Officers do regardless of the challenges faced, 'the Stockport Way of doing things'. These values have been key to the Council's pandemic response and remain core to the way the Council works and achieves its priorities and ambitions. The Council's values and behaviours are:

Stockport	Team	Ambition	Respect
• We are ambassadors for Stockport and the Council; • We do what we say, taking responsibility for our actions; and • We involve and listen to people when designing our services.	• We work together to achieve shared goals; • We are committed and positive, working to the best of our ability; and • We feel empowered to give and receive feedback.	• We encourage new ideas to make better use of our resources; • We have courage and confidence to challenge how we do things; and • We are prepared to take risks and learn from our mistakes.	• We support each other and celebrate success; • We care about diversity and everybody's wellbeing; and • We work with people, being open and honest.

Greater Manchester Devolution and Partnership Working

The Greater Manchester (GM) Devolution agreement with Government has provided the opportunity to better integrate policies and decision-making at a local level, leading to improved outcomes for residents across the city region. The GM Strategy, which integrates the public sector, businesses and the voluntary, community and social enterprise sector, is vital for not only improving services but driving productivity and prosperity across Greater Manchester.

A new Greater Manchester Strategy (GMS) for a 'greener, fairer, more prosperous city-region' was formally launched at the 'New Era for Greater Manchester' event in March. The ten-year strategy outlines ambitions for Greater Manchester to be a place where everyone can live a good life, growing up, getting on and growing old in a greener, fairer more prosperous city region. It sets out a route, over the next decade, to deliver this vision for the benefit of our people, our places and our planet. Working collectively across the city region, with our communities, the GMS will focus on improved wellbeing for the 2.8m people here, with better homes, jobs and transport.

GM Devolution is continuing to shape a new way of working across the region on the important issues facing Greater Manchester. Much of the focus during 2021/22 has continued to be around the response to the wide-ranging impacts across the region of the pandemic, both in terms of co-ordination of health and social care and supporting economic recovery. The 'Living with Covid Resilience Plan' provided a framework and clear set of priorities to support the effective delivery of services and support as the city-region emerges from the pandemic. A local emphasis on investment and inclusive economic growth is illustrated by the progress of the first GM Mayoral Development Corporation in Stockport. It's also illustrated in the joining up public services, such as through the ongoing developments across the GM Health and Social Care Partnership including the establishment of an Integrated Care Board through the GM Health and Social Care Partnership ahead of the introduction of Integrated Care Systems from July 2022.

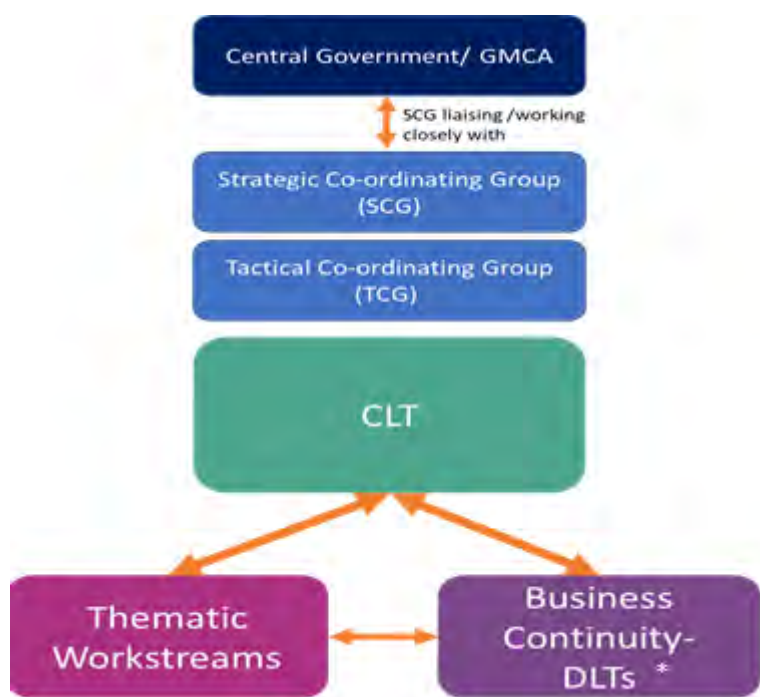
Stockport is well placed to shape and benefit from these opportunities as a member of Greater Manchester Combined Authority (GMCA) and has led on three strategic GM priorities during the year through identified Greater Manchester Leaders' and Chief Executives' Portfolios:

- The Leader of the Council was the GM Portfolio lead on Economy and Business during the year;
- The Council's former Chief Executive was the Chief Executive Portfolio Lead for Equalities and Ageing during the year; and
- The Council's new Chief Executive is the Chief Executive Portfolio Lead for Police, Fire and Crime (from January 2022).

2021/22 FINANCIAL PERFORMANCE OF THE COUNCIL

Pandemic Financial Impact, Response and Recovery

The pandemic has created unprecedented circumstances within which the Council, working with our communities and partners, has had to respond and recover. The Council's pandemic response and recovery has been guided by advice and guidance provided by Government during the year. CLT have reviewed guidance and announcements daily throughout and established a robust and responsive governance to facilitate cross partnership and organisational response. This has included close working with Government and Greater Manchester as shown below:



*Directorate Leadership Teams (DLTs)

Going forward the Council will continue to work with colleagues and partners both locally and across Greater Manchester to ensure that Stockport's and the regions recovery plans focus on a 'Build Back Better' approach. This will prepare our communities to live with Covid-19 and meet the challenges ahead together. This will help to make Stockport even stronger in the future and is the focus of the One Stockport Borough Plan.

The pandemic has resulted in significant financial scarring, adding to the already uncertain, volatile and risk inherent financial landscape. During the year the Council has continually assessed its financial position and forecasts as part of the monthly financial impact returns to Government. This has ensured robust and informed decision-making about the mitigation of this impact. A combination of one-off Government support funding and scarring contingency budget set aside within the Council's 2021/22 Budget has been used to mitigate and smooth the financial impact over the medium-term period. £10.079m was allocated from the scarring contingency to reflect the additional costs or income reductions faced by the Council. The robust and resilient financial management in terms of the Council's budget monitoring, medium-term financial planning and Reserves Policy has helped the Council to do this. As a result, a manageable financial position has been achieved in 2021/22 and is presented in this Statement of Accounts.

The MTFP financial scarring resulting from the pandemic is expected to be long lasting and whether there will be a permanent impact on the national and local economy remains uncertain. Rising price inflation and supply chain delays, exacerbated by the war in Ukraine are already impacting the Council's revenue and capital budgets in 2022/23. The MTFP approved in February 2022 has taken this into consideration and reflects this position to ensure the underpinning assumptions and forecasts have been set on a robust and resilient basis. However, these forecasts and assumptions will need to be continually updated during 2022/23 to ensure they continue to reflect the ongoing and emerging effects of financial scarring.

Despite the significant challenges the Finance Team will continue to build on the Council's robust and resilient financial management processes to ensure the impact continues to be assessed and mitigated. This includes:

- Budget monitoring and forecasting of the 2022/23 outturn position to understand the financial position of the Council during the year and highlight early any emerging financial risks.
- Annual review of the Council's Reserves Policy to ensure the Council's one-off resources are aligned to its priorities and continue to support its financial resilience;
- Monitoring the Council's Capital Programme to understand the revenue implications of capital investments; and
- Continual updates of the Council's MTFP during 2022/23 to retest the underpinning assumptions and forecasts, particularly in terms of the Covid-19 financial scarring impacts and inflationary cost pressures to ensure the Council's medium-term financial planning is robust and informs decision making.

Covid-19 Grant Schemes

During the financial year the Council has administered a significant number of Covid-19 grant schemes on behalf of Government to support businesses and residents through the many challenges of the pandemic. These schemes have been a mix of non-discretionary, where schemes and eligibility criteria has been set nationally by Government, and discretionary, where schemes and eligibility criteria have been set locally by the Council. As part of the Council's 2021/22 Statement of Accounts, the

Council has had to determine the accounting treatment for these grants including consideration of whether the Council was operating as principal or as an agent of Government when administering them. Accounting standards only require the Council to record transactions in its accounts where it is acting as principal i.e., it has control of the grants awarded. To provide a fuller picture, the table below provides a full summary of all the Covid-19 grant schemes administered by the Council during 2021/22.

Grant description (including Funding Body)	Credited to taxation & non-specific grant income £000	Credited to services £000	Balance C/Fwd as Receipt in Advance £000	Agent (not included in CIES) £000
<u>Department for Levelling Up, Housing and Communities (DLUHC):</u>				
Covid-19 LA Support Grant	7,629			
Local Council Tax Support Grant	3,367			
Sales, Fees and Charges Support Grant	1,173			
Covid Additional Relief Fund			5,504	
<u>MHCLG/European Regional Development Fund:</u>				
Welcome Back Fund		385		
<u>Department for Business, Energy & Industrial Strategy:</u>				
Local Restrictions Support Grants - Mandatory			8,564	525
Local Restrictions Support Grants - Discretionary		6		
Additional Restrictions Grant		2,562		
Restart Grant			1,780	12,872
Omicron Support Fund – Hospitality and Leisure				1,878
<u>Department of Health and Social Care:</u>				
LA Practical Support		143		
Community Testing		1,060		
GM Self Isolation Pathfinder		167		
Contain Outbreak Management Fund		6,331	2,608	
Test and Trace Service Support		1,202		
Workforce Recruitment and Retention		2,473		
Rapid Testing		699		1,243
Infection Prevention and Control		1,038		1,961
Vaccine Funding		33	22	72
Adult Social Care Omicron Support Fund	130			
Test and Trace Support Payments – Mandatory				436
Test and Trace Support Payments – Discretionary		188		
Test and Trace Support Payments - Admin		253		
<u>Department for Work and Pensions:</u>				
Local/Household Support Grant		3,190		
<u>Sport England:</u>				
National Leisure Recovery Fund		33		
<u>Cabinet Office</u>				
Local Mayoral Election		136		
<u>Others:</u>				
Various new burdens admin grants	207			
Total Covid-19 Grants	12,506	19,899	18,478	18,987

2021/22 Revenue Budget and Capital Programme

On the 25 February 2021, the Council approved the 2021/22 Revenue Budget and Capital Programme.

The revenue budget was set at £272.824m, with £195.682m Cash Limit budgets and £77.142m Non-Cash Limit budgets. The Council approved the Council Tax Resolution with a 3.5% increase on Council Tax (including a 1.5% increase on the Adult Social Care Precept) for 2021/22. The three-year Capital Programme approved £262.806m of resources to be allocated to capital schemes in 2021/22.

Revenue Budget and Capital Programme Monitoring

The Revenue Budget and Capital Programme are monitored throughout the year. Progress reports are presented to the Council's Cabinet and relevant Scrutiny Committees. Alongside these reports, the Council's Treasury Management performance highlighting the performance of the Council's investments and capital borrowing is reported to the Cabinet and the Corporate Resources Management and Governance Scrutiny Committee.

2021/22 Revenue Outturn Position

The Council's 2021/22 revenue outturn position is shown in the table below:

Portfolio	Original Budget £000	Revised Budget £000	Final Outturn £000	(Surplus)/ Deficit £000
Adult Care and Health	98,011	98,807	98,807	0
Children, Family Services and Education	44,511	47,266	47,266	0
Citizen Focus and Engagement	4,640	4,971	4,971	0
Economy and Regeneration	2,015	2,327	2,327	0
Inclusive Neighbourhoods	673	630	630	0
Resources, Commissioning and Governance	24,502	30,564	30,564	0
Sustainable Stockport	21,330	25,174	25,174	0
Total Cash Limits	195,682	209,739	209,739	0
Total Non-Cash Limits	77,142	63,269	61,085	(2,184)
Total Expenditure	272,824	273,008	270,824	(2,184)
Financed By				
Council Tax Income	151,005	151,005	151,005	0
Adult Social Care Precept	16,889	16,889	16,889	0
Business Rates District Share	77,456	77,465	80,421	2,956
Business Rates Tariff	(16,673)	(16,577)	(16,577)	0
Business Rates Section 31 Grants	11,816	11,807	29,086	17,279
New Homes Bonus	881	881	882	1
Better Care Fund Allocation	6,333	6,333	6,333	0
Social Care Grant	7,841	7,841	7,841	0
Lower Tier Services Grant	317	317	317	0
Other Grants			3	3
Collection Fund Balance Distribution	1,012	1,012	1,012	0
Covid-19 Collection Fund 2020/21	(2,504)	(2,504)	(43,042)	(40,538)
Deficit Deferral				
Collection Fund Section 31 Grants			41,330	41,330
Council Share 2020/21 Business Rates	3,622	3,622	3,622	0
Pilot Benefit				
GM Share 2021/22 Business Rates Pilot Benefit			(1,702)	(1,702)
Covid-19 Grants	11,555	11,555	12,629	1,074
Appropriation from Collection Fund Reserve	1,400	1,400	1,400	0
Appropriation to Collection Fund Reserve			(19,329)	(19,329)
Appropriation from Earmarked Reserves	1,874	1,962	1,962	0
Appropriation to Earmarked Reserves			(1,074)	(1,074)
Total Resources	272,824	273,008	273,008	0
Outturn	0	0	(2,184)	(2,184)

The overall outturn position for the Council's revenue budget is a surplus of £2.184m when comparing budgeted (planned) expenditure with actual (incurred) expenditure. Portfolio Cash Limits are balanced following the allocation of £10.079m from the Covid-19 Financial Scarring Impact Contingency to reflect the additional costs or income reductions faced by individual Portfolio Cash Limits.

The Comprehensive Income and Expenditure Statement (CIES) shows a deficit on the provision of services of £16.815m. The difference between this and the outturn surplus explained above relates to the adjustments that are made to the CIES through the Movement in Reserves Statement (MiRS) to ensure the Council's General Fund Balance is prepared on a funding basis rather than an accounting basis. Note 2, Adjustments between Accounting Basis and Funding Basis under Regulations reconciles the differences between the CIES deficit and the outturn surplus. Some of the reasons for the differences include:

- Capital investments are accounted for when financed, rather than when it is consumed, for example General Fund Grants and Contributions of £50.693m were credited to the Comprehensive Income and Expenditure Statement in 2021/22;
- Charges for depreciation, revaluation losses and impairment of non-current assets and investment assets of £43.546m in 2021/22;
- Retirement benefits are charged as amounts when they become payable to the pension fund and pensioners, rather than as future benefits are earned (£44.633m for 2021/22); and,
- The Minimum Revenue Provision for capital financing is a charge to the General Fund but does not appear in the CIES (£15.340m for 2021/22).

Dedicated Schools Grant (DSG)

The Centrally Held Budget (CHB) is managed by the Council on behalf of schools and consists of a range of services to schools and pupils. The total DSG allocation which is centrally held is £35.128m comprising the High Needs Block (£29.593m), de-delegated funding for services to maintained schools (£2.975m), Central School Services (£1.935m) and Central Reserve (£0.625m). The 2021/22 outturn position on the CHB is a deficit of £3.616m. This is largely as a result of increasing demand and costs relating to pupils with high needs who require education and support in a specialist provision.

The table below provides an update on the DSG deficit balance:

	£000
2020/21 DSG Cumulative Deficit	3,237
2021/22 Schools Block Contribution	(870)
2021/22 High Needs Block Contribution	(497)
2021/22 DSG Outturn Deficit	3,616
Cumulative DSG Deficit as at 31/03/2022	5,486
2022/23 High Needs Block Contribution	(1,370)
Adjusted DSG Balance – after 2022/23 contributions	4,116

In November 2020, the Ministry of Housing, Communities and Local Government (now Department for Levelling Up, Housing and Communities (DLUHC)) amended the regulations with regards to deficit balances on DSG budgets. An overall year-end deficit on the DSG is no longer charged to a revenue account and is instead recorded as an unusable reserve, carried forward and funded from future DSG income. The £5.486m cumulative DSG deficit balance will therefore be carried forward into 2022/23 as an unusable reserve. The deficit will be managed as part of the ongoing DSG

review project and the table above includes an illustration of how the deficit is planned to be reduced in 2022/23.

General Fund Balance

General Fund Balances have increased by £1.162m, from £16.205m at the start of the year to £17.367m as at 31 March 2022. The movement relates to:

- £1.022m reduction relating to the 2020/21 outturn surplus being realigned to earmarked reserves as per the Reserves Policy approved during the year; and,
- £2.184m 2021/22 outturn surplus. This balance will be considered as part of the 2022/23 Reserves Policy review to be reported to the Corporate Resources, Governance and Management scrutiny committee and Cabinet in September 2022.

The recommended minimum level of General Fund Balances as set out in the 2022/23 Budget is £15.183m. It has been assessed that this balance reflects the level of unallocated balances that would be needed to address any unexpected budget pressures in 2022/23. The balance is calculated based on the spending experiences and risks to which the Council might be exposed to and is approved as part of the budget setting process and the risk assessment of the budget. The ongoing uncertainty about the longer-term impact of the pandemic on the national and local economy has been part of this assessment. The balance of £2.184m (£17.367m less £15.183m recommended General Fund Balance) is the 2021/22 outturn surplus that will be held in the General Fund Balance and reallocated to earmarked reserves as part of the Council's 2022/23 Reserves Policy.

Earmarked Reserves

Earmarked reserves represent resources that have been set aside to fund specific commitments and plans. The Council's Reserves Policy governs the use of resources held in earmarked reserves and ensures reserves continue to be held at an appropriate level and aligned to the Council's corporate and strategic priorities and provides the Council with a robust contingency of resources to mitigate risks associated with the financial challenges over the medium-term period. The Council's Reserves Policy was updated during the year.

Reserves continue to be a key part of the Council's financial robustness and resilience, whilst recovering from the financial scarring impacts of the pandemic and responding to the significant financial challenges ahead. The annual review of the Reserves Policy at the start of the financial year assured the Council resources held in earmarked reserves were sufficient to provide the Council with the required level of financial resilience and robustness. The review provided assurance that resources held could be made available if needed to support the Council's financial response to the pandemic and other challenges. However, it importantly also highlighted the potential adverse effects of using resources for financial impact mitigation on the Council's financial robustness and resilience over the medium-term period and consequent impact on the Council's ambitions and priorities.

General Fund earmarked reserves, not including schools, saw a net decrease of £16.514m during the year and the balance is £117.281m as at 31 March 2022. The

largest decrease was in Corporate Reserves, where £27.705m, mostly relating to Collection Fund, was appropriated to finance the revenue budget and included the following:

- £41.330m of Business Rates Section 31 grant received in 2020/21 to compensate for the Business Rates extended retail reliefs in 2021/22;
- Business Rates 100% Pilot Benefit Share of £3.622m;
- Collection Fund smoothing of £1.400m; and,
- General Fund smoothing of £1.962m to balance the revenue budget.

The above is partly offset by an equivalent appropriation to reserves of £17.279m Business Rates Section 31 grants received in 2021/22 that will be used in 2022/23 to finance the Collection Fund deficit charged to General Fund. In addition, further appropriations to reserves of £1.254m for the 100% Business Rates Retention Pilot realised and £0.796m relating to the Collection Fund deficit deferral savings will be used to support the budget in 2022/23.

Other significant transfers to and from reserves during the year include the following:

- £5.499m from the Revenue Grants Reserve to fund in-year grant expenditure;
- £8.264m to the Health and Social Care Integrated Reserve to be used to support health and social care spend in 2022/23;
- £5.267m to the Revenue Contribution to Capital Outlay (RCCO) Reserve to support the future Capital Programme; and,
- £3.539m to the Contain Outbreak Management Reserve reflecting the Cash Limit budget saving as a result of maximising the use of the grant.

Note 7 to the Statement of Accounts provides more information about the balances held on individual reserves.

2021/22 Capital Programme Outturn

The 2021/22 Capital Programme included a significant and diverse range of schemes, many of which span a number of years. Individual capital schemes making up the Programme are regularly reviewed, and the spending profiles are aligned accordingly as the schemes develop. During the year, a net total of £55.159m additional funding for schemes was added to the Programme and £98.011m was re-phased, in part due to the pandemic and the delays this caused to schemes, and to align with the developing schemes expenditure profiles.

The Council successfully delivered its 2021/22 Capital Programme with an outturn expenditure of £117.366m as at 31 March 2022.

As stated above, the Council has a large and varied capital programme, with significant expenditure on housing, highways and regeneration projects. The most significant schemes of the 2021/22 Capital Programme include the following:

- Housing Revenue Account (HRA) £15.863m expenditure on general capital schemes and £2.956m on new build schemes;
- In addition to the HRA housing schemes above, £4.480m was made available in loans to Stockport Homes Ltd for the Affordable Homes programme;

- A total of £36.191m has been spent on highways projects, including £11.192m on the Highways Investment Programme, £10.322m in total on the Mayoral Walking & Cycling Challenge Fund schemes, and £4.526m on Poynton Relief Road;
- £28.806m was spent in total on regeneration schemes, including £10.425m on Mayoral Development Corporation schemes, £7.167m on Stockport Interchange, £3.839m on Merseyway Development and £2.662m on the Weir Mill Development;
- A total of £14.347m was spent on School Estate Capital Schemes, £3.916m on the Asset Management Plan and £2.346m on the Public Sector Decarbonisation Scheme; and,
- £2.627m was spent during the year on the Street Lighting Investment Programme.

The table below sets out the 2021/22 three-year Capital Programme as at 31 March 2022 by Portfolio and the resources being used to finance it:

Portfolio	2021/22 Programme £000	2022/23 Programme £000	2023/24 Programme £000
Adult Care and Health	37	343	67
Children, Family Services and Education	0	24	0
Economy and Regeneration	64,997	88,483	75,679
Resources, Commissioning and Governance	23,283	69,660	8,903
Sustainable Stockport	29,049	47,649	47,688
Total	117,366	206,159	132,337
<u>Resources</u>			
Capital Grants	54,380	71,169	33,221
Directly Funded Borrowing	30,393	70,775	69,247
Unsupported Borrowing	15,319	43,382	6,415
Capital Receipts	2,084	3,014	7,841
External Contributions	748	577	0
Commuted Sums	807	1,911	600
Revenue Contributions (RCCO)	1,668	2,161	1,281
HRA Funding From MRR	11,967	13,170	13,732
Total	117,366	206,159	132,337

Treasury Management

The Council's 2021/22 Treasury Management Strategy and Annual Investment Strategy were approved at the Council meeting on 25 February 2021. This sets out the Council's approach to managing its:

- Investments and cash flows;
- Banking, money market and capital market transactions; and
- The effective control of the risks associated with these activities to ensure optimum performance in relation to its treasury management.

The Council's debt and investment position is organised by the treasury management service in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through Member reporting during the year and through Officer activity detailed in the Council's Treasury Management Practices.

At the end of 2021/22, the Council's treasury position was as follows:

	Financial Year 2021/22			
	General Fund		Housing Revenue Account	
	£000	%	£000	%
Total Debt	509,909	2.61%	104,535	4.54%
Total Investments	35,050	0.76%		
Net Debt	474,859		104,535	

Borrowing Outturn Position

Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the Council's cash position to ensure that sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies, (such as the Government, through the Public Works Loan Board [PWLB], or the money markets), or utilising temporary cash resources within the Council.

Borrowing activity is constrained by prudential indicators for gross borrowing and the CFR, and by the authorised limit. During 2021/22, the Council maintained an under-borrowed position. This meant that the capital borrowing need, (the Capital Financing Requirement), was not fully funded with loan debt, as cash supporting the Council's reserves, balances and cash flow was used as an interim measure. This strategy was prudent as investment returns were low and minimising counterparty risk on placing investments also needed to be considered.

The strategy followed throughout 2021/22 was to continue to borrow shorter-term cash from the market (other councils) and to draw back liquid investments to meet cashflow requirements. Years of maintaining an internal borrowing policy gave rise to the need for more significant temporary borrowing at times during the financial year.

Gilt yields (on which PWLB rates are based) fell sharply from the spring of 2021 through to September and then rose back up before falling again through December. By January 2022 sentiment had changed, as markets became focussed on the embedded nature of inflation, spurred on by a broader opening of economies post pandemic and rising commodity and food prices resulting from the Russian invasion of Ukraine. During 2022 PWLB rates have been on a rising trend.

The Council took a new long-term loan of £40m in the over 49.5-year period from the Public Works Loan Board in December 2021 when rates were at their lowest, to fund net unfinanced capital expenditure and naturally maturing debt.

Investment Outturn Position

The Council's investment policy is governed by MHCLG investment guidance, which has been implemented in the 2021/22 Annual Investment Strategy approved by the Council.

Investment activity during the year has operated within the boundaries established by the Annual Investment Strategy, with the Council's investment priorities being Security of Capital, Liquidity and Yield. For its cash flow generated balances, the Council used notice accounts, Money Market Funds and a limited number of fixed-term deposits to invest available resources during the year. The treasury management service avoided making any longer-term investments (over 365 days) during 2021/22 as investment rates have remained historically low.

Investment returns remained close to zero for much of 2021/22 and one feature of the year was the continued growth of inter local authority lending. The expectation for interest rates within the treasury management strategy for 2021/22 was that Bank Rate would remain at 0.1% until it was clear to the Bank of England that the emergency level of rates introduced at the start of the Covid-19 pandemic were no longer necessitated.

The Bank of England and the Government maintained various monetary and fiscal measures, supplying the banking system and the economy with large amounts of cheap credit so that banks could help cash-starved businesses to survive the various lockdowns/negative impact on their cashflow. The Government also supplied significant amounts of finance to local authorities to pass on to businesses. This meant that for most of the year there was much more liquidity in financial markets than there was demand to borrow, with the consequent effect that investment earnings rates remained low until towards the turn of the year when inflation concerns indicated central banks, not just the Bank of England, would need to lift interest rates to combat the second-round effects of growing levels of inflation (CPI was 6.2% in February).

Money Market Funds (MMFs) recorded their lowest annual return, however performance did pick-up across the final quarter of the year following the Bank of England decision to raise the Bank Rate to 0.25% in December 2021 and is expected to pick-up across 2022 if forecasts for further increases in Bank Rate prove accurate.

The table below shows the investment strategy undertaken during 2021/22:

Combined Investments	Average Balance Invested £000	Weighted Average Return %	Weighted Average time to maturity (days)
Quarter 1	44,412	0.13%	88.34
Quarter 2	50,464	0.16%	74.94
Quarter 3	52,892	0.19%	45.04
Quarter 4	60,125	0.37%	47.43
Average	51,949	0.22%	62.27

The Council's combined investments generated an average rate of return of 0.22%. This is based on no compounding of interest and can be compared against an uncompounded 1-month LIBID rate of 0.08%, 3-month rate of 0.17% and 6-

month rate of 0.33%, representing good annual performance above the benchmarks for the duration of the portfolio which is liquid in nature. The Council's return benchmarks between the 3 and 6-month LIBID return, even though its weighted average investment duration is 62.27 days (comparable to 2 months).

Collection Fund

Under legislation, income and expenditure relating to the Council's collection and distribution of Council Tax and Business Rates as a Billing Authority, is accounted for within the Collection Fund. This ensures Collection Fund income and expenditure is isolated from the Council's General Fund account as required by accounting legislation. In recognising the financial impact of Covid-19, during the year the Council continued to provide additional working age Local Council Tax Support of up to £150 to eligible residents to reduce their Council Tax liability. The relief given to residents has created a deficit of £0.475m on the Collection Fund due to the resulting Council Tax income loss. As required by Collection Fund accounting, this deficit is not a charge to the Collection Fund and has therefore been recharged to the Council's General Fund (so that there is no impact on the Collection Fund of providing the support to residents). This has been reflected in the outturn position.

The outturn position is a deficit of £9.904m consisting of a £0.366m deficit on the Council Tax and a £9.538m deficit on Business Rates. The Council's share of this deficit is £9.754m made up of £0.311m on Council Tax and £9.443m on Business Rates. The table below provides a summary of the Collection Fund outturn position for 2021/22:

	Council Tax £000	Business Rates £000	Total £000
Collection Fund Income	(196,724)	(71,696)	(268,420)
Council Tax Hardship	(475)		(475)
Collection Fund Expenditure*	197,565	81,234	278,799
2021/22 (Surplus)/Deficit	366	9,538	9,904
Allocated to:			
Stockport Metropolitan Borough Council	311	9,443	9,754
Mayoral Police and Crime Commissioner	39		39
Mayoral General including Fire Services Share	16	95	111
	366	9,538	9,904

*Includes distribution to the Council and Precepting Authorities during the year.

The Business Rates deficit outturn position reflects the decision taken by the Government in March 2021, in response to Covid-19, to extend the level of relief for retail, hospitality and leisure businesses, and childcare providers. The extended retail discount in 2021/22 is less generous offering 100% relief for 3 months followed by 66% relief for the following 9 months with national caps applied. The deficit created by the reliefs given during the year (due to loss of Business Rates income as a result of the relief to businesses) have been fully compensated by Government through a Section 31 (S31) grant. As the legislation that governs Collection Fund accounting means the reimbursement of the deficit by the council is not realised until 2022/23, the S31 grant will be held in reserves and drawn down to support the council's funding of the deficit in 2022/23.

Taking the additional reliefs into account, the outturn position is a surplus of £6.868m made up of a £0.366m deficit on Council Tax and £7.234m surplus on Business Rates. The Council's share of the surplus is £6.851m made up of £0.311m Council Tax deficit and £7.162m surplus on Business Rates. The table below shows the Collection Fund position that will need to be reimbursed adjusting for the Covid-19 extended retail reliefs:

	Council Tax £000	Business Rates £000	Total £000
Collection Fund Income	(196,724)	(71,696)	(268,420)
Additional S31 Grant/Council Tax Hardship	(475)	(16,772)	(17,247)
Collection Fund Expenditure*	197,565	81,234	278,799
2021/22 (Surplus)/Deficit	366	(7,234)	(6,868)
Allocated to:			
Stockport Metropolitan Borough Council	311	(7,162)	(6,851)
Mayoral Police and Crime Commissioner	39		39
Mayoral General including Fire Services Share	16	(72)	(56)
	366	(7,234)	(6,868)

As part of the Council's 2022/23 budget setting process, the Council declared a 2021/22 Collection Fund outturn deficit of £21.794m (£1.166m surplus net of forecast S31 extended retail relief grants and the Covid additional Relief Fund (CARF)) for the Council. This deficit will be reimbursed by the Council's General Fund in 2022/23 using the S31 grant held in reserves. The balance of £5.685m surplus (£6.851m outturn surplus net of the S31 grant less £1.166m declared) as a result of over reimbursing the Collection Fund based on the declared position will be distributed in 2023/24.

The volatility of the Collection Fund accounting, which has been added to by the pandemic, has made forecasting during the financial year difficult. The variance on the declared outturn (2022/23 budgeted) position compared to the actual outturn position presented above demonstrates this. The variance relates to differences in the assumptions underpinning the forecasts particularly in relation to the Business Rates position at Period 8 (used for the declared outturn) and the actual outturn position including:

- Improved Council Tax and Business Rates in-year collection rates at year end compared to those forecast at Period 8;
- Council Tax Hardship grant year end adjustment referred to above not included in the Period 8 forecast;
- Lower than forecasted levels of Empty Premises relief; and
- Lower than expected year end Business Rates bad debt provision reflecting the in-year collection rate achieved being better than expected and reducing the amount of debt requiring provision to be set aside; and
- Review of the Business Rates appeals provision to reflect internal intelligence and Valuation Office Agency data about the level of appeals known and those considered to be at 'risk of appeal' resulting in a lower-than-expected provision at year end.

Greater Manchester 100% Business Rates Retention Pilot

During the year the Council, alongside the other GM Pilot Authorities, has continued to Pilot the 100% retention of Business Rates income. The Council has benefited from the Pilot as a result of an increased retention of Business Rates growth achieved in previous financial years. The total 2021/22 benefit to the Council is £5.107m of retained Business Rates income that would have been paid to Government prior to the Pilot.

In previous financial years, it has been agreed that a minimum of 50% of the benefit would be retained by GM Authorities and the balance retained by the GMCA. However, 75% of the benefit achieved in 2021/22 will be retained by the Council and 25% retained by GMCA, subject to further discussion between GMCA and Pilot Authorities.

Whilst the Council will continue to Pilot the 100% retention of Business Rates in 2022/23, it is difficult to accurately forecast the expected benefit at the beginning of the financial year. Business Rates income is a complex and volatile tax, changes in rateable values and increases in appeals by businesses are difficult to predict and can have a significant impact on the actual benefit realised at the end of the financial year. The Council continues to take a prudent approach to this by not budgeting for any benefit in the year it is realised. Instead, any benefit realised in year is used to support the Council's budget setting process, medium-term financial planning and capital investments in the following financial years supported by the Collection Fund Reserve.

Housing Revenue Account (HRA)

Under legislation, income and expenditure on council housing is 'ringfenced' within the HRA. This means the Council is not able to make contributions to or from its General Fund from or to the HRA.

After taking into account adjustments between the accounting basis and the funding basis under legislation and transfers to and from earmarked reserves, there is a surplus of £0.169m increasing the HRA balance to £1.610m as at 31 March 2022. On an accounting basis, the 2021/22 outturn position on the HRA is a surplus of £4.072m.

Group Accounts

The Council's Group Accounts include those entities where there is a material financial interest and the Council holds a significant level of control. The Council's Group boundary comprises of:

- Stockport Metropolitan Borough Council;
- Stockport Homes Ltd;
- Totally Local Company Ltd;
- Stockport Exchange Phase 3 Ltd;
- Stockport Hotel Management Company Ltd;
- Stockport Mayoral Development Corporation;
- Stockport Active CIC, and
- Interchange LLP.

In accordance with the Accounting Code of Practice, consideration has been given as to whether these entities should be consolidated into the Council's Group Accounts. Totally Local Company Ltd and Stockport Homes Ltd accounts are consolidated into

the Council's Group Accounts. The interests in the other group companies are not considered material therefore these accounts are not consolidated into the Council's Group Accounts.

2022/23 Revenue Budget

At the Council meeting on 24 February 2022, the 2022/23 Revenue Budget was approved. The budget was set at £281.079m, with £198.605m Cash Limit budgets and £82.474m Non-Cash Limit budgets. This includes £12.589m to mitigate the expected costs and loss of income as a result of the Covid-19 financial scarring impacts in 2022/23. The following table sets out the approved budget for 2022/23:

	2022/23 Revenue Budget £000
Adult Care and Health	101,008
Children, Family Services and Education	45,238
Citizen Focus and Engagement	4,643
Economy and Regeneration	2,162
Inclusive Neighbourhoods	625
Resources, Commissioning and Governance	24,186
Sustainable Stockport	20,743
Total Cash Limit*	198,605
Pay Inflation	5,380
Inflation - Price and National Living Wage	5,065
Demand Pressures	472
Apprenticeship Levy	419
Covid-19 Financial Scarring Impacts	12,589
Non-Cash Limit	58,549
Total Non-Cash Limit	82,474
Total Expenditure	281,079
Financed By	
Council Tax Requirement – General	154,177
Council Tax Requirement – Adult Social Care Precept	21,293
Business Rates Council Share	66,943
Business Rates Tariff	(16,012)
Grants in Lieu of Business Rates	23,355
New Homes Bonus	1,928
Better Care Fund	6,619
Social Care Grant	10,983
Lower Tier Services Grant	341
Social Care Market Sustainability Grant	866
2022/23 Services Grant	3,303
Collection Fund Balance Distribution	3,395
Collection Fund 100% Business Rates Benefit	1,948
Covid-19 Collection Fund Deficit Deferral	(2,119)
Appropriation From Reserves	4,059
Total Resources	281,079

In setting a balanced 2022/23 Budget, the Council bridged the £23.177m saving requirement identified at the start for the year. The Council's response to the funding gap has been to focus on the delivery of impactful and outcome focussed transformational change for Stockport's communities and businesses, whilst recognising the importance of a robust and resilient budget to enable this change. This approach included updating the underpinning MTFP forecasts and assumptions aligned to the changes in the financial landscape during the year, consideration of local taxation, use of reserves and £10.291m of approved saving proposals. Supporting the robustness of the MTFP, saving proposals of £6.930m 2023/24 and £5.8m 2024/25 were also approved.

The saving proposals identified focus on addressing the financial and service demand challenges, enabling longer term transformational change and shared ambitions, and delivering robust corporate governance. The saving proposals will be delivered through four programmes of work:

- **Demand Management** - redesigning services and pathways to support people to live independently through a cross-organisation focus on prevention, which seeks to embed long-term reliance and demand into services. This will involve changes to some public facing and enabling service offers. We will need to integrate and share services. Service offers will need to change and be robustly prioritised to ensure those who are most vulnerable within our communities have the support they need.
- **Value for Money and Commissioning** - thorough review and renegotiation of all contracts. Ensuring value for money and delivery of key outcomes.
- **Robust Corporate Governance** – continue to ensure we are applying robust corporate governance to how we spend public money throughout the organisation. This includes a thorough review of non-staffing spend; ongoing reviews of service structures; service design in line with an affordable resource envelope and fees and charges continuing to be set in line with inflation and existing 'balancing the cost of services' policy.
- **Radically Digital** - review of processes (internal and external) maximising opportunities to automate and remove failure demand by improving citizen experience. This includes increasing access to services online and self-serve so that people can easily access information and support in line with 21st century expectations of citizen experience. This will involve a fundamental change in how council services are accessed and experienced – increased digital self-serve and automating processes as far as possible. This may include automating standard operational decision making where possible and introducing newly designed communication channels to meet the needs and expectations of our citizens. We will continue to ensure that all citizens can access our services through the routes that are best designed to their needs.

The transformation programme will continue to reshape how the Council delivers services, building on the positives of the response across the Borough over the last twelve months reflecting the aspirations of One Stockport Borough Plan and responding to the ambitions and expectations of Stockport residents and businesses. As well as delivering better outcomes for residents and reshaping services so they are fit for the future, the transformation programme will be linked to the delivery of the MTFP and the delivery of services within the resources available. This will be done

through transformation that manages demand, delivers services more efficiently and focuses on the outcomes wanted.

Alongside the saving proposals, the Council approved a 3.5% increase in Council Tax (including a 1% Adult Social Care Precept and 1.5% Adult Social Care Precept deferred in 2021/22) for 2022/23. This is less than the 4.5% increase allowable by Government before requiring a local referendum. The decision to increase Council Tax was not taken lightly and weighed up the impact this would have on Stockport residents, who have experienced significant challenges as a result of the unprecedented circumstances created by the pandemic. However, it was important that a balance was found to protect service provision for those that need the Council's support the most, as the recovery and response to the impact of the pandemic continues into 2022/23 and beyond, and the need for essential services increases. This can only be achieved through a robust and resilient budget which local taxation forms a part of. However, in recognition of the cost-of-living increases being experienced by Stockport residents, the Council also approved a one-off £15 cost of living rebate to all households living in properties with a Council Tax banding of A-D. This supplemented the Government's £150 Council Tax Energy Rebate scheme. Recognising the ongoing financial challenges faced by residents, the Council alongside its partners will continue to target support to those Stockport families/households who need it most through the delivery of the Household Support Grant, benefit maximisation initiatives and financial advice and guidance.

The Council will continue to analyse budgets during the year to identify the underlying budget pressures and mitigate the impact of the uncertainty and volatility. This will include the quarterly budget monitoring reporting cycle, the 2022/23 MTFP Summer Review, the 2022/23 Reserves Policy and further development of the Council's Capital Strategy and Capital Programme. The continuation of building on the strong financial management platform will be more important than ever to enable the Council to have confidence in its financial resilience to continue its recovery and smooth the impact of the financial challenges ahead whilst delivering essential services to Stockport residents.

Medium-Term Financial Landscape and Financial Challenge

The Council continues to face significant financial challenge over the medium-term period. The Council's forecast cumulative saving requirement over the next two financial years 2023/24 to 2024/25 is £9.986m. Financial risks remain in the forecasts and assumptions for 2022/23 and beyond, which the Council through its robust financial management will continue to review and mitigate. The continuing legacy of the pandemic financial impact extending into the medium-term period and the adverse economic impact such as increasing price inflation and rising energy costs and increasing service demand is evidence of this.

The 2022/23 Local Government Finance Settlement continued the trend of one-year funding settlements seen in previous financial years, which provide no certainty over funding and again add to the uncertainty of the financial landscape making the Council's medium-term financial planning challenging. Without further certainty about the future direction of Local Government funding and the financial impact of the reforms on the Council, it is difficult to extend the MTFP forecasts beyond 2024/25 and be confident of the robustness of the resulting financial position. In addition, the Council awaits further announcements from Government in terms of, Local

Government finance reform in relation to fairer funding formula and Business Rates retention, sustainable funding of adult social care, and an expected multi-year spending review and Local Government finance settlement. Council Officers will continue to assess the impact of the Government announcements on the Council's MTFP.

The Council remains committed to its MTFP Strategy to frame the choices it needs to make about the services it delivers and how they are delivered. The MTFP Strategy is central to the organisational delivery of the priorities of the Council Plan and One Stockport Borough Plan. Using each of the four themes as a lens with which to view services, the Council can ensure these decisions give consideration to the future shape and financial sustainability of the Council and the essential services it provides to Stockport's residents. This is key to the Council ensuring its financial planning is robust whilst dealing with the uncertainty at a national level.

A robust budget, MTFP and underpinning financial management is key to mitigating and smoothing the financial impact. The financial position reported in these Statement of Accounts and the level of reserves and balances held, underpinned by the Council's Reserves Policy, demonstrates this robustness and resilience of the Council's financial position over the medium-term. Nevertheless, the financial landscape remains challenging with ever increasing levels of uncertainty, volatility and risk. For this reason, the updating of the Council's MTFP will remain iterative during 2022/23 to ensure the underpinning financial forecasts and assumptions remain robust and resilient to tackle the challenges ahead and provide a stable financial platform throughout the year.

Capital Strategy

CIPFA's Prudential Code for Capital Finance in Local Authorities requires Local Authorities to produce a Capital Strategy each year to demonstrate that its capital investment plans have due regard to service objectives, stewardship of assets, value for money, prudence, sustainability and affordability. Through a formalisation of other plans, strategies and policies that the Council already has in place, the Capital Strategy provides a robust governance framework for the Council's capital investment decisions. It provides a high-level overview of how the Council's capital investment decisions contribute towards the provision of services. It sets out the long-term context in which capital expenditure and investment decisions are made, ensuring consideration of both risk and reward, and impact on the achievement of the Council's priorities. The Council recognises that the management of its capital resources is fundamental to achieving the priorities set out in the Council Plan and its wider One Stockport Borough Plan. The Capital Strategy provides a framework to do this, optimising and managing the Council's capital resources and understanding the implication of capital investment decisions on the future sustainability of the Council.

The adoption of the Capital Strategy was approved by the Council on 24 February 2022 and focuses on:

- **Capital Expenditure** – provides an overview of governance processes for approval and monitoring of capital expenditure, provides a long-term view of the Council's capital expenditure plans and an overview of its asset

management planning, and provides detail of any restrictions to borrowing or funding linked to these plans.

- **Debt, Borrowing and Treasury Management** – provides projections of the capital financing requirement (i.e. unfunded capital expenditure requiring external borrowing) and provides details of the required provision for repayment of debt over the life of the underlying asset (minimum revenue provision).
- **Commercial Activity** – provides details of the Council's approach to commercial investment activities, including ensuring effective due diligence and risk appetite and the requirements for independent and expert advice.
- **Knowledge and Skills** – provides details of the knowledge and skills required both internally by Officers and externally by external advisors.
- **Affordability and Risk** – ensures the Chief Finance Officer reports explicitly on the deliverability, affordability and risk associated with the Capital Strategy.

2022/23 Capital Programme

The 2022/23 three-year Capital Programme is £328.290m in total. The following table sets out the proposed 2022/23 to 2024/25 Capital Programme by portfolio and includes schemes that span 2025/26 and beyond.

Portfolio	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 Onwards £000
Adult Care and Health	204			
Children, Family Services and Education	24			
Economy and Regeneration	85,084	55,067	5,528	
Resources, Commissioning and Governance	62,944	1,805	5,396	27,397
Sustainable Stockport	45,138	37,953	29,147	58,430
Total	193,394	94,825	40,071	85,827

The Council's 2022/23 three-year Capital Programme was approved on 24 February 2022, with £193.394m of capital expenditure approved for 2022/23, including the following significant schemes:

- £32.720m capital investment on Highways, with a total of £13.576m planned capital spend on the long running SEMMMS A6 to Manchester Airport Relief Road, Highways Investment Programme and Town Centre Access Plan schemes, £8.145m on Mayoral Walking and Cycling Challenge Fund schemes, and £5.307m on Poynton Relief Road;
- £52.364m for Regeneration schemes, including £20m on the Weir Mill Development, £10.738m on Stockport Exchange Phase 4, £8.441m on Future High Streets Fund, and £8.015m on Merseyway Development;
- £35.765m on Schools Estate capital schemes, £5.924mm for the Asset Management Plan and £13.845m for the Town Centre Review;
- £32.649m investment in the HRA, £13.076mm of this is on HRA General schemes and £19.573m on HRA New Build schemes; and,

- £4.740m for the Street Lighting Investment Programme.

Financial Resilience

The Council's strong financial management has ensured its robustness and resilience to the many challenges during 2021/22 evidenced by the Council's ability to mitigate the financial impact and set a balanced budget in 2022/23. It is important that the Council continues to build on this to address and mitigate the financial challenges ahead. There are a number of ways the Council demonstrates its financial resilience to Council Members and Stockport residents:

- **MTFP Summer Review and Updates** – regular reviews of the key assumptions and forecasts that underpin the Council's MTFP to ensure they remain robust and based on the most up to date information throughout the year;
- **Reserves Policy** – annual update of the Council's Reserves Policy to ensure earmarked reserves are aligned to the Council's corporate and strategic objectives over the medium-term period;
- **Budget Risk Assessment** – annual assessment of the adequacy of the Council's General Fund Balance to mitigate the impact of risks;
- **Scrutiny Committee and Audit Committee** - regular Member scrutiny of the Council's Financial Management throughout the year; and
- **Internal and External Audit** – independent audits of the Council's financial management throughout the year. During 2021/22 an internal audit of the Council's financial governance and financial resilience gave the Council assurance on the strength of its financial management and financial resilience.

The pandemic has illustrated the importance of the Council's financial robustness and resilience to the impact of unplanned/unforeseen events. Inevitably the pandemic has tested both of these characteristics of the Council's financial management. As already highlighted the financial impact of the pandemic has been unprecedented and is expected to have a financial scarring impact over the medium-term period meaning these characteristics will continue to be tested.

As part of the wider focus on Local Authority financial resilience particularly following the past twelve months, CIPFA's Financial Management Code of Practice came into effect for 2021/22. The Financial Management Code is based on six principles supporting financial resilience, which the Council will need to demonstrate it complies with:

- **Organisational leadership** – demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisational culture.
- **Accountability** – based on medium-term financial planning that drives the annual budget process supported by effective risk management, quality supporting data and whole life costs.
- Financial management is undertaken with **transparency** at its core using consistent, meaningful and understandable data, reported frequently with evidence of periodic officer action and elected member decision making.

- Adherence to **professional standards** is promoted by the leadership team and is evidenced.
- **Sources of assurance** are recognised as an effective tool mainstreamed into financial management, including political scrutiny and the results of external audit, internal audit and inspection.
- The **long-term sustainability** of local services is at the heart of all financial management processes and is evidenced by prudent use of public resources.

2021/22 NON-FINANCIAL PERFORMANCE OF THE COUNCIL

Performance

Each Cabinet Member is responsible for a Portfolio of services. At the start of the year each Member signs up to their Portfolio Performance and Resource Agreements which set out the detailed delivery plans of their Portfolio alongside the budget available, performance measures, policy drivers and risks. Each Portfolio Holder reports on the progress in delivering these priorities and outcomes during the financial year, with the reports considered in detail by the relevant Scrutiny Committees. In addition, corporate reports are produced during the year, setting out the Council's overall financial position and a summary of the delivery against the key priorities and performance outcome measures. The corporate reports are considered by both the Cabinet and the Corporate and Resource Management and Governance Scrutiny Committee.

Performance in 2021/22 across a wide range of measures continued to reflect the direct and indirect impacts of the pandemic on factors such as access to services, demand levels and the local economy. Of the priority measures 55% were improving (40%) or stable (15%), compared to 63% in 2020/21, whilst 43% of measures were on or ahead of target, down from 49% in 2020/21. There continued to be a significant number of measures (22%) where no target was set due to uncertainties around the impact of the pandemic. The proportion of measures significantly off target has reduced slightly from 18% to 16% in 2021/22 – a total of 13 measures. Performance against 10 of these measures has fallen below 2020/21 levels, with the exceptions being museum visits and apprenticeships which both increased but remained behind the target set, along with early years attainment which wasn't measured in 2021/22.

Achievements

The Council Plan for 2021/22 sets out how Stockport has pulled together to respond to the challenges of the pandemic and how it will continue to deliver against the Borough's shared priorities. In partnership with communities and businesses, the Council has begun to build back better and fairer over the last 12 months with a focus on delivering on our long-term ambitions.

The Council is helping to make Stockport a great place to grow where children have the best start in life. The Council continues to support people to live the best lives they can – happily, healthily and independently. The ONE Stockport Health and Care Plan supports our ambition through a strong focus on early help, prevention and tackling inequalities.

The Council continues to work with our local voluntary, community and faith (VCFSE) organisations to build connected and inclusive communities. The ONE Stockport Local Fund is helping community recovery, whilst the Community Champions programme supports communities to improve health and wellbeing through a network of volunteers and community organisations.

The Council is making Stockport a Borough for everyone where diversity and inclusion is celebrated, and everyone has equity of opportunity. Our Borough Plan is focused around addressing inequalities, and a framework for action has been developed across partner organisations for a Fair and Inclusive Stockport. Work to strengthen financial resilience in our communities has included distribution of government grants to around 24,000 residents. October 2021 was our first 'Stockport Equality Month', coinciding with Black History Month with a wide range of activities taking place.

The Council is committed to making Stockport a climate friendly and sustainable Borough, activities supporting our Climate Action Now (CAN) Strategy include, embedding Environmental and Climate Impact Assessments into decision-making, initiatives to create low carbon and energy efficient homes and buildings, and developing walking, cycling and traffic control schemes.

Investment is creating new communities, homes, jobs and opportunities, improved infrastructure and a wide range of economic benefits, not just now but for future generations. Work is underway at Stockport Interchange and Stockport College, whilst exciting plans are in place for early 2022 including the Weir Mill development, Stockroom – a new cultural, community and heritage facility, re-developing Merseyway, and an 'All Age Living Campus' at St Thomas' Gardens.

The Economic Resilience Forum has assisted in the creation and promotion of the discretionary Covid business grant schemes administered by the Council with £10.800m of grant support being provided to over 2,000 businesses.

The Council is committed to making Stockport an inclusive and radically digital borough. Our digital inclusion work goes from strength to strength with 15 additional organisations joining the Digiknow network. Our new Digital Strategy is focused around three core areas – Digital Communities, Digital Place and Digital Council.

Corporate Risks

A number of Corporate Risks have been identified at a strategic level, and these have been aligned with strategic risks from Portfolio Risk Registers to form the Corporate Risk Register. These risks are under regular review, with emerging risks identified and added in year, along with risk descriptions and controls being updated. The Council includes an update on internal controls and mitigating actions for the risks in its quarterly Corporate Performance and Resources Report and provides a more detailed update for the Audit Committee to consider.

The Corporate Risks are:

- Change Management – Organisational cultures and other barriers impact on ability to manage and implement change effectively;

- Financial – failure to deliver the Medium-Term Financial Plan (savings targets and balanced budget);
- Digital Capacity – insufficient ICT infrastructure and capacity;
- Demand Pressures – inability to influence behaviour change resulting in demand and expectations continuing to rise;
- Supplier and Partner Risk – key suppliers and partners to significant projects and services unable to deliver on behalf of the Council;
- Information Governance – failure to protect the Council's information assets including personal and sensitive personal data and other confidential data;
- Adult Social Care (ASC) Change & Transformation programme- this is a rolling programme that enables the service to continually develop. It builds on incorporating local and national best practice and embedding changes to / new legislative requirements.
- Social Care restructuring (Children's and Education) – financial resources and capacity are insufficient to deliver the strategic change programme and associated benefits to required timescales.
- School Places – Commissioning of school places in a challenging financial and legislative landscape, with an increased focus on house building; leading to an insufficient supply of school places across the Borough.
- Condition of School estate – the quality of the school estate is deteriorating and there is a backlog of urgent condition repairs;
- Safeguarding – failure of safeguarding arrangements for children and vulnerable adults;
- Delivering Growth – failure to deliver key strategic, regeneration and capital investment programmes;
- Climate Emergency – the challenges measuring the impact of any plans and policies implemented by the Council and affecting change within a limited resource envelope;
- Pandemic – managing the uncertainty and challenges created by the ongoing Covid-19 pandemic and any future such outbreaks;
- Workforce recruitment, development and retention- challenges recruiting and retaining staff in key areas of service delivery
- Integrated Care System –. It is important that the Council actively engages with the establishment of the ICS and ensures it is adequately represented in key strategic and operational decisions and there is a smooth transition.

Receipt of Further Information

This Statement of Accounts forms one element of the Council's financial reporting to local taxpayers, employees and other interested parties. The Council publishes its Budget and quarterly Performance and Resources Reports on the Council's website www.stockport.gov.uk.

If you would like to receive further information on these accounts, please contact me, Michael Cullen, Deputy Chief Executive (Section 151 Officer), at Finance, Corporate and Support Services, Stockport Metropolitan Borough Council, Fred Perry House, Stockport, SK1 3UR.

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 Stockport Council, that Officer is the Deputy Chief Executive (Section 151 Officer);
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- Approve the Statement of Accounts.

The Deputy Chief Executive's (Section 151 Officer) Responsibilities

The Deputy Chief Executive (Section 151 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) and the update to the Code for Infrastructure Assets issued in November 2022.

In preparing this Statement of Accounts, the Deputy Chief Executive (Section 151 Officer) has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent; and
- Complied with the local authority Code.

The Deputy Chief Executive (Section 151 Officer) has also:

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

Certificate of the Statement of Accounts

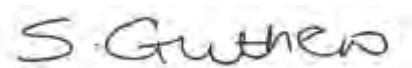
I certify that the Statement of Accounts presents a true and fair view of the financial position of Stockport Metropolitan Borough Council at 31 March 2022, and its income and expenditure for the year ended 31 March 2022.



Michael Cullen
Deputy Chief Executive (Section 151 Officer)
15 November 2023

Approval of the Statement of Accounts

In accordance with the Accounts and Audit Regulations 2015, I hereby certify that the Audit Committee of the Stockport Metropolitan Borough Council approved the Statement of Accounts for the financial year ended 31 March 2022, at its meeting of 15 November 2023.



Councillor Sue Glithero
Chair of Audit Committee
15 November 2023

FINANCIAL STATEMENTS

The financial statements in this section of the Statement of Accounts are applicable to all local authorities whatever their function and comprise:

Comprehensive Income and Expenditure 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 (or rents) 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.

Movement in Reserves Statement

This statement shows the movement from the start to the end of the financial year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves' (i.e. reserves used to hold account balances and adjustments that the Council cannot utilise to provide services). The Statement shows the in-year movements of the Council's reserves 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 (or rents) for the year. The Net Increase/Decrease line shows the statutory General Fund Balance and Housing Revenue Account Balance movements in the year following those adjustments.

Balance Sheet

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, used to support services and/or fund specific commitments and plans, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve may only be used to fund capital expenditure, repay debt or elect to use as revenue Transformation spend).

The second category of reserves are unusable reserves, which are reserves 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'.

Cash Flow 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. This summarises the inflows and outflows of cash arising from both revenue (day-to-day) and capital (investment in new assets) transactions with third parties.

Group Accounts

The Group accounts are of equal status to the single entity accounts but to achieve a meaningful presentation to the reader of the accounts, they are positioned after the single entity financial statements and notes, starting at page 180.

Comprehensive Income and Expenditure Statement

			2021/22			2020/21	Notes
	Gross Exp- enditure £000	Gross Income £000	Net Exp -enditure £000	Gross Exp- enditure £000	Gross Income £000	Restated* Net Exp - enditure £000	
Adult Care and Health	182,073	(88,523)	93,550	169,985	(77,917)	92,068	
Children, Family Services and Education	69,612	(18,927)	50,685	59,928	(13,333)	46,595	
Citizen Focus and Engagement	9,536	(1,999)	7,537	8,156	(635)	7,521	
Economy and Regeneration	26,772	(13,649)	13,123	11,031	(14,146)	(3,115)	
Inclusive Neighbourhoods	5,584	(5,448)	136	3,762	(2,554)	1,208	
Resources, Commissioning and Governance	46,995	(9,433)	37,562	40,673	(7,005)	33,668	
Sustainable Stockport	58,760	(10,739)	48,021	55,027	(8,347)	46,680	
Non-Cash Limits	60,411	(54,972)	5,439	68,737	(61,707)	7,030	
Dedicated Schools Grant	250,431	(221,190)	29,241	233,370	(218,583)	14,787	
Housing Revenue Account	48,845	(55,482)	(6,637)	49,060	(54,791)	(5,731)	
Cost Of Services	759,019	(480,362)	278,657	699,729	(459,018)	240,711	
Other Operating Expenditure	40,675	0	40,675	40,461		40,461	8
Financing and Investment Income and Expenditure	63,637	(45,500)	18,137	86,358	(42,530)	43,828	9
Taxation and Non-Specific Grant Income	0	(320,654)	(320,654)		(303,383)	(303,383)	10
(Surplus) or Deficit on Provision of Services	863,331	(846,516)	16,815	826,548	(804,931)	21,617	
<i>Items that will not be reclassified to the (Surplus) or Deficit on the Provision of Services</i>							
(Surplus) on revaluation of Property, Plant and Equipment assets			(135,772)			(140,786)	
Re-measurement of the net defined benefit liability			(201,038)			146,885	
<i>Items that may be reclassified to the (Surplus) or Deficit on the Provision of Services</i>							
(Surplus) from investments in equity instruments designated at Fair Value through Other Comprehensive Income			0			3,510	
Other Comprehensive Income and Expenditure			(336,810)			9,609	
Total Comprehensive Income and Expenditure			(319,995)			31,226	

* Prior year surplus/deficit from investments in equity instruments designated at Fair Value through other Comprehensive Income has been restated. See Note 39 for further details.

Movement in Reserves Statement

	General Fund Balance	General Fund - Balance - Collection Fund Reserve	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	Note a	Notes a and c	Note a	Note b	Note b	Note b			
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2020 carried forward	(95,252)		(3,468)	(12,127)	0	(17,225)	(128,072)	(705,529)	(833,601)
Reporting of Schools Budget Deficit to new Adjustment Account at 1 April 2020	(1,302)						(1,302)	1,302	
Change in valuation of Manchester Airport shares								8,900	8,900
Restated balance at 1 April 2020	(96,554)	0	(3,468)	(12,127)	0	(17,225)	(129,374)	(695,327)	(824,701)
Movement in reserves during 2020/21:									
Total Comprehensive Income and Expenditure	71,189	(41,508)	(8,064)				21,617	9,609	31,226
Adjustments between accounting basis and funding basis under regulations (Note 2)	(98,769)		8,480	(3,645)	0	1,086	(92,848)	92,848	0
(Increase)/ Decrease in 2020/21	(27,580)	(41,508)	416	(3,645)	0	1,086	(71,231)	102,457	31,226
Balance at 31 March 2021 carried forward	(124,134)	(41,508)	(3,052)	(15,772)	0	(16,139)	(200,605)	(592,870)	(793,475)
Movement in reserves during 2021/22:									
Total Comprehensive Income and Expenditure	(3,342)	24,229	(4,072)				16,815	(336,810)	(319,995)
Adjustments between accounting basis and funding basis under regulations (Note 2)	(6,009)		3,903	211	0	3,212	1,317	(1,317)	0
(Increase)/ Decrease in 2021/22	(9,351)	24,229	(169)	211	0	3,212	18,132	(338,127)	(319,995)
Balance at 31 March 2022 carried forward	(133,485)	(17,279)	(3,221)	(15,561)	0	(12,927)	(182,473)	(930,997)	(1,113,470)

Note a – Reserves held for revenue purposes

Note b – Reserves held for capital purposes

Note c – Earmarked reserve for 21/22 Collection Fund deficit has been separated out as this is not available funding for use by the Council. Further details are set out in Note 7 to the Statement of Accounts.

Details of schools reserves within earmarked reserves are set out in Note 7 to the Statement of Accounts.

A breakdown of adjustments between the accounting basis and funding basis under regulations is set out in Note 2 to the Statement of Accounts.

Balance Sheet

	31 March 2022 £000	31 March 2021 Restated* £000	Note
Property, Plant & Equipment			
- Council dwellings	591,969	538,589	
- other land and buildings	675,027	592,974	
- vehicles, plant, furniture and equipment	13,152	14,665	
- community assets	1,450	1,502	
- surplus assets not held for sale	3,475	3,812	
- assets under construction	47,739	35,867	
- Infrastructure	413,452	399,388	
	1,746,264	1,586,797	11
Heritage Assets	11,421	11,583	12
Investment Property	194,664	180,435	13
Intangible Assets	681	908	14
Long-Term Investments	23,500	23,500	36
Long-Term Debtors	129,082	125,106	17
Long-Term Finance lease Debtors	13,700	13,700	35
Long-Term Assets	2,119,312	1,942,029	
Assets Held for Sale (short-term)	1,079	836	19
Inventories	122	116	
Cash and Cash Equivalents	41,868	27,903	18
Short-Term Investments	20,028	17,450	15a
Short-Term Debtors	93,594	78,245	17
Current Assets	156,691	124,550	
Bank Overdraft	(2,272)	(2,140)	18
Short-Term Creditors	(99,713)	(82,653)	20
Short-Term Provisions	(4,469)	(4,912)	21
Short-Term Borrowing	(86,142)	(144,173)	15a
Current Liabilities	(192,596)	(233,878)	
Long-Term Creditors	(6,570)	(6,587)	20
Long-Term Provisions	(16,914)	(18,631)	21
Long-Term Borrowing	(533,305)	(491,558)	15a
Other Long-Term Liabilities - Net pensions liability	(328,425)	(465,769)	26
Other Long-Term Liabilities - Finance leases	(13,700)	(13,700)	35
Revenue Grants Receipts in Advance	(49,199)	(28,344)	32
Capital Grants Receipts in Advance	(21,824)	(14,637)	32
Long-Term Liabilities	(969,937)	(1,039,226)	
Net Assets	1,113,470	793,475	
Usable reserves	(182,473)	(200,605)	MIRS
Unusable Reserves	(930,997)	(592,870)	23
Total Reserves	(1,113,470)	(793,475)	

*Prior year long-term investment in Manchester Airport has been restated. See Note 39 for further details.

The unaudited accounts were issued on 23 June 2022 and the audited accounts were authorised for issue by the Deputy Chief Executive (Section 151 Officer) on 15 November 2023.



Michael Cullen
Deputy Chief Executive (Section 151 Officer), 15 November 2023

Cash Flow Statement

	2021/22 £000	2020/21 £000	Note
Net deficit on the provision of services	16,815	21,617	
Adjustments to net surplus or deficit on the provision of services for non-cash movements			
Depreciation	(55,482)	(53,092)	
Impairment and revaluation	1,037	2,570	
Amortisation	(227)	(227)	
(Increase) in Impairment for bad debts	(1,341)	(12,458)	
(Increase) in creditors	(31,301)	(8,726)	
Increase in debtors	14,644	17,109	
Increase in inventories	6	20	
Difference between IAS 19 pension cost and pensions paid	(63,694)	13,903	
Carrying amount of non-current assets sold	(3,783)	(21,500)	
Movement in value of investment properties	(835)	(7,062)	
Movement in provisions	2,160	(581)	
	(138,816)	(70,044)	
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities			
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	5,249	7,762	
Revenue expenditure funded from capital under statute	(12,516)	(2,811)	
Capital grants	52,722	32,425	
Net cash flows from Operating Activities*	(76,546)	(11,051)	
Investing Activities	47,504	7,139	24
Financing Activities	15,209	24,869	25
Net (increase) or decrease in cash and cash equivalents	(13,833)	20,957	
Cash and cash equivalents and bank overdraft at the beginning of the reporting period	25,763	46,720	18
Cash and cash equivalents and bank overdraft at the end of the reporting period	39,596	25,763	18

*The following items are included within the operating activities:

	2021/22 £000	2020/21 £000
Interest Received	(2,125)	(1,930)
Interest Paid	18,271	19,334
Finance lease interest paid	1,202	1,187
Finance lease interest received	(1,487)	(1,463)

NOTES TO THE FINANCIAL STATEMENTS

1. Expenditure and Funding Analysis
2. Adjustments between Accounting Basis and Funding Basis under Regulations
3. Expenditure and Income Subjective Analysis
4. Critical Judgements in Applying Accounting Policies and Assumptions made about the Future and other Major Sources of Estimation Uncertainty
5. Material Items of Income and Expenditure
6. Events After the Balance Sheet Date
7. Earmarked Reserve within General Fund and HRA Balances
8. Other Operating Expenditure
9. Financing and Investment Income and Expenditure
10. Taxation and Non-Specific Grant Income
11. Property, Plant and Equipment
12. Heritage Assets
13. Investment Properties
14. Intangible Fixed Assets
15. Financial Instruments
16. Nature and Extent of Risks Arising from Financial Instruments
17. Short and Long-Term Debtors including Payments in Advance
18. Cash and Cash Equivalents
19. Assets Held for Sale
20. Short and Long-Term Creditors including Receipts in Advance
21. Provisions
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1. Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to Council Tax (and rent) payers how the funding available to the Council (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 Portfolios. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement (CIES).

2021/22				Net Expenditure Chargeable to the General Fund and HRA balances £000	Adjustments between Funding and Accounting Basis £000	Net Expenditure in the CIES £000
	Reported Outturn £000	Non General Fund Accounts £000	Earmarked reserves £000			
Adult Care and Health	98,807		(11,285)	87,522	6,028	93,550
Children, Family Services and Education	47,266		(1,203)	46,063	4,622	50,685
Citizen Focus and Engagement	4,971		96	5,067	2,470	7,537
Economy and Regeneration	2,327		6,923	9,250	3,873	13,123
Inclusive Neighbourhoods	630		(751)	(121)	257	136
Resources, Commissioning and Governance	30,564		(78)	30,486	7,076	37,562
Sustainable Stockport	25,174		(2,351)	22,823	25,198	48,021
Non-Cash Limits	61,085		(1,979)	59,106	(53,667)	5,439
Dedicated Schools Grant		2,249	(696)	1,553	27,688	29,241
Housing Revenue Account		(169)		(169)	(6,468)	(6,637)
Net Cost Of Services	270,824	2,080	(11,324)	261,580	17,077	278,657
Other Income and Expenditure	(273,008)		27,364	(245,644)	245,644	0
Reported surplus	(2,184)					
Use of general fund surplus to top up earmarked reserves	1,022			1,022	(1,022)	0
Transfer DSG deficit to Dedicated Schools Grant Adjustment Account		(2,249)		(2,249)	2,249	0
Other Operating Expenditure				0	40,675	40,675
Financing and Investment Income and Expenditure				0	18,137	18,137
Taxation and Non- Specific Grant Income				0	(320,654)	(320,654)
(Surplus) or deficit	(1,162)	(169)	16,040	14,709	2,106	16,815
Opening General Fund and HRA Balances brought forward	(16,205)	(1,441)	(151,048)	(168,694)		
Less (Surplus)/ Deficit on General Fund and HRA Balance in Year	(1,162)	(169)	16,040	14,709		
Closing General Fund and HRA Balances carried forward	(17,367)	(1,610)	(135,008)	(153,985)		

2020/21	Reported Outturn £000	Non General Fund Accounts *Restated £000	Earmarked reserves £000	Net Expenditure Chargeable to the General Fund and HRA balances £000	Adjustments between Funding and Accounting Basis *Restated £000	Net Expenditure in the CIES £000
Adult Care and Health	100,629		(10,683)	89,946	2,122	92,068
Children, Family Services and Education	44,741		397	45,138	1,457	46,595
Citizen Focus and Engagement	5,282		40	5,322	2,199	7,521
Economy and Regeneration	2,486		(6,540)	(4,054)	939	(3,115)
Inclusive Neighbourhoods Resources,	674		152	826	382	1,208
Commissioning and Governance	31,636		1,398	33,034	634	33,668
Sustainable Stockport	25,159		(772)	24,387	22,293	46,680
Non-Cash Limits	61,935		(158)	61,777	(54,747)	7,030
Dedicated Schools Grant		1,935	(5,833)	(3,898)	18,685	14,787
Housing Revenue Account		682	(266)	416	(6,147)	(5,731)
Net Cost Of Services	272,542	2,617	(22,265)	252,894	(12,183)	240,711
Other Income and Expenditure	(273,564)		(40,897)	(314,461)	314,461	0
Reported surplus	(1,022)					
Use of earmarked reserves to top up general fund balance	(5,170)			(5,170)	5,170	0
Transfer DSG deficit to Dedicated Schools Grant Adjustment Account		(1,935)		(1,935)	1,935	0
Other Operating Expenditure				0	40,461	40,461
Financing and Investment Income and Expenditure				0	43,828	43,828
Taxation and Non-Specific Grant Income				0	(303,383)	(303,383)
(Surplus) or deficit	(6,192)	682	(63,162)	(68,672)	90,289	21,617
Opening General Fund and HRA Balances brought forward	(10,013)	(2,123)	(86,584)	(98,720)		
Transfer opening DSG deficit to new Adjustment Account			(1,302)	(1,302)		
Restated opening balance	(10,013)	(2,123)	(87,886)	(100,022)		
Less (Surplus)/ Deficit on General Fund and HRA Balance in Year	(6,192)	682	(63,162)	(68,672)		
Closing General Fund and HRA Balances carried forward	(16,205)	(1,441)	(151,048)	(168,694)		

*The prior year table has been restated to include the DSG deficit for 2020/21 of £1.935m as part of the reported outturn, with a corresponding transfer to unusable reserves. This is consistent with the reporting for 2021/22.

Note to the Expenditure and Funding Analysis

This note explains the main adjustments from Net Expenditure Chargeable to the General Fund and HRA Balances to arrive at the amounts in the Comprehensive Income and Expenditure Statement:

2021/22					
Adjustments from General Fund to arrive at the CIES Amounts	Reclassification between Service Segments for CIES	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments
	Note a £000	Note b £000	Note c £000	Note d £000	£000
Adult Care and Health	(1,026)	212	6,842	0	6,028
Children, Family Services and Education	(29)	36	4,615	0	4,622
Citizen Focus and Engagement	(75)	1,256	1,289	0	2,470
Economy and Regeneration	7	2,421	1,445	0	3,873
Inclusive Neighbourhoods		(63)	320	0	257
Resources, Commissioning and Governance	(2,623)	3,098	6,601	0	7,076
Sustainable Stockport	(946)	24,630	1,514	0	25,198
Non-Cash Limits	(35,450)	(16,757)	(1,476)	16	(53,667)
Dedicated Schools Grant	(707)	13,590	13,770	1,035	27,688
Housing Revenue Account	(5,810)	(658)	0	0	(6,468)
Net Cost Of Services	(46,659)	27,765	34,920	1,051	17,077
Other Income and Expenditure from the Funding Analysis	245,644	0	0	0	245,644
Use of general fund surplus to top up earmarked reserves	(1,022)				(1,022)
Transfer DSG deficit to Dedicated Schools Grant Adjustment Account				2,249	2,249
Other Operating Expenditure	39,550	(1,466)	0	2,591	40,675
Financing and Investment Income and Expenditure	7,461	835	9,841	0	18,137
Taxation and Non-Specific Grant Income	(244,974)	(42,925)	0	(32,755)	(320,654)
Difference between General Fund surplus or deficit and CIES Surplus or Deficit	0	(15,791)	44,761	(26,864)	2,106

2020/21					
Adjustments from General Fund to arrive at the CIES Amounts	Reclassification between Service Segments for CIES Note a £000	Adjustments for Capital Purposes Note b £000	Net Change for the Pensions Adjustments Note c £000	Other Differences *Restated Note d £000	Total Adjustments *Restated £000
Adult Care and Health	(1,157)	220	3,059		2,122
Children, Family Services and Education	8	35	1,414		1,457
Citizen Focus and Engagement	(44)	1,648	595		2,199
Economy and Regeneration	(46)	395	590		939
Inclusive Neighbourhoods	220	7	155		382
Resources, Commissioning and Governance	(3,856)	1,401	3,089		634
Sustainable Stockport	(1,037)	22,630	700		22,293
Non-Cash Limits	(39,526)	(16,977)	(92)	1,848	(54,747)
Dedicated Schools Grant	(833)	13,493	6,393	(368)	18,685
Housing Revenue Account	(5,854)	(293)			(6,147)
Net Cost Of Services	(52,125)	22,559	15,903	1,480	(12,183)
Other Income and Expenditure from the Funding Analysis	314,461				314,461
Use of earmarked reserves to top up general fund balance	5,170				5,170
Transfer DSG deficit to Dedicated Schools Grant Adjustment Account				1,935	1,935
Other Operating Expenditure	40,842	(2,677)		2,296	40,461
Financing and Investment Income and Expenditure	12,118	23,649	8,061		43,828
Taxation and Non-Specific Grant Income	(320,466)	(30,360)		47,443	(303,383)
Difference between General Fund surplus or deficit and CIES Surplus or Deficit	0	13,171	23,964	53,154	90,289

Notes:

a. Reclassifications - this column represents reclassifications between headings reported to management and how items should be classified in the CIES. The main items include the transfer of funding from Other Income and Expenditure to Taxation and Non-specific Grant Income and the transfer of costs and income from Non-Cash Limits and Resources, Commissioning and Governance to Financing and Investment Income and Expenditure (relating to interest and the investment estate).

b. Adjustments for Capital Purposes – this column adds in depreciation and impairment and revaluation gains and losses. It also adjusts for capital disposals and capital grant income. MRP and capital funding charged to revenue are deducted because as they are not chargeable under generally accepted accounting practices.

c. Adjustments for Pensions – this column removes employer pension contributions made by the Council as allowed by statute and replaces them with current service costs and past service costs. It also adds in the net interest on the defined pensions liability charged to the CIES.

d. Other adjustments – this column relates to differences between amounts payable/receivable under statute and amounts debited/credited to the CIES and amounts. It includes premiums and discounts on debt settlement, timing differences on Council Tax and Business Rates, movement on holiday pay

accruals, transfer of the Dedicated Schools Grant deficit and the payment to the government housing receipts pool.

* The prior year table has been restated to include the DSG deficit for 2020/21 of £1.935m as part of the reported outturn, with a corresponding transfer to unusable reserves. This is consistent with the reporting for 2021/22.

The adjustments in columns b to d are analysed in more detail in Note 2, Adjustments between Accounting Basis and Funding Basis under Regulations.

2. 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 within the year to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure, in accordance with proper accounting practice.

2021/22	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000
Adjustments for Capital Purposes						
Charges for depreciation, revaluation losses and impairment of non-current assets	(42,484)	(11,961)				(54,445)
Amortisation of intangible assets	(227)					(227)
Movements in the market value of investment properties	(835)					(835)
Revenue expenditure funded from capital under statute	(12,516)					(12,516)
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 and associated capital receipts	122	1,344	(5,249)			(3,783)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement and applied to finance capital expenditure	50,693	2,029			3,212	55,934
Statutory provision for the repayment of debt	13,753					13,753
Principal repayments for transferred debt	1,539					1,539
Voluntary provision for the repayment of debt	48	651				699
Capital expenditure financed from revenue balances	1,667	1				1,668
Posting of HRA resources from revenue to the Major Repairs Reserve		11,967		(11,967)		0
Total Adjustments for Capital Purposes	11,760	4,031	(5,249)	(11,967)	3,212	1,787
Pensions Adjustments						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(67,708)	(128)				(67,836)
Employer's pensions contributions and direct payments to pensioners payable in the year	23,075					23,075
Total Adjustments for Pensions	(44,633)	(128)	0	0	0	(44,761)
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance new capital expenditure			2,084			2,084
Use of the Capital Receipts Reserve to finance historical capital expenditure			785			785
Use of the Major Repairs Reserve to finance capital expenditure				11,967		11,967
Total Adjustments to Capital Resources	0	0	2,869	11,967	0	14,836
Other differences						
Transfer Dedicated Schools Grant deficit to unusable reserve	(2,249)					(2,249)
Payments to the government housing receipts pool (funded by a contribution from the Capital Receipts Reserve)	(2,591)		2,591			0
Financial Instruments (transferred to (or from) the Financial Instruments Adjustment Account)	15					15
Council tax and NDR (transferred to or from Collection Fund)	32,755					32,755
Holiday pay (transferred to the Accumulated Absences Reserve)	(1,066)					(1,066)
Total Adjustments for Other Differences	26,864	0	2,591	0	0	29,455
Total Adjustments	(6,009)	3,903	211	0	3,212	1,317

2020/21	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves
	£000	£000	£000	£000	£000	£000
Adjustments for Capital Purposes						
Charges for depreciation, revaluation losses and impairment of non-current assets	(38,471)	(12,051)				(50,522)
Amortisation of intangible assets	(227)					(227)
Movements in the market value of investment properties	(12,328)	5,266				(7,062)
Revenue expenditure funded from capital under statute	(2,811)					(2,811)
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 and associated capital receipts	(15,189)	1,450	(7,761)			(21,500)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement and applied to finance capital expenditure	30,893	1,531			1,086	33,510
Statutory provision for the repayment of debt	12,014					12,014
Principal repayments for transferred debt	1,446					1,446
Capital expenditure financed from revenue balances	2,962					2,962
Posting of HRA resources from revenue to the Major Repairs Reserve		12,344		(12,344)		
Total Adjustments for Capital Purposes	(21,711)	8,540	(7,761)	(12,344)	1,086	(32,190)
Pensions Adjustments						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(46,473)	(60)				(46,533)
Employer's pensions contributions and direct payments to pensioners payable in the year	22,569					22,569
Total Adjustments for Pensions	(23,904)	(60)	0	0	0	(23,964)
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance new capital expenditure			1,352			1,352
Use of the Capital Receipts Reserve to finance historical capital expenditure			468			468
Use of the Major Repairs Reserve to finance capital expenditure				12,344		12,344
Total Adjustments to Capital Resources	0	0	1,820	12,344	0	14,164
Other differences						
Transfer Dedicated Schools Grant deficit to unusable reserve	(1,935)					(1,935)
Payments to the government housing receipts pool (funded by a contribution from the Capital Receipts Reserve)	(2,296)		2,296			
Financial Instruments (transferred to (or from) the Financial Instruments Adjustment Account)	15					15
Council tax and NDR (transferred to or from Collection Fund)	(47,443)					(47,443)
Holiday pay (transferred to the Accumulated Absences Reserve)	(1,495)					(1,495)
Total Adjustments for Other Differences	(53,154)	0	2,296	0	0	(50,858)
Total Adjustments	(98,769)	8,480	(3,645)	0	1,086	(92,848)

3. Expenditure and Income Subjective Analysis

	Council 2021/22	VA Schools* 2021/22	Total 2021/22	Council 2020/21	VA Schools* 2020/21	Total 2020/21
	£000	£000	£000	£000	£000	£000
<u>Expenditure</u>						
Employee Benefit Expenses	276,392	27,589	303,981	251,402	27,220	278,622
Other service expenses	399,037	1,330	400,367	369,016	1,513	370,529
Capital charges including depreciation and impairment	54,671		54,671	50,578		50,578
Financing and investment expenditure including interest	63,637		63,637	86,358		86,358
Levies	39,550		39,550	40,842		40,842
Payments to Housing Capital Receipts Pool	2,591		2,591	2,296		2,296
Losses/(gains) on disposal of assets/ impairment of assets held for sale	(1,466)		(1,466)	(2,677)		(2,677)
	834,412	28,919	863,331	797,815	28,733	826,548
<u>Income</u>						
Fees, charges and other service income**	(123,172)	(1,950)	(125,122)	(112,497)	(3,571)	(116,068)
Financing and investment income including interest (excluding REFCUS grants)	(45,500)		(45,500)	(42,393)		(42,393)
Income from council tax and non-domestic rates	(220,762)		(220,762)	(180,814)		(180,814)
Government grants and contributions (Note 32)	(428,163)	(26,969)	(455,132)	(440,565)	(25,091)	(465,656)
	(817,597)	(28,919)	(846,516)	(776,269)	(28,662)	(804,931)
	16,815	0	16,815	21,546	71	21,617

* Voluntary aided school employees are not the employees of the Council but of the schools' Governing Bodies. Consequently, the employee benefit expenses and other transactions of voluntary aided schools have been disclosed separately.

** Further analysis of fees, charges and other service income is shown below:

Further analysis of Fees, charges and other service income	2021/22 £000	2020/21 £000
HRA Rent	(43,826)	(43,358)
Social Care Charges	(26,338)	(22,641)
School income (excluding grants)	(10,295)	(7,052)
Water recharge income (HRA)	(4,462)	(4,486)
Rents (HRA Communal)	(4,169)	(4,056)
Inter-council fees for services provided	(4,136)	(4,034)
Stockport CCG - Continuing healthcare packages	(3,852)	(3,591)
Parking charges	(2,797)	(1,495)
GMCA returned Waste monies		(3,149)
Other income (categories < £2m)	(25,247)	(22,206)
	(125,122)	(116,068)

On the whole, the Council's contracts with service recipients are straightforward exchange transactions which do not involve complex performance obligations, significant variable consideration, uncertain income or deferred payments.

4. Critical Judgements in Applying Accounting Policies and Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Code requires the Council to disclose significant accounting judgements and sources of estimation uncertainty. In most cases, these are included in the relevant Notes to the Statement of Accounts but where there is no appropriate Note in which to include it, details are provided below.

Critical Judgements in Applying Accounting Policies

Details about the accounting policies made and how these have been applied are set out in Note 38 and throughout the Notes to the accounts. In applying the accounting policies, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

Accounting for Schools

There are currently four types of schools within the Borough, maintained schools, Community Schools, Voluntary Controlled Schools (VC) and Voluntary Aided Schools (VA), and non-maintained schools, Academy Schools.

In line with the Code of Practice and accounting standards, all maintained schools are now considered to be entities controlled by the Council. Rather than produce group accounts, the Code requires the income, expenditure, assets and liabilities, reserves and cash flows of each school to be recognised in the Council's single entity accounts.

All maintained school accounts are operated in accordance with the Council's general accounting policies as per the Statement of Accounts. All school activity is accounted for in the year that it takes place and not simply when cash payments are made or received (i.e. the accruals concept). All schools have a local bank account facility as permitted under the Stockport Scheme for Financing Schools, thereby allowing schools to procure all non-staffing activity direct with suppliers. All such expenditure is

collated from schools on a monthly basis and is input into the Council's financial system.

All school expenditure is funded directly by the Dedicated Schools Grant (DSG) allocation and other school specific grants provided by the Department for Education (DfE). Any year-end surplus reported on either an individual school or within the DSG centrally retained funds is permitted to be carried forward and recorded in the appropriate council reserve account at year end. In November 2020, the regulations with regards to deficit balances on DSG budgets were amended. An overall year-end deficit on the DSG is no longer charged to a revenue account and is instead recorded as an unusable reserve, carried forward and funded from future DSG income.

Expenditure and income are recorded in the Dedicated Schools Grant reporting line in the Comprehensive Income and Expenditure Statement.

Academies are directly funded by central government (DfE), they are self-governing and are independent of direct control by the Council. They are not classed as maintained schools. No expenditure or income relating to academy schools is recorded in the Council's Financial Statements.

Accounting for Schools' non-current assets

The Code contains guidance on the recognition of schools' non-current assets in the Council's Balance Sheet. It stipulates that assets should be recognised if they meet the appropriate recognition criteria for the Council.

The Council has reviewed the various arrangements that it has with schools on a case-by-case basis. The decision as to whether the school is recorded on the Council's Balance Sheet is determined by the ownership of the asset and the rights and obligations the legal owner has over the asset. An analysis of the number of schools by type is shown below:

Type of School	Nursery Schools	Primary Schools	Secondary Schools	Special Schools	31 March 2022 Total	31 March 2021 Total	On/Off balance sheet
Community	4	53	4	6	67	67	On
Voluntary Controlled		6			6	6	Off
Voluntary Aided		16	2		18	18	Off
Maintained Schools	4	75	6	6	91	91	
Academies*		10	8		18	18	Off
Total	4	85	14	6	109	109	

*Includes new build academies outside of the Council's control.

Community Schools

All Community Schools are owned by the Council, with the associated rights and obligations in relation to these belonging to the Council. As a result the land and buildings used by the schools are included in the Council's Balance Sheet. The exception to this is the PFI school noted below.

The value of Community schools within the other land and buildings category of non-current assets is £461m at 31 March 2022 (£393m at 31 March 2021).

Capital expenditure on Community Schools, whether a Council led scheme or a school directly funded scheme, is recorded as spend against the relevant school asset (or plant and equipment).

There is one community school that was delivered under a Private Finance Initiative contract under the Priority School Building Programme, funded by the Secretary of State for Education in 2016/17. The Education and Skills Funding Agency entered into delivery contract directly with the contractor for the design and building of the new school and the life-cycling of the building fabric for 25 years, including any variances under the contract. The school makes an annual contribution to the hard facilities management costs and this is charged to revenue. It is considered that as the Council does not control the setting of fees and charges it does not exercise control over the asset for recognition purposes. Consequently, the school, valued at approximately £3m, has not been included in the Balance Sheet.

Voluntary Controlled (VC) and Voluntary Aided (VA) Schools

Legal ownership of the Council's VC and VA schools rests with a Diocesan Trustee Body or an independent Trustee body in the case of one VA school. The rights and obligations associated with these assets rest with the Trustees, for example, the schools occupy the premises subject to the direction of the Trustees and all decisions relating to the land and buildings rest with the Trustees. There has been no assignment of rights to the schools who occupy premises under an informal licence arrangement, which passes no interest to the Council and is terminable by the Trustees at any time.

Under these arrangements the Council does not include any VC or VA schools on its Balance Sheet. The exception to this is school playing fields which are usually owned by the Council, with the Council having the associated rights and obligations in connection with ownership of the assets. These are included on the Council's Balance Sheet.

Capital expenditure on VC Schools, whether a Council-led scheme or a school directly funded scheme, is recorded as Revenue Expenditure Funded from Capital Under Statute (REFCUS).

Capital expenditure on VA Schools does not normally form part of the Council's capital programme, being accounted for directly by the relevant Trustee or Diocesan Body.

Academies

Academies are not recorded in the Council's Balance Sheet. The freehold land on which the schools are located is owned by the Council and 125-year leases at peppercorn rents have been granted to the relevant charitable bodies now responsible for running the schools.

When a school which is held on the Council's Balance Sheet transfers to academy status, this is treated as a disposal for nil consideration in the year that the transfer takes place, rather than as an impairment on the date that approval to academy status is announced. The Code effectively treats this as a disposal of a group entity to be

accounted for in the Financing and Investment Income and Expenditure line within the Comprehensive Income and Expenditure Statement.

Stockport Exchange Multi-Storey Car Park

In March 2013, the Council entered into a series of agreements (leases) to enable the development of a multi-storey car park on the Stockport Exchange site. The development was completed in February 2014 when the lease agreements were triggered.

The agreements comprise separate but linked transactions to establish the operating and finance leases for the land and buildings elements of the site.

Essentially the land element of this arrangement is dealt with under operating leases, which means that it is not required to be recognised as an asset in the Council's Balance Sheet and the rents payable and receivable are revenue transactions. However, the multi-storey car park building is considered to be a finance lease. The lease transactions are disclosed within the Leases note (Note 35) to the Statement of Accounts.

Group Accounts

The Council has relationships with a number of companies over which it has varying degrees of control and influence. The Code requires that where a local authority has material financial interests and a significant level of control over an entity then it should prepare group accounts. In line with the Code, the Council continues to review its relationship with other entities, particularly in respect of the definition of control and accounting for joint arrangements. Further information about the Council's Group can be found in the Notes to the Group Accounts on page 186.

Sources of Estimation Uncertainty

These are assumptions and estimates made at 31 March 2022 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Manchester Airport Group

The Council's shareholding in the Manchester Airport Holdings Ltd in 2021/22 is 3.22% of non-voting ordinary shares. In addition, the Council holds three ordinary 'C' shares in Manchester Airport Car Park Ltd, which is part of the Manchester Airport Group. Both shareholdings are held at fair value and a valuation must be carried out annually.

A firm of financial experts and valuers has been engaged by the Council to provide an independent valuation, which includes reviewing the financial performance, stability and business assumptions of the Manchester Airport Group. However, it should be noted that the valuation provided is based on estimations and assumptions derived on an open market value basis, taking into account the nature of the shares and therefore, should the Council sell its shareholding, the value held in these statements may not be realised.

Various methods of measuring fair value of the airport have been considered by the financial experts and valuers, including earnings-based, discounted cash flow, net asset value and dividend yield methods. They consider that, based on nature and size of the Group, the earnings-based method is the most appropriate for the Manchester

Airport Holdings Ltd shares for 2021/22. The estimate of the fair value of the Council's shareholding for 2021/22 is £18.600m.

Manchester Airport Car Park Ltd is a relatively newly established business that centres on the leasing of parking spaces to passengers at the airport. There is a limited amount of information regarding turnover available and the valuers have considered the discounted cash flow approach to be the most appropriate method of valuation for the shareholding for 2021/22. The estimate of the fair value of the Council's 'C' shares for 2021/22 is £4.800m.

Further information on the valuation of the Council's shareholding is provided in Note 15 C, Fair Value of Financial Assets.

Pensions Liability

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.

More information on the Pensions Liability can be found at Note 26, Pensions Schemes.

Property, Plant and Equipment

The valuation of the Council's Property, Plant and Equipment (PPE) is a significant area of estimation uncertainty. If the actual values differ from the assumptions used to value PPE, there is a risk of material adjustment to the carrying value of PPE within the next financial year. A reduction in estimated valuation would result in a reduction to the Revaluation Reserve and/or a loss recorded in the Comprehensive Income and Expenditure Statement. An increase in estimation valuation would result in an increase in the Revaluation Reserve and/or gain recorded in the Comprehensive Income and Expenditure Statement. As an example, the impact of a 10% change in the valuation of the Council's operational property (carrying value as at 31 March 2022 – £1,270m) would be £131m. Note 11, Property, Plant and Equipment, to the accounts sets out the Council's approach to valuation of its PPE.

Investment Assets

Investment properties (carrying value as at 31 March 2022 - £194.7m) are categorised, based on consideration of the criteria identified in IAS 40 Investment Property, as being held solely for rental income or capital appreciation or both. The assessment of Investment Properties using these criteria is subject to interpretation to determine if there is an operational reason for holding the properties, such as regeneration.

5. Material items of Income and Expenditure

Covid-19 Section 31 Grants and Collection Fund Deficit Earmarked Reserve

In 2021/22 the Council received additional Business Rates Section 31 grants of £17.279m, which includes compensation for the loss of business rates income as a result of the extended retail relief given to retail hospitality and leisure businesses and nursery providers to support them through the pandemic. The legislation that governs Collection Fund accounting means the related deficit as a result of the loss of Business Rates income in-year will not be charged to the Council's General Fund until 2022/23. As a result, the £17.279m has been transferred to the Collection Fund Reserve and will be drawn down to offset the deficit in 2022/23. Although these resources are classified as available resources they are specifically earmarked to finance the deficit in 2022/23 in the tables and notes to the accounts where applicable to make it clear.

6. Events After the Balance Sheet Date

The Statement of Accounts was authorised for issue on 15 November 2023 by the Deputy Chief Executive (Section 151 Officer). This is the date up to which events after the balance sheet date have been considered and included where relevant.

7. Earmarked Reserves within General Fund and HRA Balances

The Council has a number of earmarked reserves, which represent sums set aside over the years for specific purposes. These are listed in the table below. With the exception of school and HRA reserves, these reserves are regarded as usable for General Fund purposes.

	Balance at 31 March 2021 £000	(Increase)/ Reduction in year £000	Reclassific- ations in year £000	Balance at 31 March 2022 £000
School Balances under Local Management:				
Primary Schools	(10,886)	379		(10,507)
Secondary Schools	(2,015)	(1,009)		(3,024)
Special Schools	(1,044)	(43)		(1,087)
Other School Balances less than £0.5m	(1,697)	199		(1,498)
Schools Reserves Total	(15,642)	(474)	0	(16,116)
Transformation - Invest to Save Reserve	(2,653)	7	370	(2,276)
Transformation - Double Running Reserve	(1,946)		446	(1,500)
Workforce Investment/Change Reserve	(2,308)	78	(215)	(2,445)
Airport Reserve	(5,430)	(1,022)	(6,364)	(12,816)
MTFP Resilience and Smoothing Reserve	0	(614)	(4,337)	(4,951)
Capital Programme Investment Reserve	(14,464)	86	3,892	(10,486)
Corporate Property Reserve	(843)			(843)
Infrastructure Investment Reserve	(1,388)	50	330	(1,008)
Digital by Design Reserve	(2,652)	119		(2,533)
Health and Social Care Integration Reserve	(10,904)	(8,264)	3,230	(15,938)
Equipment Refresh Reserve	(96)	1		(95)
Waste Smoothing Reserve	(1,122)	(267)	172	(1,217)
Traded Services Reserve	(532)			(532)
Community Investment Fund	(623)			(623)
Special Educational Needs and Disability (SEND) Reserve	(795)	251		(544)
Cabinet One-Off Investment/MTFP Reserve	(6,188)	795	3,788	(1,605)
Greater Manchester Bus Reform Contribution	(1,859)			(1,859)
Climate Action Now		286	(1,131)	(845)
Contain Outbreak Management Reserve		(3,539)	(530)	(4,069)
Children's Reserve	(1,839)	286	239	(1,314)
Adults Reserve	(1,562)		62	(1,500)
Demand Changes Reserve	(578)		78	(500)
Insurance Reserve	(6,145)	(151)	(80)	(6,376)
Collection Fund Reserve	(8,157)	4,755	101	(3,301)
Legislative and Statutory Requirements Reserve	(988)	(341)	(512)	(1,841)
Third Party Monies Reserve	(455)	(938)	(79)	(1,472)
Area Committee Reserves	(334)	(82)		(416)
Revenue Grant Reserve (includes ringfenced reserves)	(11,423)	5,499	943	(4,981)
RCCO	(2,449)	(4,865)	(403)	(7,717)
Income and Interest Rate Risk Mitigation Reserve	(3,804)			(3,804)
Directorate Flexibility Reserve - Place	(250)	62		(188)
Directorate Flexibility Reserve - People	(250)	93		(157)
Directorate Flexibility Reserve - CSS	(250)			(250)
General Fund Earmarked Reserves	(92,287)	(7,715)	0	(100,002)
Schools and General Fund Earmarked Reserves	(107,929)	(8,189)	0	(116,118)
Collection Fund Reserve - S31 Grants to fund Collection Fund deficit*	(41,508)	24,229		(17,279)
Total Schools and General Fund Earmarked Reserves	(149,437)	16,040	0	(133,397)
HRA Earmarked reserves	(1,611)			(1,611)
All Earmarked Reserves Total	(151,048)	16,040	0	(135,008)
Comparative figures for previous year	(87,886)	(63,162)	0	(151,048)

*The Collection Fund reserve for Business Rates Section 31 grants shows a balance of £41.508m at 31 March 2021. This balance has been drawn down to address the

2020/21 deficit created by the loss of business rates income as a result of the continued extended retail relief given to retail hospitality and leisure businesses, and nursery providers to support them through the pandemic. The legislation that governs Collection Fund accounting means the related deficit as a result of the loss of Business Rates income in 2021/22 due to the extension of the extended retail relief will not be charged to the Council's General Fund until 2022/23. As a result, £17.279m has been transferred to the Collection Fund Reserve and will be drawn down to offset the deficit in 2022/23; these resources are not available funds.

8. Other Operating Expenditure

	2021/22 £000	2020/21 £000
Levies	39,550	40,842
(Gains) on the disposal of non-current assets	(1,466)	(2,807)
Impairment of non-current asset for sale		130
Payments to the Government Housing Capital Receipts Pool	2,591	2,296
	40,675	40,461

9. Financing and Investment Income and Expenditure

	2021/22 Expenditure £000	2021/22 Income £000	2021/22 Net £000	2020/21 Expenditure £000	2020/21 Income £000	2020/21 Net £000
Interest payable and similar charges	19,384		19,384	20,766		20,766
Net interest on the net defined benefit liability	31,953	(22,112)	9,841	28,268	(20,207)	8,061
Interest receivable and similar income		(6,986)	(6,986)		(6,355)	(6,355)
Income and expenditure in relation to investment properties and changes in their fair value	9,764	(16,058)	(6,294)	13,889	(15,685)	(1,796)
Gains/ losses on trading accounts	348	(344)	4	343	(283)	60
Loss on disposal of academies				16,975		16,975
Impairment losses of financial Instruments	2,188		2,188	6,117		6,117
	63,637	(45,500)	18,137	86,358	(42,530)	43,828

10. Taxation and Non-Specific Grant Income

	2021/22	2020/21
	£000	£000
Capital grants and contributions	(42,925)	(30,360)
Council tax income	(167,598)	(158,675)
Non-Domestic Rates*	(53,164)	(22,139)
Non-ringfenced Government grants:		
- S31 grant Covid-19 Extended Retail Relief**	(17,279)	(41,508)
- Other non-ringfenced Government grants***	(39,688)	(50,701)
	(320,654)	(303,383)

*Non-domestic rates income reflects the continued additional business rates reliefs announced in March 2021 for retail, leisure and hospitality businesses.

**This grant has been transferred to an earmarked reserve and will be utilised in 2022/23 to fund the Collection Fund deficit.

***Other non-ringfenced Government grants include Covid-19 grants due to the Council in 2021/22. Further details are set out in Note 32.

11. Property, Plant and Equipment

Movements in 2021/22

In accordance with the temporary relief offered by the Update to the Code on infrastructure 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 to the users of the financial statements.

For 2021/22, the Council has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

	Council Dwellings	Other Land and Buildings	Vehicles, Plant & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment (excluding Infrastructure Assets)
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation							
At 1 April 2021	550,390	620,009	37,923	1,872	4,093	35,867	1,250,154
Additions	16,379	9,448	338			33,042	59,207
Revaluation increases/ decreases to Revaluation Reserve	37,571	68,128			(111)		105,588
Revaluation increases/ decreases to Surplus or Deficit on the Provision of Services	5	425			(256)		174
Derecognition - Disposals	(3,612)						(3,612)
Reclassifications & Transfers	2,622	6,397	40			(21,170)	(12,111)
Other Movements *			(3,185)				(3,185)
At 31 March 2022	603,355	704,407	35,116	1,872	3,726	47,739	1,396,215
Accumulated Depreciation and Impairment							
At 1 April 2021	(11,801)	(27,035)	(23,258)	(370)	(281)	0	(62,745)
Depreciation Charge	(11,475)	(21,585)	(1,891)	(52)	(5)		(35,008)
Depreciation written out to Revaluation Reserve	11,801	18,412					30,213
Depreciation on Revaluation increases/decreases taken to Surplus or Deficit on the Provision of Services		828			35		863
Derecognition - Disposals	89						89
Reclassifications & Transfers							0
Other Movements *			3,185				3,185
At 31 March 2022	(11,386)	(29,380)	(21,964)	(422)	(251)	0	(63,403)
Net Book Value							
At 31 March 2022	591,969	675,027	13,152	1,450	3,475	47,739	1,332,812
At 1 April 2021	538,589	592,974	14,665	1,502	3,812	35,867	1,187,409

*Fully depreciated and decommissioned assets which have been de-recognised.

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

	Infrastructure Assets
	£000
Net Book Value (modified historic cost)	
At 1 April 2021	399,388
Additions	22,789
Derecognition - Disposals	
Reclassifications & Transfers	11,589
Depreciation	(20,314)
At 31 March 2022	413,452

Movements in 2020/21

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
Cost or Valuation								
At 1 April 2020	452,424	595,825	39,184	526,063	1,872	4,093	35,928	1,655,389
Additions	19,340	5,524	2,341	17,274			25,137	69,616
Revaluation increases/ decreases to Revaluation Reserve	73,602	35,991						109,593
Revaluation increases/ decreases to Surplus or Deficit on the Provision of Services	2	(1,096)						(1,094)
Derecognition - Disposals	(2,873)	(17,920)		(1,343)				(22,136)
Reclassifications & Transfers	7,895	1,685	352	14,929			(25,198)	(337)
Other Movements *			(3,954)					(3,954)
At 31 March 2021	550,390	620,009	37,923	556,923	1,872	4,093	35,867	1,807,077
Accumulated Depreciation and Impairment								
At 1 April 2020	(11,353)	(31,374)	(25,524)	(138,497)	(318)	(306)		(207,372)
Depreciation Charge	(11,877)	(20,165)	(1,688)	(19,145)	(52)	(5)		(52,932)
Depreciation written out to Revaluation Reserve	11,083	20,065						31,148
Depreciation on Revaluation increases/decreases taken to Surplus or Deficit on the Provision of Services	270	3,494				30		3,794
Derecognition - Disposals	76	945		107				1,128
Other Movements *			3,954					3,954
At 31 March 2021	(11,801)	(27,035)	(23,258)	(157,535)	(370)	(281)	0	(220,280)
Net Book Value								
At 31 March 2021	538,589	592,974	14,665	399,388	1,502	3,812	35,867	1,586,797
At 1 April 2020	441,071	564,451	13,660	387,566	1,554	3,787	35,928	1,448,017

*Fully depreciated and decommissioned assets which have been de-recognised.

Revaluations

The valuation of the freehold and leasehold properties which comprise the Council's property portfolio was carried out by a professionally qualified valuer employed by the Council.

Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

Properties which are valued at current value are formally valued under a five-year rolling programme, with annual desk top reviews in the intervening period, to ensure that carrying values do not differ materially from current values at the balance sheet date. Valuations are commissioned with a valuation date of 1 April 2021.

HRA properties were subject to a full valuation in March 2021 in line with MHCLG guidance “Stock Valuation for Resource Accounting – Guidance for Valuers – 2016”. Valuations have been updated during the year in line with house price indices.

Valuation bases of property, plant and equipment are set out in the Statement of Accounting Policies.

The Council’s surplus assets comprise mainly land sites which have been valued at fair value reflecting highest and best use based on prevailing planning policy.

In the main the valuation figures incorporated in the accounts are the aggregate of separate valuations of parts of the portfolio, not a valuation or apportioned valuation of the portfolio valued as a whole. The sources of information and assumptions made in producing the various valuations are set out in a valuation certificate and report.

The exception to this is in-year expenditure on assets, which is analysed by the valuer at the end of the financial year. Some expenditure is added to asset values, where in the opinion of the valuer, it adds some value to the asset. Other expenditure is written off as an impairment during the year, where in the opinion of the valuer it does not add value to the asset. All assets will be ‘officially’ revalued, taking this expenditure into account during the five-year rolling programme of revaluations.

In accordance with the Code, the Council has charged depreciation on its property, plant and equipment to the Comprehensive Income and Expenditure Statement, regardless of the maintenance regime on any individual asset.

The following table illustrates the life of the assets for each category type, as adopted by the Council (other than freehold land and assets under construction which are not depreciated). Depreciation is calculated on a straight-line basis.

Category	Life of Asset
Housing Stock	Buildings 15 to 70 years for components, 150 years residual value
Other Buildings	Buildings 40 years
Vehicles, Plant and Equipment	Plant 10 years Equipment / ICT 5 years Solar Panels (council dwellings) 25 years
Infrastructure	Bridges 40 years Highways, footways and cycle tracks 25 years Playgrounds 25 years Street Lighting 25 years Street Furniture 25 years
Community Assets	40 years

Component accounting is applied to calculate depreciation on assets within Property, Plant and Equipment, to accurately reflect the cost of use of the assets. This means that each part of an item of Property, Plant and Equipment, with a cost that is significant in relation to the cost of the item, shall be depreciated separately. In practice this has been achieved by applying a de minimis limit to individual asset values within the Property, Plant and Equipment category of £1m. Below this limit componentisation has been considered not to have a material effect on depreciation charges.

All assets are split into buildings and land (which is not depreciated). Buildings over the £1m threshold have been further subdivided into components of structure, services and roof. They have been valued on an average asset life basis, which averages typical costs of the components of buildings over maximum life expectancy for these components. Depreciation is calculated on these average lives which range from 30 - 40 years, compared to the normal life expectancy of buildings of 40 years.

The Council's housing stock has been analysed into significant identifiable components for depreciation purposes. The building components have been depreciated over the useful lives as noted above.

The table below shows the progress of the Council's rolling programme for the revaluation of property, plant and equipment. The basis for valuation is set out in the statement of accounting policies.

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
Valued at historical cost:		373	13,152	413,452	1,450		47,739	476,166
Valued at current value in:								
2021/2022	591,969	593,487				3,475		1,188,931
2020/2021		37,235						37,235
2019/2020		29,044						29,044
2018/2019		12,705						12,705
2017/2018		2,183						2,183
	591,969	675,027	13,152	413,452	1,450	3,475	47,739	1,746,264

Capital Commitments

Capital works are normally planned and carried out over a number of years. At 31 March 2022 the Council had £28.142m which had been contracted for. These works include further phases of schemes which are already in progress as well as other planned schemes which have not yet been started.

	2021/22	2020/21
	£000	£000
New build special school	10,866	
Highways Schemes	5,073	9,287
Improvements to schools	3,287	3,472
Housing Schemes - affordable housing and new builds	3,852	7,056
Repairs and improvements to other Council properties	1,952	1,563
Regeneration and Environmental Works	1,955	1,763
Highways - A6 to Manchester Airport Relief Road	1,157	1,228
	28,142	24,369

In addition to those commitments listed in the table above, the Council entered into a development and funding agreement with Muse Developments Limited on 4 March 2022 for an office development and multi-storey car park at Stockport Exchange. The Council's maximum commitment is £12.801m for the office and £7.961m for the car park.

The Council entered into a contract to purchase the Stockport Sports Village on 30 March 2022 for £4.550m. Completion took place on 1 April 2022.

The Council has entered into an agreement with GMCA, equity investor (Gresham House Investment Management (Guernsey) Ltd) and development partner (Cityrise Interchange Homes LLP) to form Interchange Homes LLP, a special purpose vehicle to construct a residential scheme in Stockport Town Centre. This is part of the larger multi-million pound Interchange Scheme which will deliver a purpose-built modern bus and transport interchange, a new town centre park, town centre residential accommodation and walking and cycling routes linking town centre locations to the new bus station. Interchange Homes LLP was formed on 15 October 2021 and an initial investment of £1 had been made by each partner. Once the financial conditions of the agreement have been fulfilled, as one of the equity partners, the Council is committed to make a further £9.3m of capital contribution towards the development.

12. Heritage Assets

Movements in 2021/22

	Properties and monuments £000	Fine and Decorative Art £000	Social and Industrial History £000	Civic Regalia £000	Total Heritage Assets £000
Cost or Valuation					
At 1 April 2021	6,854	5,273	395	724	13,246
Additions/transfers	27				27
Insurance revaluations		(30)	1		(29)
At 31 March 2022	6,881	5,243	396	724	13,244
Accumulated Depreciation and Impairment					
At 1 April 2021	(1,663)				(1,663)
Depreciation Charge	(160)				(160)
At 31 March 2022	(1,823)	0	0	0	(1,823)
Net Book Value					
At 31 March 2022	5,058	5,243	396	724	11,421
At 1 April 2021	5,191	5,273	395	724	11,583

Movements in 2020/21

	Properties and monuments £000	Fine and Decorative Art £000	Social and Industrial History £000	Civic Regalia £000	Total Heritage Assets £000
Cost or Valuation					
At 1 April 2020	6,841	5,228	395	724	13,188
Additions	13				13
Insurance revaluations		45			45
At 31 March 2021	6,854	5,273	395	724	13,246
Accumulated Depreciation and Impairment					
At 1 April 2020	(1,503)				(1,503)
Depreciation Charge	(160)				(160)
At 31 March 2021	(1,663)	0	0	0	(1,663)
Net Book Value					
At 31 March 2021	5,191	5,273	395	724	11,583
At 1 April 2020	5,338	5,228	395	724	11,685

The Council's Heritage Assets comprise:

Properties and Monuments

These comprise properties which are considered to be held and maintained principally for their contribution to knowledge and culture and are reported at historical cost. The most significant assets by value are Staircase House (£2.82m), a Medieval Town House with a Jacobean staircase and Bramall Hall (£2.11m), a Tudor manor house, which recently underwent an extensive restoration.

Collections

There are various collections which are exhibited or stored at the Council's museums, halls and the art gallery and are reported at insurance valuation. The collections comprise:

1. Fine and decorative arts;
2. Social and industrial history; and,
3. Civic Regalia.

The fine and decorative arts collection comprises several paintings, which were donated by a local benefactor, John Benjamin Smith in 1879, valued at approximately £1m.

The social and industrial history collection is very diverse and comprises of many objects with negligible market values, but which have important heritage status and historical value.

In addition, the Council has a small collection of natural history and archaeological items which have no cost or valuation information and are not recognised on the Balance Sheet.

Insurance valuations for most of the collections were prepared during 2019/20 in conjunction with Art and Antiques Appraisals Ltd, with ad hoc updates since then as required.

Preservation and Management

Buildings, statues, memorials and monuments

The Council has responsibility for a number of heritage resources such as buildings, statues, memorials and monuments, which are all managed by several different departments. The Council has responsibility, as owner of these assets, to keep them in a good state of repair. The Council has a Conservation and Heritage Strategy policy framework, which aims to ensure that the Borough's finite heritage assets are preserved and enhanced. The definition of heritage assets in this document is much wider than the accounting definition used for the Statement of Accounts.

Conservation Area Management Plans have sought to bring together internal services to provide a more corporate and joined up approach to dealing with conservation matters. Conservation and heritage matters overlap and integrate with many Council services and responsibilities including tourism, economic development, leisure, education, highways, planning etc. It is the Council's aim to ensure that Council and non-Council owned and managed heritage assets have appropriate conservation and management plans in place and recognition of the resources needed to implement

these. The Stockport Historic Environment Database contains information on statutory and locally listed buildings, conservation areas, Article 4 directions, scheduled monuments and registered historic parks and gardens. Policies on strategic management of properties, including additions and disposals, are set out in the Corporate Asset Management Plan and Capital Strategy.

Collections

The Council's museum service has a proactive programme of professional collections management to ensure the collections are properly cared for and safeguarded for future generations.

All museum sites in Stockport have attained accredited status, the national standard to ensure the professional care and use of museum collections. All collections management is carried out in conjunction with the recommended procedures, guidelines and policies, which have all been adopted and are rigidly adhered to.

Stockport Council has a Collections Management Plan which outlines a five-year plan for the effective management of the collections and this incorporates an acquisition and disposal policy, clearly outlining the criteria and procedures for acquiring new material into the collection and for disposing of material out of the collection. Most acquisitions are made by donation. A number of donations are offered each year and usually have to fulfil the criteria of the policy, which limits collecting to within the Stockport area or of objects, which have a strong Stockport connection, before they are accepted into the collection.

There is a regular programme of environmental and pest monitoring which is carried out at all the sites. The condition of objects is recorded when the object is inventoried or documented as part of its use.

There is an ongoing inventory where objects are documented, condition checked, labelled, photographed if of particular interest or fragility and repacked using appropriate curatorial grade materials. Lists of potential objects for disposal or display are kept as part of this process and any objects, which pose a threat to the collections or have sustained irreparable damage are only disposed of after due consideration and discussion. It is rare that any object formerly acquired into the collection is disposed of. Basic remedial conservation is carried out at the stores with any objects requiring specialised conservation being sent to a relevant qualified conservator.

13. Investment Properties

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:

	2021/22 £000	2020/21 £000
Income including rental income	(16,058)	(15,257)
Expenditure	8,929	6,827
Net income from investment properties	(7,129)	(8,430)
(Gain)/Loss on disposal of investment properties		(428)
Changes in Fair Value of Investment Properties (unrealised gains/losses)	835	7,062
	(6,294)	(1,796)

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement in the normal course of letting. However, the Council as landowner may become liable for maintenance and service costs of certain properties if they become vacant.

Valuation Process for Investment Properties

The fair value of the Council's investment property is measured on a rolling basis but all assets are subject to a desk top review at each reporting date.

Except for the asset detailed below, the valuation of investment properties, which comprise the Council's investment property portfolio, has been carried out by a professionally qualified valuer who is employed by the Council.

The Council's 4.64% interest in land held at Manchester Airport is based on a value obtained by Manchester City Council's valuer in 2021/22.

The Council's interests in Merseyway Shopping Centre, Debenhams and Redrock Leisure complex have been valued by CBRE Ltd at 31 March 2022.

Fair Value Hierarchy

The Council's investment portfolio comprises a core of industrial ground leases, as well as a mix of retail, commercial and leisure property.

All of the Council's directly held investment assets, valued at £177.905m, have been assessed overall as Level 3 in the fair value hierarchy as the measurement technique uses Level 2 observable inputs, but with some Level 3 unobservable inputs to determine the fair value measurements (e.g. location or physical condition).

The Manchester Airport Land, valued at £10.385m, has been assessed as Level 2 in the fair value hierarchy.

Valuation Techniques used to Determine Level 3 Fair Values for Investment Properties

The valuation of the Merseyway Shopping Centre has adopted the investment method, which uses a discounted cash flow and capitalises the estimated rental income stream, net of projected operating costs, using a discount rate derived from market yields implied by recent transactions in similar properties. The estimated rental stream takes into account current occupancy level, estimates of future vacancy levels, covenant strength, the terms of in-place leases and expectations for rentals from future leases over the economic life of the buildings.

The most significant inputs, all of which are unobservable, are the estimated rental value, assumptions about rent growth and vacancy levels and the discount rate (market yields). The overall valuation is sensitive to all of these assumptions and they are interrelated. The Hotel and Redrock have been valued using the income capitalisation method and discounted cash flow, having regard to projected trading information. This has been considered in light of transactional evidence and adjustments made to reflect age, size, location and offering.

The capital value of the remaining portfolio has been measured using the income approach, having regard to rental values and investment yields (the “all risk yield” approach). The approach has been developed using the Council’s own data requiring it to factor in assumptions such as the duration and timing of cash inflows and outflows, terms of the lease agreement, rent growth, occupancy levels, bad debt levels, maintenance costs, type and location of the property, security of the income (tenant’s covenant strength), etc. Whilst reference is made to comparable market data from independent published sources, the Council’s portfolio is in the main secondary in nature and not in prime locations.

The Council holds other retail interests, most of which are located in Stockport Town Centre. Capital values have been assessed as above, based on income stream, tenure, lease term and covenant strength.

Highest and Best Use of Investment Properties

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

Valuation Techniques

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

Quantitative Information about Fair Value Measurement of Investment Properties using Significant Unobservable Inputs – Level 3

Significant changes in rental income and rent growth; vacancy levels or yield will result in a significantly lower or higher fair value.

It is generally considered that equivalent market yield is the most sensitive unobservable input for the valuation of investment assets.

Generally, the lower the yield the more secure the property is as an investment. This may manifest itself in the quality of the tenant in occupation, the prospects for income and capital growth and the location of the property.

Industrial ground leases are considered very secure assets which whilst producing relatively modest incomes and are considered by the market to have significant capital values as the risk of default by the tenant is remote given that the income is often secured on commercial premises.

The table below shows the yield sensitivity analysis for the Council's largest investment assets:

Asset	Fair value	yield %	Value if yield increases by 0.5% £000	Value if yield decreases by 0.5% £000
	£000			
2 Stockport Exchange Office	19,290	7.00%	17,987	20,798
Aurora Business Park	15,751	6.50%	14,626	17,064
Merseyway Precinct	15,600	11.19%	14,850	16,400
Redrock Leisure Complex	15,025	7.70%	14,200	15,950
1 Stockport Exchange Office	13,300	7.00%	12,407	14,316
Mallowdale Road land lease	12,785	4.00%	11,363	14,609
Stockport Crematorium	11,000	4.75%	9,677	11,949
Stockport Exchange Hotel	9,981	7.00%	9,315	10,748

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

	Investment Assets 2021/22 £000	Assets Under Construction 2021/22 £000	Investment Assets Held for Sale 2021/22 £000	Total 2021/22 £000	Investment Assets 2020/21 £000	Assets Under Construction 2020/21 £000	Total 2020/21 £000
Balance at start of year	175,944	4,491		180,435	166,229	3,582	169,811
Additions:							
- Purchases	10,363			10,363		650	650
- Stockport Exchange hotel and office (loan extinguished)					16,313		16,313
- Other expenditure	1,467	3,234		4,701	116	1,107	1,223
- Transfers	(644)	(1,351)	1,995	0	840	(848)	(8)
Disposal					(492)		(492)
Net unrealised(losses) from fair value adjustments	(835)			(835)	(7,062)		(7,062)
Balance at end of the year	186,295	6,374	1,995	194,664	175,944	4,491	180,435

The changes in fair value of investment property are attributable to Level 3 assets (£1.490m loss) and Level 2 assets (£0.655m gain). All other movements (additions and disposals) relate to Level 3 assets.

14. Intangible Fixed Assets

Intangible assets comprise software package licences and software development. These short-lived assets are amortised to revenue over five to ten years from the year following the year of acquisition and are stated at historical cost.

	2021/22 £000	2020/21 £000
Balance at start of year:		
- gross carrying amount	4,323	4,323
- accumulated amortisation	(3,415)	(3,188)
Net carrying amount at start of year	908	1,135
Amortisation for the year	(227)	(227)
Net carrying amount at end of year	681	908
Comprising:		
Gross carrying amounts	4,323	4,323
Accumulated amortisation	(3,642)	(3,415)
	681	908

15. Financial Instruments

Financial instruments are contracts that give rise to a financial asset of one entity and a financial liability of another entity. This definition is broad and includes instruments used in the treasury management activity of an authority, including the borrowing and lending of money and the making of investments.

Non exchange transactions, such as those relating to taxes and government grants, do not give rise to financial instruments.

Definitions

The **amortised cost of a financial asset or financial liability** is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectability.

The **effective interest rate (EIR)** is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an estimate is made of cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible, the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments) are used.

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.

A. Financial Instrument Balances

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

	Long-Term Balance at 31 March 2022 £000	Current Balance at 31 March 2022 £000	Long-Term Balance at 31 March 2021 Restated* £000	Current Balance at 31 March 2021 £000
Financial liabilities at amortised cost				
Borrowing:				
PWLB: maturity loans	409,381		369,206	15,109
Market loans – LOBOs	18,083		18,087	
Market loans - converted LOBOs	61,147		61,163	
Market loans - other long-term loans	40,329		40,329	
Other local authorities +364 days (at start)				10,093
Short-term loans		85,052		118,307
Salix Loans	4,365	1,090	2,773	664
Sub Total	533,305	86,142	491,558	144,173
Bank overdraft		2,272	0	2,140
Total	533,305	88,414	491,558	146,313
Trade Payables	1,751	71,111	1,576	58,120
Other Payables		7,077		6,011
Other Long-Term Liabilities at amortised cost:				
Stockport Exchange Multi Storey Car Park finance lease	13,700		13,700	
Total Liabilities	548,756	166,602	506,834	210,444
Financial assets at amortised cost				
Investments:				
Short-term investments		20,028		17,450
Cash & Cash Equivalents		41,868		27,903
Total		61,896		45,353
Financial assets				
Historic Cost				
Unquoted equity investment at cost	100		100	
Fair Value through Other Comprehensive Income				
Long-term investments – Airport	18,600		17,700	
Unquoted equity investment - Airport	4,800		5,700	
Other Long-Term Receivables at amortised cost				
Stockport Exchange Multi Story Carpark finance lease	13,700		13,700	
Total	37,200		37,200	
Receivables at amortised cost				
Trade Receivables	2,219	59,663	1,975	49,241
Other Loans	44,846	40	39,926	50
Loans to subsidiary companies	77,845	10,961	79,468	7,285
Total	124,910	70,664	121,369	56,576
Total Assets	162,110	132,560	158,569	101,929

*See Note 39 for further details.

Under accounting requirements the carrying value of a financial instrument 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 EIR calculation) including accrued interest. Accrued interest is included in current assets/liabilities where the payments/receipts are due within one year (accrued

interest in excess of twelve months is shown in long-term assets/ liabilities). The EIR is accrued interest receivable under the instrument, adjusted for the amortisation of any premiums or discounts reflected in the purchase price.

Included in the Other Loans figure of £44.886m are the following:

- The Manchester Airport loan conversion of debt, which was previously administered on behalf of the Airport by the Council, comprising a number of PWLB annuity and maturity loans. In February 2010, these loans were converted into one loan of £9.151m for 45 years at 12% (across 10 Greater Manchester Councils). This loan has £2.831m of accrued interest.
- During 2018/19 an opportunity arose for the Council, as one of the nine districts along with Manchester City Council who are shareholders in Manchester Airport Group, to support the Airport Transformation Programme through shareholder loans. The investment is fully aligned to the economic and strategic priorities for Greater Manchester and will help secure future dividend growth for the Council. The Council's total Manchester Airport Strategic Investment is £11.278m. This loan has £2.907m of accrued interest.
- During 2020/21 financial support through a shareholder loan of £9.677m was made to Manchester Airport Group by the Council along with the other Greater Manchester Authority shareholders. The shareholder loan was provided to the Airport to contribute to approved capital works. This loan has £1.727m of accrued interest.
- £7.315m car and other loans.

Lenders Option Borrowers Option (LOBO) loans of £17.500m have been included in long-term borrowing as market loans but have an option date in the next 12 months. The above long-term figures are based on EIR calculations where the maturity period for a LOBO is taken as being the contractual period to maturity. This is in line with the Council's Treasury Management Strategy 2022/23, which sets out that given the current interest rate environment, i.e. where the comparable long-term borrowing rates are lower than the rate at which LOBOs are running, it is unlikely that any such option will be exercised in the short-term.

The change in PWLB maturity loans during 2021/22 is due to the maturity of a £15m loan and a new long-term loan of £40m.

The Council has temporary loans of £85.052m as at 31 March 2022. Temporary loans comprise money market loans at fixed interest rates, mainly with other local authorities, repayable within the next financial year.

The Council has £5.455m in interest free loans from Salix, which is Government funding to the public sector to improve their energy efficiency. Funding of £2.715m was received in 2021/22 (£0.607m in 2020/21) and £0.697m was repaid to Salix (£0.382m in 2020/21). A further £1.090m is due to be repaid in 2022/23. If material, the EIR of these loans should be calculated so that the value of the financial assistance provided by the lender to the Council can be separated from the financing cost of the transaction. However, in this instance the gain represented by this opportunity is not material.

The other unquoted equity investment at cost consists of a shareholding in a subsidiary undertaking that is not included in the Council's group accounts. Investments in companies which are included in the Council's group accounts are covered by other standards and are not included in the financial instruments note.

Designation to Fair Value through Other Comprehensive Income

The adoption of accounting standard IFRS 9 Financial Instruments requires that investments in equity are classed as Fair Value through Profit and Loss unless there is an irrevocable election to designate the asset as Fair Value through Other Comprehensive Income. The investments in Manchester Airport Holdings Ltd and Manchester Airport Car Parking Ltd are equity investments and as such, the default valuation method is any gains and losses on changes in fair value would be recognised through profit and loss.

However, the Council's shareholdings in the Manchester Airport Group are strategic investments and not held for trading. Therefore the Council opted to designate them as Fair Value through Other Comprehensive Income, which means that there is no impact on the revenue budget from any gains and losses on valuation, and this decision is irrevocable. Any gains and losses on the valuation of the shareholding will therefore be transferred to a Financial Instruments Revaluation Reserve.

B. Financial Instruments Gains and Losses

The gains and losses recognised in the CIES in relation to Financial Instruments are made up as follows:

	Balance as at 31 March 2022			
	Financial Liabilities measured at amortised cost £000	Financial Assets measured at amortised cost £000	Financial Assets Fair Value through Other Comprehensive Income £000	Total £000
Interest expense	19,384			19,384
Impairment losses of financial instruments		2,188		2,188
Total expense in (Surplus) or Deficit on the Provision of Services	19,384	2,188	0	21,572
Interest income		(6,986)		(6,986)
Total income in (Surplus) or Deficit on the Provision of Services	0	(6,986)	0	(6,986)
Unrealised (gain) on revaluation			0	0
Total (Surplus) on revaluation of financial assets in Other Comprehensive Income and Expenditure			0	0
Net (gain)/loss for the year	19,384	(4,798)	0	14,586

	Balance as at 31 March 2021			
	Financial Liabilities measured at amortised cost £000	Financial Assets measured at amortised cost £000	Financial Assets Fair Value through Other Comprehensive Income Restated* £000	Total Restated* £000
Interest expense	20,766			20,766
Impairment losses of financial instruments		6,117		6,117
Total expense in (Surplus) or Deficit on the Provision of Services	20,766	6,117	0	26,883
Interest income		(6,355)		(6,355)
Total income in (Surplus) or Deficit on the Provision of Services	0	(6,355)	0	(6,355)
Unrealised loss on revaluation			3,510	3,510
Loss arising on revaluation of financial assets in Other Comprehensive Income and Expenditure			3,510	3,510
Net (gain)/loss for the year	20,766	(238)	3,510	24,038

* See Note 39 for further details.

C. Fair Value of Financial Assets

Some of the Council'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	£000
Fair Value through Other Comprehensive Income			
Manchester Airport as at 31 March 2022	Level 2	Earnings Based	18,600
Manchester Airport Car Parking Ltd as at 31 March 2022	Level 2	Discounted Cash Flow	4,800
Manchester Airport as at 31 March 2021 (restated)	Level 2	Earnings Based	17,700
Manchester Airport Car Parking Ltd as at 31 March 2021	Level 2	Discounted Cash Flow	5,700

The Council holds a minority shareholding of 3.22% in Manchester Airport Holdings Ltd (MAHL). There is a high degree of comparability with listed company data and the valuation conclusion (including any movement in share price) is measurable against listed counterparts. It is therefore considered that the shares should be classed as input Level 2 on the fair value hierarchy for the purposes of IFRS 13.

The valuation technique used is the earnings-based method. This takes as its basis the profitability of the company, assessing its historic earnings typically by reference to results of a three to five-year period and arriving at a view of “maintainable” or “prospective” earnings. It draws on data from comparable quoted companies and comparable transactions of companies operating in the relevant industrial sector. 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.

The valuation has been made using Manchester Airport Group’s annual reports and accounts for the year ended 31 March 2021 and interim report and accounts for the six months ended 30 September 2021, in addition to any further information that is publicly available.

The current fair value of the shares may reasonably be estimated at £18.600m as at 31 March 2022 (£17.700m as at 31 March 2021), which is an increase in value of £0.900m since last year.

In March 2020, the Council, along with the other nine Greater Manchester District Councils, made the first instalment of an equity investment in Manchester Airport Car Parking Ltd (part of the Manchester Airport Group). The Council’s total investment of £5.610m was to assist in funding the capital build of a car park in return for the issue of three class ‘C’ ordinary shares in Manchester Airport Car Parking (MACP) Ltd. It should be noted that as a result of the ‘C’ share equity investment in Manchester Airport Car Parking Ltd there was no change to the existing share capital or shareholdings of Manchester Airport Holdings Ltd.

MACP is a relatively newly established business that has constructed a car park at Manchester airport. MACP’s operation centres on the leasing of parking spaces to passengers at the airport. The car park opened on 14 July 2021 so there is no publicly available turnover trading history for the company.

The valuers have considered the future earnings potential of MACP separately as this is a new business, which has yet to establish a history of trading results and is treated differently for valuation purposes due to the distinct rights of the C Shares.

As with the shareholding in MAHL, the valuers have considered that the shares should be classed as input Level 2 on the fair value hierarchy. In the context of the limited information regarding turnover available, the valuers consider the discounted cash flow (DCF) method the most appropriate for 2021/22. The current fair value of the shares as at 31 March 2022 may reasonably be estimated at £4.800m (£5.700m as at 31 March 2021) which is a decrease in value of £0.900m since last year.

D. The Fair Values of Financial Assets and Financial Liabilities that are not measured at Fair Value (but for which Fair Value disclosures are required)

Except for the financial asset carried at fair value (described in the table above), all other financial liabilities and financial assets represented by amortised cost and long-term receivables and payables are carried on the balance sheet at amortised cost. 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 (Level 2), using the following assumptions:

- For loans from the PWLB payable, PWLB prevailing market certainty rates have been applied to provide the fair value under PWLB debt redemption procedures;
- For non-PWLB loans payable, prevailing market rates have been applied to provide the fair value under PWLB debt redemption procedures;
- For loans receivable 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 carrying amount or the billed amount; and
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

Methods and Assumptions in valuation technique:

The fair value of an instrument is determined by calculating the Net Present Value of future cash flows, which provides an estimate of the value of payments in the future in today's terms.

The discount rate used in the NPV calculation should be equal to the current rate in relation to the same instrument from a comparable lender. This will be the rate applicable in the market on the date of valuation, for an instrument with the same duration, i.e. equal to the outstanding period from valuation date to maturity. The structure and terms of the comparable instrument should be the same, although for complex structures it is sometimes difficult to obtain the rate for an instrument with identical features in an active market. In such cases, the prevailing interest rate of a similar instrument with a published market rate, as the discount factor.

Inclusion of Accrued Interest:

The purpose of fair value disclosure is primarily to provide a comparison with the carrying value in the balance sheet. Since this also includes accrued interest as at the balance sheet date, accrued interest has also been included in the Fair Value calculation, up to and including the valuation date.

Discount Rates used in NPV Calculation:

The rates quoted in this valuation were obtained by the Council's treasury management consultants from the market on 31 March, using bid prices where applicable.

Fair Value of Assets and Liabilities carried at Amortised Cost

The fair values are calculated as follows:

- (i) Fair value of liabilities carried at amortised cost

	31 March 2022		31 March 2021	
	Carrying amount	Fair value	Carrying amount	Fair Value
Financial Liabilities:	£000	£000	£000	£000
PWLB: maturity	409,381	467,410	384,315	498,592
Market Loans - LOBOs	18,083	23,534	18,087	25,692
Market Loans - converted LOBOs	61,147	76,758	61,163	83,528
Market Loans - other long-term loans	40,329	39,760	40,329	44,067
Other Local Authorities + 364 days (at start)			10,093	10,095
Short-term borrowing	85,052	85,052	118,307	118,307
Salix Loans	5,455	5,455	3,437	3,437
Bank overdraft	2,272	2,272	2,140	2,140
Trade and other payables	79,939	79,939	65,707	65,707
Stockport Exchange multi storey car park finance lease	13,700	13,700	13,700	13,700
Total	715,358	793,880	717,278	865,265

The Council has used a transfer value (new loan certainty rate) for the fair value of financial liabilities. In addition, an exit price valuation has also been taken (PWLB Maturity £571.753m) which is calculated using early repayment discount rates. The Council has no contractual obligation to pay these penalty costs and would not incur any additional cost if the loans run to their planned maturity date.

Fair value of the liabilities at 31 March 2022 is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans 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 fair value of Public Works Loan Board (PWLB) loans of £467.410m measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value measures the additional interest that the Council will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

The Council 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 Council will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. But, if the Council were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that will not now be paid.

For LOBO loans, fair value uses 'mark to model' and not 'mark to market' methodology. There were limited trades in the LOBO market for the financial year ending 31 March 2022.

The fair value assessment above has been carried out on debt and investment instruments in excess of one year only. For instruments less than one year, the fair value is invariably immaterially different from the carrying amount due to the short-term nature of the instrument and therefore the carrying amount is a reasonable approximation of their fair value.

(ii) Fair value of assets carried at amortised cost

	31 March 2022		31 March 2021	
	Carrying amount	Fair Value	Carrying amount	Fair Value (*Restated)
Financial Assets:	£000	£000	£000	£000
Cash & Cash Equivalents	41,868	41,868	27,903	27,903
Deposits with banks and building societies	20,028	20,028	17,450	17,450
Stockport Exchange multi storey car park finance lease	13,700	13,700	13,700	13,700
Trade receivables	61,882	61,882	51,216	51,216
Other loans	44,886	48,180	39,976	40,720
Loans to subsidiary companies	88,806	88,806	86,753	86,753
Assets	271,170	274,464	236,998	237,742

*2020/21 figure restated for the adjusted methodology used for the 2021/22 fair value calculation

The fair value of some financial assets above is the same as the carrying amount because the Council's portfolio of financial assets includes cash or cash equivalent investments that can be readily converted into cash. The interest rate is the prevailing market rate and so the fair value of these loans and receivables is the same as the carrying value.

Trade receivables are carried at cost as this is a fair approximation of their value.

Fair value of long-term receivables was significantly higher than the carrying value for the year ended 31 March 2021 primarily due to the inclusion of airport loans, where the coupon rate of the loans was much higher than market rates. This showed a significant notional future gain based on economic conditions at 31 March 2021, arising from a commitment by the airport to pay interest above current market rates.

The methodology used for 2021/22 was adjusted to include a 7% risk margin (above current PWLB rates) to reflect the Airport's trading environment, financial results and the non-payment of interest since the initial outbreak of the pandemic. The valuations generated for fair value purposes are still a proxy valuation but this approach is deemed to be more appropriate than using the PWLB annuity or maturity rate used in previous years.

Accrued interest of £7.465m has been included in the calculation to reflect the interest payments deferred and the interest accruing on the deferred payments. At this time there is no expected credit loss calculation for these loans as the loan agreement allows for interest payments to be deferred. However, the new notional fair value calculation takes account of the expected timing and interest rate of these deferred payments, resulting in an overall reduction in fair value compared to the prior year.

16. Nature and Extent of Risks arising from Financial Instruments

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; and,

Liquidity Risk: the possibility that the Council might not have funds available to meet its commitments to make payments;

Refinancing Risk: the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms; and

Market Risk: the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rate or Stock Market movements.

Overall Procedures for Managing Risk

The Council's overall risk management procedures focus on the unpredictability of financial markets and seek 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 associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and investment guidance issued through the Act. Overall, these procedures require the Council to manage risk in the following ways:

- By formally adopting the requirements of the CIPFA Treasury Management Code of Practice;
- By the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations/standing orders/constitution;
- By approving annually in advance prudential and treasury indicators for the following three years limiting:
 - the Council's overall borrowing;
 - its maximum and minimum exposures to the maturity structure of its debt;
 - Its management of interest rate exposure;
 - its maximum annual exposures to investments maturing beyond a year; and
- By approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with Government guidance.

These are required to be reported and approved at or before the Council's annual Council Tax setting budget or before the start of the year to which they relate. These items are reported with the Annual Treasury Management Strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument

exposure. Actual performance is also reported after each year, as is a mid-year update.

The Annual Treasury Management Strategy which incorporates the prudential indicators was approved by Council on 25 February 2021 and is available on the Council website. The key points within the strategy were:

- The Authorised Limit for 2021/22 was set at £910.5m. This is the maximum limit of external borrowings or other long-term liabilities;
- The Operational Boundary was set at £890.5m. This is the expected level of debt and other long-term liabilities during the year;
- The maximum amounts of fixed and variable interest rate exposure were set at 100% and 40% respectively, based on the Council's net debt; and
- The maximum and minimum exposures to the maturity structure of debt are shown at Note 16c.

Risk management is carried out by the central treasury team, under policies approved by Council in the annual treasury management strategy. The Council maintains written principles for overall risk management, as well as written policies (Treasury Management Practices TMPs) covering specific areas, such as interest rates risk, credit risk and the investment of surplus cash. These TMPs are a requirement of the Code of Practice and are reviewed periodically.

The Council's management of treasury risks actively works to protect the financial resources available to fund services. The Council has fully adopted CIPFA's Treasury Management Code of Practice and has created and maintained a Treasury Management Policy Statement, stating the policies, objectives and approach to risk management of its treasury management activities and Treasury Management Practices, setting out the manner in which the Council will seek to achieve those policies and objectives and prescribing how it will monitor and control those activities.

Treasury Management Policy Statement

The Council defines its treasury management activities as:

'The management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks'.

The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.

The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

The Council's full Treasury Management Policy Statement and Treasury Management Practices are available to view on request.

Managing Treasury Management Risks

The Council embodies within its business and service planning processes the means by which it can identify treasury management risks and is familiar with and has implemented methods by which those risks can be successfully managed and contained. The Council believes that in by doing so it is treating the subject of risk management with sufficient priority.

In order that the Council manages and contains its risks successfully, it has identified what its risks are and considered to what extent it is able and prepared to suffer the consequences of those risks impacting adversely on its finances. To the extent that it is unable or unprepared to bear those consequences, it has sought to protect itself against that eventuality.

(a) Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. The risk of failure by a counterparty to meet its contractual obligations to the Council under an investment, borrowing, capital, project or partnership financing, particularly as a result of the counterparty's diminished creditworthiness, and the resulting detrimental effect on the Council's capital or current (revenue) resources.

The risk is minimised through the Annual Investment Strategy which affirms that the effective management and control of risk are prime objectives of the Council's treasury management activities.

The Council has well documented records of the standing of counterparties it does or may deal with, and continuous access to independent sources of advice and information on the same.

- The Council needs to be alert to the prospect of the counterparties they deal with being unable or unwilling to fulfil their contractual responsibilities, especially as a result of failure to maintain their credit status. This applies not only to contracts relating to capital financing and investment, but also to outsourcing;
- The Annual Investment Strategy requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poor's Credit Ratings Services. The Strategy also considers maximum amounts and time limits in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above;
- The Council uses the creditworthiness service provided by its external treasury management advisor, Link Asset Services. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moody's and Standard and Poor's, forming the core element. However, it does

not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- credit watches and credit outlooks from credit rating agencies
- CDS spreads to give early warning of likely changes in credit ratings
- Sovereign ratings to select counterparties from only the most creditworthy countries;
- Know your counterparty is a key principle; the Council does not rely on credit ratings alone for their understanding of counterparties. Credit ratings remain a key source of information but it is recognised that they do have limitations. Credit ratings are used as a starting point when considering credit risk. The Council also makes use of generally available market information, such as the quality financial press, market data, information on government support for banks and the credit ratings of that government support.

As part of its business or service planning processes, the Council has established clear policies on:

- Use of credit risk analysis techniques;
- Diversification;
- Credit criteria used for creating/managing approved counterparty lists/limits;
- Approved methodology for changing limits & adding/removing counterparties;
- Country and group listing of counterparties and the overall limits applied to each, where appropriate; and
- Details of credit rating agencies' services and their application and description of overall approach to collecting and using information other than credit ratings for counterparty risk assessment.

Specific credit criteria in respect of financial assets held by this Council at the balance sheet date are detailed in the Treasury Management Policy Statement and Annual Investment Strategy.

The full investment strategy for 2021/22 was approved by Council on 25 February 2021 and is available on the Council website.

The Council holds a number of long-term debtors totalling £44.886m as at 31 March 2022. When undertaking any long-term loans, the Council follows a full due diligence process. Having assessed the Council's exposure to credit risk on the long-term debtors as at 31 March 2022, there is no evidence that the entities are unable to meet their commitments on their existing loan structures. The Council also has loans to subsidiary undertakings of £88.806m at 31 March 2022. Loans are issued only after detailed appraisals of new schemes, affordability and repayments are factored into the companies' medium term financial plans, which are overseen by the Council. The loans are deemed low credit risk with no exposure to default or uncollectability.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council.

The Council's maximum exposure to credit risk in relation to its investments in financial institutions of £61.896m 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 irrecoverability applies to all of the Council's deposits, but there was no evidence at the 31 March 2022 that this was likely to crystallise.

The following analysis summarises the Council's exposure to credit risk, based on past experience of default and uncollectability adjusted to reflect current market conditions. No credit limits were exceeded during the financial year and the Council expects full repayment on the due date of deposits placed with its counterparties.

	Deposits with Banks & other Financial Institutions £000
Amounts as at 31 March 2022 (£000)	61,896
Historical Experience of Default	0
Historical experience adjusted for market conditions as at 31 March 2022	0
Estimated exposure to default & uncollectability (£000s)	0
Amounts as at 31 March 2021 (£000)	45,353
Historical Experience of Default	0
Historical experience adjusted for market conditions as at 31 March 2021	0
Estimated exposure to default & uncollectability (£000)	0

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 deposits and bonds.

Within Financial Assets, there is £59.663m in current trade receivables at amortised cost. This is the net amount after the Council has applied an estimate for trade receivables which are expected to be irrecoverable based on local experience (i.e. Impairment Allowance). Note 17, Short and Long-Term Debtors including Payments in Advance, provides further details of the current trade receivables.

The Council does not generally allow credit for customers. The following table provides an age analysis of invoices raised for customer accounts, including lease and rental receivables, showing £24.300m is past its due date for payment (i.e. over 30 days).

	31 March 2022 £000	31 March 2021 £000
One to three months	4,752	4,391
Three to six months	3,024	4,047
Six months to one year	4,349	4,506
More than one year	12,175	6,119
Total	24,300	19,063

The increase during the year is due to the Council's response to support its businesses and local communities during the pandemic, e.g. by introducing a moratorium on collecting debts in the early days of the pandemic and agreeing special terms with some lease and rental customers. In light of this, the Council has carried out additional assessments when considering impairment allowances. The Council has now begun to step up its recovery processes.

The past due but not impaired amount for invoices raised for customer accounts is £14.958m at 31 March 2022 (£11.008m at 31 March 2021), which is expected to be recoverable.

Amounts Arising from Expected Credit Losses

Impairments have been calculated for deposits held by the Council of £35.050m at 31 March 2022 using Historical Default Tables provide by Link Asset Services. A historic risk of default and expected credit loss are only provided if a counterparty has a counterparty credit rating and are not provided for a Money Market Funds, for which the credit rating agencies provide a fund rating. The portfolio's historic risk of default and expected credit loss therefore measure the historic risk of a default and expected credit loss attached only to those investments for which a counterparty has a counterparty credit rating and do not include investments not rated.

The Historic Risk of Default is based on the lowest long-term rating. As this percentage is used for the Credit Loss calculation under IFRS 9, the Code does not recognise a loss allowance where the counterparty is central government or a local authority since relevant statutory provisions prevent default; for these instruments the Expected Credit Loss is nil. There are no such investments as at 31 March 2022.

The Historic Default rates used are from 1990-2021 for Fitch, 1983-2021 for Moody's and 1981-2021 for S&P. The calculation on the Council's investments showed the impairment loss to be immaterial and therefore no allowances have been made.

(b) 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 Code. This seeks to ensure that cash is available when needed. If unexpected movements happen, the Council has ready access to borrowings from the money markets.

The Council has ready access to borrowings from the money markets to cover any day-to-day cash flow need, and the PWLB and money markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The maturity structure of financial liabilities (excluding amounts due to customers) is as follows (at nominal value):

Loans Outstanding	31 March 2022	31 March 2021
	£000	£000
Public Works Loans Board	406,469	381,469
Market debt - LOBOs	17,500	17,500
Market debt - converted LOBOs	60,000	60,000
Market debt - other long-term loans	40,000	40,000
Other Local Authorities +364 days	0	10,000
Short-term borrowing	85,019	118,019
Salix Loans	5,455	3,437
Stockport Exchange Multi Story Carpark finance lease	13,700	13,700
Total	628,143	644,125
Less than 1 year	86,109	143,684
Between 1 and 2 years	13,065	786
Between 2 and 5 years	12,321	22,629
Between 5 and 10 years	25,066	25,445
More than 10 years	491,582	451,581
Total	628,143	644,125

In the more than 10 years category there are £17.5m of LOBOs which have an option date in the next 12 months.

(c) Refinancing and 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 treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the central treasury 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. The Council therefore has safeguards in place to ensure that a significant proportion of its borrowing does not mature for repayment at any one time in the future to reduce the financial impact of re-borrowing at a time of unfavourable interest rates. The Council's policy is to ensure that there is a reasonable spread in the maturity periods for borrowing and the value of loans due to mature within any financial year through a combination of prudent planning of new loans taken out and, where it is economic to do so, making early repayments; 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 liabilities is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period (approved by Council in the Treasury Management Strategy on 25 February 2021).

	Approved minimum limits %	Approved maximum limits %	31 March 2022			31 March 2021		
			Fixed £000	Variable £000	Fixed %	Fixed £000	Variable £000	Fixed %
Less than 1 year	0%	45%	86,090	19	13.7	143,665	19	22.3%
Between 1 and 2 years	0%	45%	13,065		2.1	786		0.1%
Between 2 and 5 years	0%	45%	12,321		2.0	22,629		3.5%
Between 5 and 10 years	0%	45%	25,066		4.0	25,445		4.0%
More than 10 years	50%	100%	491,582		78.2	451,581		70.1%
Total			628,124	19	100.0%	644,106	19	100.0%

(d) Market Risk

Interest rate risk

The Council is exposed to interest rate movements on its borrowing and investments and to interest rate risk in two different ways; the first being the uncertainty of interest paid and received, and the second being the effect of fluctuations in interest rates on the fair value of an instrument. 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 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).

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 and affect the General Fund Balance. 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 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 central 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. The treasury management team therefore work to an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

According to this assessment strategy, at 31 March 2022, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	31 March 2022 £000	31 March 2021 £000
Increase in interest payable on variable rate borrowings	1,025	1,355
Increase in interest receivable on variable rate investments	(161)	(696)
Impact on Surplus or Deficit on the Provision of Services	864	659
Share of overall impact debited to the HRA	66	66
Impact on Other Comprehensive Income and Expenditure	0	0
Decrease in fair value of fixed rate borrowing liabilities (no impact on surplus or deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	(108,524)	(117,031)

Short-term loans and investments (maturing within twelve months) have been included in the increase in interest payable and receivable, despite being at fixed rates. This is due to the short-term nature of the borrowing that would effectively be subject to being replaced at higher rates within twelve months and therefore increase the interest payable.

The increase in interest payable on variable rate borrowings includes LOBO loans as they include either annual or semi-annual option dates.

The impact of a 1% fall in interest rates would be as above but with the movements being reversed. These assumptions are based on the same methodology as used in the note, Fair Value of Assets and Liabilities at Amortised Cost.

Price Risk

The Council does not generally invest in equity shares or marketable bonds, however in common with all Greater Manchester Authorities, the Council has shareholdings in the Manchester Airport Group. The fair value of the total shareholding at the balance sheet date is £23.400m (more information about the shareholding is provided at Note 15). Whilst this holding is generally illiquid (no active market), the Council is exposed to losses arising from movements in the price of the shares.

The Fair Value derived is on a market value basis, taking into account the nature of the holding, its illiquidity and the Company's Articles of Association. As the Council is a non-voting minority shareholder the price valuation was made using only information available to minority shareholders/publicly available information.

As the shareholdings have arisen in the acquisition of specific interests, the Council is not in a position to limit its exposure to price movements by diversifying its portfolio.

Instead, the Council monitors factors that might cause a fall in the value of specific shareholdings.

The shareholdings are classified as an 'equity instruments designated at fair value through other comprehensive income', meaning that all movements in price will impact on gains and losses recognised in Other Comprehensive Income and Expenditure.

Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

17. Short and Long-Term Debtors including Payments in Advance

	Short-Term Gross Balance £000	Impairment allowance £000	31 March 2022 Short-Term £000	31 March 2022 Long-Term £000	31 March 2022 Total £000
Financial Assets					
<u>Trade Receivables</u>					
Central Government	5,364		5,364		5,364
Other Local Authorities	9,714		9,714		9,714
NHS Bodies	8,249	(26)	8,223		8,223
Other Entities and Individuals:					
Social Services Clients	12,003	(3,342)	8,661		8,661
Housing Rents	2,326	(1,478)	848		848
Lease and rental receivables	11,393	(4,922)	6,471	2,219	8,690
Other Entities and Individuals	18,612	(1,052)	17,560		17,560
Subsidiary Undertakings	2,822		2,822		2,822
	70,483	(10,820)	59,663	2,219	61,882
<u>Other Receivables - Loans</u>					
Loans - Manchester Airport				37,571	37,571
Loans - Subsidiary Undertakings	10,961		10,961	77,845	88,806
Car and Other loans	40		40	7,275	7,315
	11,001		11,001	122,691	133,692
Total Receivables (Financial Assets)	81,484	(10,820)	70,664	124,910	195,574
<u>Other Receivables (Non- Financial Assets)</u>					
Central Government (Tax)	10,844		10,844		10,844
Housing Benefits	3,250	(3,176)	74		74
Collection Fund:					
Business Rates	8,098	(7,855)	243		243
Council Tax	13,444	(11,269)	2,175		2,175
Payments in advance:					
Lease and rental receivables	665		665	4,172	4,837
Other payments in advance	8,929		8,929		8,929
Total Receivables (Non- Financial Assets)	45,230	(22,300)	22,930	4,172	27,102
Total Receivables	126,714	(33,120)	93,594	129,082	222,676

	Short-Term Gross Balance £000	Impairment allowance £000	31 March 2021 Short-Term £000	31 March 2021 Long-Term £000	31 March 2021 Total £000
<u>Financial Assets</u>					
<u>Trade Receivables</u>					
Central Government	6,391		6,391		6,391
Other Local Authorities	9,850		9,850		9,850
NHS Bodies	5,387	(26)	5,361		5,361
Other Entities and Individuals:					
Social Services Clients	6,591	(2,225)	4,366		4,366
Housing Rents	2,678	(1,795)	883		883
Lease and rental receivables	10,631	(4,841)	5,790	1,975	7,765
Other Entities and Individuals	16,137	(963)	15,174		15,174
Subsidiary Undertakings	1,426		1,426		1,426
	59,091	(9,850)	49,241	1,975	51,216
<u>Other Receivables - Loans</u>					
Loans - Manchester Airport				34,226	34,226
Loans - Subsidiary Undertakings	7,285		7,285	79,468	86,753
Car and Other loans	50		50	5,700	5,750
	7,335	0	7,335	119,394	126,729
Total Receivables (Financial Assets)	66,426	(9,850)	56,576	121,369	177,945
<u>Other Receivables (Non- Financial Assets)</u>					
Central Government (Tax)	6,826		6,826		6,826
Housing Benefits	3,932	(3,820)	112		112
Collection Fund:					
Business Rates	8,565	(8,565)	0		0
Council Tax	13,777	(9,544)	4,233		4,233
Payments in advance:					
Lease and rental receivables	224		224	3,737	3,961
Other payments in advance	10,274		10,274		10,274
Total Receivables (Non- Financial Assets)	43,598	(21,929)	21,669	3,737	25,406
Total Receivables	110,024	(31,779)	78,245	125,106	203,351

The impairment (loss) allowance for trade and lease receivables is as follows:

	2021/22	2020/21
	£000	£000
Balance at beginning of year	(9,850)	(3,925)
(Increase) in loss allowance recognised in Finance and Investment Income and Expenditure	(2,188)	(6,117)
Receivables written off during the year	1,218	192
Balance at end of year	(10,820)	(9,850)

The loss allowance for bad debts has been calculated based on life-time expected credit losses (simplified approach) for trade and lease receivables, including HRA rental arrears.

Trade receivables have been collectively assessed according to the groupings shown in the Note, for the purposes of calculating expected credit losses. Write offs occur only when all possible debt recovery procedures have been unable to secure payment.

18. Cash and Cash Equivalents

Cash and cash equivalents as shown in the statement of cash flows can be reconciled to the related items in the balance sheet as follows:

	Balance at 31 March 2022	Balance at 31 March 2021
	£000	£000
Cash and bank balances	26,818	21,078
Short-term investments, considered to be cash equivalents	15,050	6,825
	41,868	27,903
Bank Overdraft	(2,272)	(2,140)
	39,596	25,763

19. Assets held for Sale

	Current 31 March 2022 £000	Current 31 March 2021 £000
Balance at start of year	836	576
Additions	8	45
Transfers	495	345
Impairment losses		(130)
Assets sold	(260)	
Balance at end of year	1,079	836

There are no non-current assets held for sale at 31 March 2022 (31 March 2021 – Nil).

20. Short and Long-Term Creditors including Receipts in Advance

	31 March 2022 Short-Term £000	31 March 2022 Long-Term £000	31 March 2022 Total £000
<u>Financial Liabilities</u>			
<u>Trade Payables</u>			
Central Government	(5,606)		(5,606)
Other Local Authorities	(9,344)		(9,344)
NHS Bodies	(5,125)		(5,125)
Other Entities and Individuals	(43,847)		(43,847)
Subsidiary Undertakings	(7,189)		(7,189)
Finance Lease Payables		(1,751)	(1,751)
	(71,111)	(1,751)	(72,862)
<u>Other Payables</u>			
Employees Accumulated Absences	(7,077)		(7,077)
	(78,188)	(1,751)	(79,939)
<u>Other Trade Payables (Non-Financial Liabilities)</u>			
Central Government (Tax)	(5,269)		(5,269)
Collection Fund:			
Business Rates	(2,772)		(2,772)
Council Tax	(2,373)		(2,373)
Receipts in advance:			
Lease and rental receipts in advance	(3,742)	(4,782)	(8,524)
Social Care receipts in advance	(1,428)		(1,428)
Other receipts in advance	(5,941)	(37)	(5,978)
	(21,525)	(4,819)	(26,344)
Total Payables	(99,713)	(6,570)	(106,283)

	31 March 2021 Short-Term £000	31 March 2021 Long-Term £000	31 March 2021 Total £000
<u>Financial Liabilities</u>			
<u>Trade Payables</u>			
Central Government	(4,612)		(4,612)
Other Local Authorities	(439)		(439)
NHS Bodies	(4,964)		(4,964)
Other Entities and Individuals	(42,914)		(42,914)
Subsidiary Undertakings	(5,191)		(5,191)
Finance Lease Payables		(1,576)	(1,576)
	(58,120)	(1,576)	(59,696)
<u>Other Payables</u>			
Employees Accumulated Absences	(6,011)		(6,011)
	(64,131)	(1,576)	(65,707)
<u>Other Trade Payables (Non-Financial Liabilities)</u>			
Central Government (Tax)	(4,234)		(4,234)
Debt administered by other Councils	(1,539)		(1,539)
Collection Fund:			
Business Rates	(2,803)		(2,803)
Council Tax	(2,280)		(2,280)
Receipts in advance:			
Lease and rental receipts in advance	(2,961)	(4,974)	(7,935)
Social Care receipts in advance	(68)		(68)
Other receipts in advance	(4,637)	(37)	(4,674)
	(18,522)	(5,011)	(23,533)
Total Payables	(82,653)	(6,587)	(89,240)

21. Provisions

	Insurance Fund £000	Business Rates Appeals £000	Total £000	Comparative figures for 2020/21 £000
<u>Long-term</u>				
Balance 31 March 2021	(4,407)	(14,224)	(18,631)	(18,938)
Increases in year				(242)
Decreases in year	64	1,653	1,717	549
Balance as at 31 March 2022	(4,343)	(12,571)	(16,914)	(18,631)
<u>Short-term</u>				
Balance 31 March 2021	(1,161)	(3,751)	(4,912)	(4,024)
Increases in year	0	(2,706)	(2,706)	(6,706)
Decreases in year	58	3,091	3,149	5,818
Balance as at 31 March 2022	(1,103)	(3,366)	(4,469)	(4,912)
Total Provisions	(5,446)	(15,937)	(21,383)	(23,543)

Insurance Fund

The insurance provision is in respect of outstanding liability claims in connection with employer's and public liability and Education property. Some schools have taken out their own policies to cover uninsured risks in respect of burst water pipes and theft from property. The amount shown in the provision highlights commitments where settlements have yet to be agreed (any balances are shown as an earmarked reserve).

Business Rates Appeals Provision

The Council's appeals provision is £15.937m as at 31 March 2022 and is split across two Business Rates valuation lists; appeals relating to the 2010 Business Rates valuation list and appeals relating to the 2017 Business Rates valuation list.

- The 2010 valuation list appeals provision is calculated using the Valuation Office Agency (VOA) list of appeals as at 31 March 2022. The list has been analysed to assess the likelihood of appeals being successful and potential cost as a result.
- The 2017 valuation list appeal provision is calculated using a combination of the Valuation Office Agency (VOA) outstanding list of Check, Challenge and Appeals as of 31 March 2022 and threats identified through Analyse Local intelligence.

22. Usable Reserves

Movements in usable reserves are set out in the Movement in Reserves Statement and supporting notes. An explanation of usable reserves is set out below.

General Fund Balances

The General Fund is the statutory fund into which all the Council's receipts are paid and all its liabilities are met, except where otherwise permitted by statutory rules. The General Fund Balance summarises the resources that the Council is able to spend on its services or capital investment, or the deficit that it is required to recover. Included within the General Fund Balance reported in the Movement in Reserves Statement are Earmarked General Fund Reserves.

See the Narrative Report for more information about the General Fund Balance.

Housing Revenue Account

The Housing Revenue Account Balance reflects the statutory obligation to maintain a revenue account for the Council's housing provision. It contains the balance of income and expenditure that is available to fund future expenditure in connection to the Council's housing provision or the amount required to be recovered from tenants in future years where it is in deficit.

Included within the Housing Revenue Account Balance reported in the Movement in Reserves Statement are Earmarked Housing Revenue Account Reserves. See the statements and notes for an explanation of the in-year movements on the Housing Revenue Account.

Earmarked General Fund Reserves and Earmarked Housing Revenue Account Reserve

Earmarked General Fund Reserves and Earmarked Housing Revenue Account Reserves are the amounts set aside from General Fund and HRA balances to provide financing for future expenditure plans. See Note 7 for more details of Earmarked Reserve balances.

Capital Receipts Reserve

This represents capital receipts from the disposal of land and other assets which are available to finance capital expenditure. The balance at year end represents receipts which have not yet been applied for this purpose.

Major Repairs Reserve

The Council is required to maintain the Major Repairs Reserve, which controls the application of the Major Repairs Allowance (MRA). The MRA is restricted to being applied to new capital investment in HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the MRA that has yet to be applied at the year end.

Capital Grants Unapplied

The balance at year end represents capital grants without conditions which have been received but not yet applied to finance capital expenditure.

23. Unusable Reserves

The movement on unusable reserves is shown below:

	Revaluation Reserve	Capital Adjustment Account	Financial Instruments Adjustment Account	Deferred Capital Receipts Reserve	Pensions Reserve	Collection Fund Adjustment Account	Accumulated Absences Account	Financial Instruments Revaluation Reserve	Dedicated Schools Grant Adjustment Account	Total Unusable Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2020 carried forward	(305,231)	(701,331)	942	(13,820)	332,787	(3,406)	4,516	(19,986)		(705,529)
Reporting of Schools Budget Deficit to new Adjustment Account at 1 April 2020									1,302	1,302
Change in valuation of Manchester Airport shares								8,900		8,900
Restated balance at 1 April 2020	(305,231)	(701,331)	942	(13,820)	332,787	(3,406)	4,516	(11,086)	1,302	(695,327)
Movement in reserves during 2020/21:										
Other Comprehensive Income and Expenditure	(140,786)				146,885			3,510		9,609
Movements to other reserves	12,179	5,847	(15)		23,964	47,443	1,495		1,935	92,848
Net (Increase)/Decrease in 2020/21	(128,607)	5,847	(15)	0	170,849	47,443	1,495	3,510	1,935	102,457
Balance at 31 March 2021 carried forward	(433,838)	(695,484)	927	(13,820)	503,636	44,037	6,011	(7,576)	3,237	(592,870)
Movement in reserves during 2021/22:										
Other Comprehensive Income and Expenditure	(135,772)				(201,038)			0		(336,810)
Movements to other reserves	14,470	(31,093)	(15)		44,761	(32,755)	1,066		2,249	(1,317)
Net (Increase)/Decrease in 2021/22	(121,302)	(31,093)	(15)	0	(156,277)	(32,755)	1,066	0	2,249	(338,127)
Balance at 31 March 2022 carried forward	(555,140)	(726,577)	912	(13,820)	347,359	11,282	7,077	(7,576)	5,486	(930,997)

(a) Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from 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 and the gains are lost; and
- used in the provision of services and the gains are consumed through depreciation or disposed of and the gains are realised.

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

	2021/22 £000	2021/22 £000	2020/21 £000	2020/21 £000
Balance at beginning of the year		(433,838)		(305,231)
Upward revaluation of assets	(146,171)		(150,128)	
Downward revaluation of assets and impairment losses not charged to Surplus/Deficit on the Provision of Services	10,399		9,342	
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		(135,772)		(140,786)
Difference between fair value depreciation and historical cost depreciation	13,680		10,461	
Accumulated gains on assets sold or scrapped	790		1,718	
Amount written off to the Capital Adjustment Account		14,470		12,179
		(555,140)		(433,838)

(b) 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 Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 2 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

	2021/22 £000	2021/22 £000	2020/21 £000	2020/21 £000
Balance at beginning of the year		(695,484)		(701,331)
Reversal of items relating to capital expenditure debited or credited to the CIES:				
Charges for depreciation of non-current assets	55,482		53,222	
Revaluation (gains)/losses and impairment losses on Property, Plant and Equipment	(1,037)		(2,700)	
Charge for impairment of assets held for sale				
Amortisation of intangible assets	227		227	
Revenue expenditure funded from capital under statute	12,516		2,811	
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	2,993		19,782	
	70,181		73,342	
Difference between fair value depreciation and historical cost depreciation	(13,680)		(10,461)	
Net written out amount of the cost of non-current assets consumed in the year		56,501		62,881
Capital financing applied in the year:				
Receipt of capital loans	4,127		2,734	
Repayment of loans	(4,127)		(2,734)	
Use of the Capital Receipts Reserve to finance new capital expenditure	(2,084)		(1,352)	
Use of the Capital Receipts Reserve to finance historic capital expenditure	(785)		(468)	
Use of the Major Repairs Reserve to finance new capital expenditure	(11,967)		(12,344)	
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(39,009)		(22,644)	
Application of grants and contributions to capital financing from the Capital Grants Unapplied Account	(16,925)		(10,866)	
Statutory provision for the financing of capital investment and charged against the General Fund and HRA balances	(13,753)		(12,014)	
Capital expenditure charged against the General Fund and HRA balances	(1,668)		(2,962)	
Principal repayments for transferred debt and deferred purchase scheme	(1,539)		(1,446)	
Voluntary revenue provision for capital financing	(699)			
		(88,429)		(64,096)
Movements in the market value of Investment properties debited or credited to the CIES		835		7,062
Balance at end of the year		(726,577)		(695,484)

(c) 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.

	2021/22 £000	2020/21 £000
Balance at beginning of the year	927	942
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statute	(15)	(15)
Balance at end of the year	912	927

(d) Deferred Capital Receipts

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

	2021/22 £000	2020/21 £000
Balance at beginning of the year	(13,820)	(13,820)
Balance at end of the year	(13,820)	(13,820)

(e) Pensions Reserve

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 CIES as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds, or eventually pays, any pensions for which it is directly responsible. 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.

See Note 26 to the Financial Statements for an explanation of the in-year movements on the Pensions Reserve.

	2021/22 £000	2020/21 £000
Balance at beginning of the year	503,636	332,787
Remeasurements of the net defined benefit liability/asset	(201,038)	146,885
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	67,836	46,533
Employer's pensions contributions and direct payments to pensioners payable in the year	(23,075)	(22,569)
Balance at end of the year	347,359	503,636

(f) Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax and Business Rates income in the Comprehensive Income and Expenditure Statement as it falls due compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	2021/22 £000	2020/21 £000
Balance at beginning of the year	44,037	(3,406)
Amount by which council tax and business rates income credited to the CIES is different from council tax and business rates income calculated for the year in accordance with statutory requirements	(32,291)	47,443
	11,746	44,037
Amount by which renewable energy NDR income credited to the CIES is different from renewable energy NDR income calculated for the year in accordance with statutory requirements	(464)	
Balance at end of the year	11,282	44,037

(g) 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.

	2021/22 £000	2021/22 £000	2020/21 £000	2020/21 £000
Balance at beginning of the year		6,011		4,516
Settlement or cancellation of accrual made at the end of the preceding year	(6,011)		(4,516)	
Amounts accrued at the end of the current year	7,077		6,011	
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		1,066		1,495
Balance at end of the year		7,077		6,011

(h) Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve was created on 1 April 2018 due to the reclassification of the Available for Sale asset (investment in Manchester Airport) to an equity instrument designated at Fair Value through other Comprehensive Income. It contains gains made by the Council arising from increases in the value of this investment. The balance is reduced when investments with accumulated gains are:

- revalued downwards or impaired and the gains are lost; and
- disposed of and the gains are realised.

	2021/22 £000	2020/21 £000
Balance at beginning of the year	(7,576)	(19,986)
Prior year adjustment to restate opening balance		8,900
Restated balance at beginning of the year		(11,086)
(Upward)/downward revaluation of investment - Manchester Airport (restated)	0	3,510
Balance at end of the year	(7,576)	(7,576)

See Note 39 for further details of the prior year restatement.

(i) Dedicated Schools Grant Adjustment Account

The Dedicated Schools Grant Adjustment Account was created on 1 April 2020 following new provisions put in place by the School and Early Years Finance (England) Regulations 2020 and Local Authority Finance Regulations. These regulations require the Council to carry forward a deficit on the Dedicated Schools Grant (DSG) from the current and previous years to be dealt with from future DSG income up to 2022/23. The Council must record the deficit in an unusable reserve created solely for the purpose of recording deficits relating to its school's budget.

	2021/22 £000	2020/21 £000
Balance at beginning of the year	3,237	0
Reporting of Schools Budget Deficit to new Adjustment Account at 1 April 2020		1,302
Restated balance	3,237	1,302
Deficit schools budget for the year	2,249	1,935
Balance at end of the year	5,486	3,237

24. Note to the Cash Flow Statement – Investing Activities

	2021/22 £000	2020/21 £000
Purchase of property, plant and equipment, investment property and intangible assets	94,340	73,470
Purchase of short-term and long-term investments	90,000	109,440
Other capital payments for investing activities	20,298	40,783
Other payment for investing activities	10	
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(5,249)	(7,762)
Capital grants	(60,272)	(39,763)
Proceeds from short-term and long-term investments	(87,450)	(166,250)
Other receipts from investing activities	(4,173)	(2,779)
	47,504	7,139

25. Note to the Cash Flow Statement – Financing Activities

	2021/22 £000	2020/21 £000
Cash receipts of short and long-term borrowing	(278,015)	(163,607)
Repayments of short and long-term borrowing	295,536	187,328
	17,521	23,721
Other receipts from financing activities	(2,312)	1,148
	15,209	24,869

The reconciliation of liabilities arising from financing activities is as follows:

	Balance at 1 April 2021 £000	Financing cash flows £000	Non-cash changes £000	Balance at 31 March 2022 £000
PWLB Loans	(384,315)	(25,000)	(66)	(409,381)
LOBOS/Converted LOBOS	(79,250)		20	(79,230)
Temporary loans	(128,400)	43,000	348	(85,052)
Market Loans - BAE	(40,329)			(40,329)
Salix Loan	(3,437)	(2,018)		(5,455)
	(635,731)	15,982	302	(619,447)
Lease liabilities	(13,700)			(13,700)
Transferred debt	(1,539)	1,539		0
	(650,970)	17,521	302	(633,147)

26. Pension Schemes

The Council participates in three pension schemes, the details of which are set out in the Statement of Accounting Policies.

Pension Schemes Accounted for as Defined Contribution Schemes

Teachers

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by the Department for Education. The Scheme provides teachers with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Scheme is a defined benefit scheme. However, the Scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Council is not able to identify its share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme and no liability for future payments of benefits is recognised in the balance sheet.

In 2021/22, the Council paid £16.83m to the Department for Education (£17.27m in 2020/21) in respect of teachers' pension costs, which represented 23.68% of teachers' pensionable pay (23.68% in 2020/21). In addition, the Council is responsible for all pension payments relating to added years that it has awarded as discretionary benefits, together with the related increases. In 2021/22 these amounted to £1.1m (£1.2m in 2020/21), representing 1.6% of pensionable pay (1.6% in 2020/21).

The total contributions expected to be made to the Teachers' Pension Scheme by the Council in the year to 31 March 2022 are £16.83m.

There were contributions remaining payable at the year-end of £2.3m (31 March 2021 - nil).

NHS

During 2013/14 Public Health staff transferred to the Council, these staff have maintained their membership of the NHS Pension Scheme. The Scheme provides members with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Scheme is an unfunded defined benefit scheme. The Council is not able to identify its share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purpose of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme and no liability for future payments of benefits is recognised in the balance sheet.

In 2021/22, the Council paid £0.02m to the NHS Pension Scheme in respect of former NHS staff retirement benefits (£0.03m in 2020/21), which represented 14.38% of pensionable pay (14.38% in 2020/21). There were no contributions remaining payable at the year end.

Defined Benefit Pension Scheme

Other Employees

In 2021/22, the Council paid an employer's contribution of £21.3m into the Greater Manchester Pension Fund (£20.7m in 2020/21), representing 18.8% of pensionable pay (18.8% in 2020/21). In addition, the Council makes further payments in respect of added years benefits it has awarded, together with the related increases. In 2021/22 these amounted to £0.6m (£0.7m in 2020/21), representing 0.6% of pensionable pay (0.7% in 2020/21).

The Greater Manchester Pension Fund is operated under the regulatory framework for the Local Government Pension Scheme, the scheme is managed by Tameside MBC who became the administering authority in 1987. Each of the member authorities are represented on the Pension Fund Advisory Panel.

Further information can be found in the Greater Manchester Pension Fund's Annual Report which is available upon request from Greater Manchester Pension Fund, Guardsman Tony Downes House, and 5 Manchester Road, Droylsden, M43 6SF.

The costs of retirement benefits are recognised in Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against Council Tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed in the Movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance through the Movement in Reserves Statement during the year.

The Balance Sheet holds the underlying assets and liabilities for retirement benefits attributable to the Council at 31 March 2022 and they are set out as follows:

Comprehensive Income and Expenditure Statement	2021/22			2020/21		
	Net (Liability)/ Assets	Assets	Obligations	Net (Liability)/ Assets	Assets	Obligations
	£000	£000	£000	£000	£000	£000
Cost of Services:						
Service cost comprising:						
- current service cost	59,127		59,127	37,955		37,955
- past service costs (including curtailments)	500		500	517		517
- effect of settlements	(1,632)	1,825	(3,457)			
Financing and Investment Income and Expenditure						
- interest income on plan assets	(22,112)	(22,112)		(20,207)	(20,207)	
- interest cost on defined benefit obligation	31,953		31,953	28,268		28,268
Post-employment benefits charged to CIES	67,836	(20,287)	88,123	46,533	(20,207)	66,740
Other Post-employment benefits charged to the CIES:						
Remeasurement of the net defined benefit liability comprising:						
- return on Plan assets (excluding the amount included in the net interest expense)	(101,957)	(101,957)		(178,538)	(178,538)	
- actuarial gains and losses arising on changes in demographic assumptions	(20,913)		(20,913)	7,423		7,423
- actuarial gains and losses arising on changes in financial assumptions	(103,708)		(103,708)	329,496		329,496
- Other experience	25,540	(7,739)	33,279	(11,496)		(11,496)
Re-measurements of the net defined pensions liability	(201,038)	(109,696)	(91,342)	146,885	(178,538)	325,423

Movement in Reserves Statement						
Reversal of net charges made for retirement benefits in accordance with IAS 19	(67,836)	20,287	(88,123)	(46,533)	20,207	(66,740)
Actual amounts charged against the General Fund Balance for pensions in the year:						
- Employers' contributions payable to the scheme	21,323	21,323		20,668	20,668	
- Unfunded Benefits payable to pensioners	1,752	1,752		1,901	1,901	
Movement on pensions reserve	(44,761)	43,362	(88,123)	(23,964)	42,776	(66,740)

	Greater Manchester Pension Fund		Teachers' Discretionary Benefits		Total	Total
	31 March 2022 £000	31 March 2021 £000	31 March 2022 £000	31 March 2021 £000	31 March 2022 £000	31 March 2021 £000
Fair Value of plan assets	1,226,759	1,122,457			1,226,759	1,122,457
Present value of defined benefit obligation	(1,539,561)	(1,570,269)	(15,623)	(17,957)	(1,555,184)	(1,588,226)
Net liability arising from defined benefit obligation	(312,802)	(447,812)	(15,623)	(17,957)	(328,425)	(465,769)

The funding arrangements and asset liability matching strategy adopted by the pension fund are described in detail in the Greater Manchester Pension Fund's 'Funding Strategy Statement' which gives a summary of the GMPF's approach to funding liabilities.

	Period ended 31 March 2022			Period ended 31 March 2021		
Changes in the Fair Value of Plan Assets	Net (Liability)/ Assets £000	Assets £000	Obligations £000	Net (Liability)/ Assets £000	Assets £000	Obligations £000
Fair Value of Employer Assets	1,122,457	1,122,457	0	892,505	892,505	0
Present value of funded liabilities	(1,560,744)		(1,560,744)	(1,199,656)		(1,199,656)
Present value of unfunded liabilities	(27,482)		(27,482)	(25,636)		(25,636)
Opening position as at 31 March 2021	(465,769)	1,122,457	(1,588,226)	(332,787)	892,505	(1,225,292)
Service Costs:						
- current service cost*	(59,127)		(59,127)	(37,955)		(37,955)
- past service costs (including curtailments)	(500)		(500)	(517)		(517)
- effect of settlements	1,632	(1,825)	3,457			
Total service cost	(57,995)	(1,825)	(56,170)	(38,472)	0	(38,472)
Net Interest:						
- interest income on plan assets	22,112	22,112		20,207	20,207	
- interest cost on defined benefit obligation	(31,953)		(31,953)	(28,268)		(28,268)
Total net interest	(9,841)	22,112	(31,953)	(8,061)	20,207	(28,268)
Total defined benefit cost recognised in Profit or (Loss)	(67,836)	20,287	(88,123)	(46,533)	20,207	(66,740)
Cashflows:						
- Contributions from Members		6,951	(6,951)		6,778	(6,778)
- Contributions from Employer	2,390	2,390		58,535	58,535	
- Contributions in respect of unfunded benefits	1,752	1,752		1,901	1,901	
- Benefits paid		(35,022)	35,022		(34,106)	34,106
- Unfunded benefits paid		(1,752)	1,752		(1,901)	1,901
Cashflows	4,142	(25,681)	29,823	60,436	31,207	29,229
Expected closing position	(529,463)	1,117,063	(1,646,526)	(318,884)	943,919	(1,262,803)
Remeasurements:						
- Changes in demographic assumptions	20,913		20,913	(7,423)		(7,423)
- Changes in financial assumptions	103,708		103,708	(329,496)		(329,496)
- Other experience	(25,540)	7,739	(33,279)	11,496		11,496
- Return on assets excluding amounts included in net interest	101,957	101,957		178,538	178,538	
Total Remeasurements recognised in CIES	201,038	109,696	91,342	(146,885)	178,538	(325,423)
Fair Value of Employer Assets	1,226,759	1,226,759		1,122,457	1,122,457	
Present Value of Funded liabilities	(1,531,231)		(1,531,231)	(1,560,744)		(1,560,744)
Present Value of Unfunded liabilities	(23,953)		(23,953)	(27,482)		(27,482)
Closing Position as at 31 March 2022	(328,425)	1,226,759	(1,555,184)	(465,769)	1,122,457	(1,588,226)

*The service cost figures include an allowance for administration expenses of 0.3% of payroll.

The net pension liability for the Greater Manchester Pension Fund at 31 March 2022 includes a £8.33m liability in respect of unfunded pension payments (31 March 2021 £9.53m liability).

Employer's contributions to the Greater Manchester Pension Fund for the year ended 31 March 2023 will be approximately £22.11m.

The Council opted to make a three-year advance payment of its employer pension contributions totalling £56.800m on 7 April 2020, covering employer pension contributions for 2020/21, 2021/22 and 2022/23. By paying contributions up front the Council was able to secure a saving on anticipated employer contributions for the three years. There was a difference of £2.085m at 31 March 2022 between the actual contributions due and the initial contributions expected for 2021/22. This was due to GMPF at 31 March 2022 and has been allowed for in the actuary's calculations (31 March 2021 - £1.617m due to GMPF including excess capital costs).

The advance payment of pension contribution has caused an imbalance between the pensions reserve (£347.359m) and the pensions liability as at 31 March 2022 (£328.425m). This is due to the three-year advance payment being accounted for as a reduction in the pensions liability whereas only one year's contributions has been charged to the general fund. The difference of £18.934m represents the balance of the advance pension contribution yet to be charged in 2022/23.

The formal actuarial valuation of the Greater Manchester Pension Fund is carried out every three years in accordance with the statutory requirements. The aim of the triennial valuation is principally to balance the objectives of stability of contributions and ensuring the solvency of the fund. At subsequent year ends the actuary performs an annual assessment which is an update of the formal valuation to reflect current conditions. These annual assessments form the basis of the balances reflected in the Statement of Accounts in accordance with IAS 19. The IAS 19 valuations do not determine the contributions that the Council needs to pay into the fund; these are set by the triennial actuarial valuations. However, the IAS 19 results can give an indication of the expected movement of the position of the fund between triennial valuations. The net defined liability has been updated to reflect the latest formal actuarial valuation, which was undertaken as at 31 March 2022.

Liabilities in the Greater Manchester Pension Fund 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. The liabilities have been assessed by Hymans Robertson, actuaries to the pension fund.

The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and Housing Revenue Account the amounts required by statute, as described in the accounting policies note.

The main assumptions used in their calculations are set out below:

Basis for Estimating Assets and Liabilities	Assumptions as at 31 March 2022	Assumptions as at 31 March 2021
Longevity at 65 for current pensioners:		
Men	20.6 years	20.5 years
Women	23.7 years	23.3 years
Longevity at 65 for future pensioners:		
Men	21.8 years	21.9 years
Women	25.4 years	25.3 years
Financial Assumptions:		
Rate of increase in pensions	3.20%	2.85%
Rate of increase in salaries	3.98%	3.60%
Rate for discounting scheme liabilities (actual)	2.70%	2.00%

The weighted average duration of the defined benefit obligation for scheme members is 21 years.

Sensitivity Analysis:

Change in Assumptions at 31 March 2022	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount £000
0.1% decrease in Real Discount Rate	2%	29,120
1 year increase in member life expectancy	4%	62,207
0.1% Increase in the Salary increase rate	0%	3,410
0.1% Increase in the Pension increase rate	2%	25,477

The sensitivity analysis above is based on reasonable, possible changes to the assumptions occurring at the end of the reporting period. In practice assumptions are unlikely to change and changes may be interrelated. The estimations are in line with accounting policies for the scheme. The methods and types of assumptions used in preparing the analysis have not changed from those used in previous periods.

The principal demographic assumption is the longevity assumption (i.e. member life expectancy). For sensitivity purposes, a one-year increase in life expectancy would increase the Defined Benefit Obligation by approximately 3 - 5%.

Assets in the Greater Manchester Pension Fund are valued at fair value, and consist of equities, bonds, property and cash. The table below sets out the value and proportion of assets held in the said classes together with the prices quoted in the market:

Fair value of scheme asset	Period ended 31 March 2022				Period ended 31 March 2021			
	Quoted Prices in active markets	Quoted Prices not in active markets	Total	Percentage of Total Assets	Quoted Prices in active markets	Quoted Prices not in active markets	Total	Percentage of Total Assets
	£000	£000	£000	%	£000	£000	£000	%
Equity securities:								
Consumer	81,189		81,189	7%	98,495		98,495	9%
Manufacturing	80,099		80,099	7%	87,720		87,720	8%
Energy and Utilities	66,291		66,291	5%	54,432		54,432	5%
Financial Institutions	121,262		121,262	10%	117,910		117,910	10%
Health and Care	64,190		64,190	5%	56,101		56,101	5%
Information								
Technology	59,909		59,909	5%	59,288		59,288	5%
Other	13,716		13,716	1%	18,135		18,135	2%
Debt securities:								
Corporate Bonds	47,110		47,110	4%	54,255		54,255	5%
UK Government	22,856		22,856	2%	0		0	0%
Other	38,854		38,854	3%	14,581		14,581	1%
Private Equity:		89,740	89,740	7%		66,808	66,808	6%
Real Estate:								
UK property		55,625	55,625	4%		41,940	41,940	4%
Investment Funds and Unit Trusts:								
Equities	76,760		76,760	6%	100,853		100,853	9%
Bonds	120,334		120,334	10%	142,248		142,248	12%
Infrastructure		82,175	82,175	7%		57,220	57,220	5%
Other	22,252	143,731	165,983	14%	24,330	106,734	131,064	12%
Derivatives:								
Other	(6,821)		(6,821)	-1%	-901		-901	0%
Cash and Cash Equivalents:								
All	47,487		47,487	4%	22,308		22,308	2%
Total Assets	855,488	371,271	1,226,759	100%	849,755	272,702	1,122,457	100%

27. Pooled Budget Arrangements

Pooled Budgets with Stockport Clinical Commissioning Group (CCG) Section 75 Agreements

Section 75 of the NHS Act 2006 allows NHS organisations and local authorities to make contributions to a pooled budget. The purpose of a pooled budget is to improve partnership working between organisations and provide integrated and improved services for patients and service users. In accordance with IFRS 11 Joint Arrangements, the pool budget has been classified as a joint operation as both the Clinical Commissioning Group and Stockport Metropolitan Borough Council have joint control and rights and account for their share of the assets, liabilities, income and expenditure arising from the activities of the pooled budget, identified in accordance with the pooled budget agreement.

Stockport Clinical Commissioning Group (CCG) has entered into a pooled budget arrangement with the Council, who host the pooled budget. The Section 75 agreement allows organisations to vary their contributions to the pool to align with agreed investment proposals. In 2021/22 resources totalling £251.908m were pooled. Whilst the provisions contained within the Section 75 agreement indicate that joint control exists the fund operates through lead commissioner arrangements whereby the nominated lead commissioner enters into legal contract with providers and the non-lead commissioner cedes control over the end-contract. Under lead commissioning arrangements an organisation acting as a lead commissioner accounts for its own transactions without recognising its interest in its share of total assets, liabilities, revenue and expenditure that relate to the whole Fund. Each organisation also accounts for any surplus or deficit relating to its own transactions.

The memorandum below illustrates the contributions by partners and the financial performance by points of delivery (PODS) and the overall performance for the Section 75 Agreement in 2021/22 and 2020/21.

Pooled Budget Statement

2021/22	Prevention £000	Borough- wide £000	Community / Out of Hospital £000	Acute £000	Hospital Discharge Programme £000	Total £000
<u>Funding provided to the Pooled Budget</u>						
Stockport Council	(16,371)	(8,507)	(90,408)		(3,252)	(118,538)
Stockport CCG	(148)	(3,840)	(35,341)	(88,135)	(5,906)	(133,370)
Total	(16,519)	(12,347)	(125,749)	(88,135)	(9,158)	(251,908)
<u>Expenditure met from the Pooled Budget</u>						
Stockport Council	16,200	8,672	90,410		3,252	118,534
Stockport CCG	148	3,840	35,527	88,243	5,906	133,664
Total	16,348	12,512	125,937	88,243	9,158	252,198
Net (surplus)/deficit arising from the pooled budget in year	(171)	165	188	108	0	290
<u>Net (surplus)/deficit split by each partner:</u>						
Stockport Council	(171)	165	2			(4)
Stockport CCG			186	108		294
Total	(171)	165	188	108	0	290

2020/21	Prevention £000	Borough- wide £000	Community / Out of Hospital £000	Acute £000	Hospital Discharge Programme £000	Total £000
<u>Funding provided to the Pooled Budget</u>						
Stockport Council	(16,965)	(3,698)	(86,815)		(3,297)	(110,775)
Stockport CCG	(147)	(7,657)	(33,969)	(83,001)	(13,075)	(137,849)
Total	(17,112)	(11,355)	(120,784)	(83,001)	(16,372)	(248,624)
<u>Expenditure met from the Pooled Budget</u>						
Stockport Council	16,695	4,485	91,294		3,297	115,771
Stockport CCG	147	7,656	34,257	83,061	13,075	138,196
Total	16,842	12,141	125,551	83,061	16,372	253,967
Net (surplus)/deficit arising from the pooled budget in year	(270)	786	4,767	60	0	5,343
<u>Net (surplus)/deficit split by each partner:</u>						
Stockport Council	(270)	787	4,479			4,996
Stockport CCG		(1)	288	60		347
Total	(270)	786	4,767	60	0	5,343

28. Members' Allowances

The Council paid the following amounts to Council Members during the year.

	2021/22 £000	2020/21 £000
Allowances	957	954
Expenses	1	
Total	958	954

29. Officer Remuneration

Senior Officer Remuneration for 2021/22 is provided in the table below.

Post Holder		Salary, Fees & Allowances	Expenses Allowance	Benefits in Kind	Employers Pension Contribution
		£	£	£	£
Chief Executive - C.Simpson (1)	2021/22	42,100		183	7,390
	2020/21				
Chief Executive - (2)	2021/22	139,082			
	2020/21	164,444			
Deputy Chief Executive (Place) - C.Simpson (1)	2021/22	120,414		195	21,700
	2020/21	149,819			27,417
Deputy Chief Executive (Section 151 Officer) (3)	2021/22	134,227		776	23,097
	2020/21	129,714		768	22,323
Director of Adult Social Care (4)	2021/22	116,268	827		16,085
	2020/21	109,065	1,102		19,959
Corporate Director (People and Integration) (5)	2021/22	133,824		4,799	23,443
	2020/21	127,489		4,799	22,284
Chief Education Officer (6)	2021/22	7,828			
	2020/21	96,692			
Chief Education Officer (7)	2021/22	53,337			9,960
	2020/21				
Director of Public Health	2021/22	92,183			16,870
	2020/21	86,174			15,770
Head of Legal and Democratic Governance (8)	2021/22	98,455		683	12,013
	2020/21	96,968		1,026	15,772
Director of Place Management (9)	2021/22	16,836			3,416
	2020/21				

Note	Notes to the Senior Officer Remuneration Table
1	Became Chief Executive on 04/01/2022 - was previously Deputy Chief Executive (Place) and this role has not been replaced. The Chief Executive holds the statutory roles of Head of Paid Service and Council Returning Officer.
2	The Chief Executive left the Council on 03/01/2022. The Chief Executive held the statutory roles of Head of Paid Service and Council Returning Officer.
3	The Deputy Chief Executive holds the statutory role of Section 151 Officer.
4	Director of Adult Social Care, which is a statutory role, left the Council on 31/12/2021.
5	From 01/01/2022 the Director of Children's Services took on the role of Director of Adult Social Services. This was formalised on 07/02/2022, when the role was retitled Corporate Director (People and Integration) with responsibility for Adults and Children's Services, which are both statutory roles of the Council.
6	The Chief Education Officer left the Council on 30/04/2021. There was a handover period with the incoming Chief Education Officer in April.
7	Shared Chief Education Officer with Tameside Council from 01/04/2022. The table reflects the costs to the Council.
8	The statutory role of Monitoring Officer is carried out by the Head of Legal and Democratic Governance.
9	Director of Place Management began reporting directly to the Chief Executive on 07/02/2022.

The Council's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid as shown in the table below.

Remuneration Band	2021/22				
	Number of employees who received redundancy or other related payments		Number of employees who did not receive redundancy or other related payments		Total
	Schools	Other Services	Schools	Other Services	
£50,000 to £54,999	1		70	52	123
£55,000 to £59,999			36	22	58
£60,000 to £64,999			20	17	37
£65,000 to £69,999		1	25	17	43
£70,000 to £74,999		1	20	8	29
£75,000 to £79,999		1	5	2	8
£80,000 to £84,999			1	5	6
£85,000 to £89,999		1	4		5
£90,000 to £94,999	1		2		3
£95,000 to £99,999				1	1
£100,000 to £104,999			1	1	2
£105,000 to £109,999				1	1
£110,000 to £114,999					0
£115,000 to £119,999					0
£120,000 to £124,999					0
£125,000 to £129,999			1	1	2
£130,000 to £134,999					0
£135,000 to £139,999					0
£140,000 to £144,999				1	1
Total	2	4	185	128	319

Remuneration Band	2020/21				
	Number of employees who received redundancy or other related payments		Number of employees who did not receive redundancy or other related payments		Total
	Schools	Other Services	Schools	Other Services	
£50,000 to £54,999	1		60	53	114
£55,000 to £59,999			39	15	54
£60,000 to £64,999			21	18	39
£65,000 to £69,999	1		28	15	44
£70,000 to £74,999			16	6	22
£75,000 to £79,999			2	4	6
£80,000 to £84,999			5	1	6
£85,000 to £89,999			3		3
£90,000 to £94,999			1	2	3
£95,000 to £99,999	1				1
£100,000 to £104,999				2	2
£105,000 to £109,999			1	1	2
£110,000 to £114,999					0
£115,000 to £119,999			1	1	2
£120,000 to £124,999			1		1
£125,000 to £129,999					0
£130,000 to £134,999					0
£135,000 to £139,999				1	1
Total	3	0	178	119	300

Exit packages

Exit packages include voluntary redundancy costs paid to employees and pension contributions (capital costs) paid to the Local Government Pension Scheme applicable to employees who have taken voluntary early retirement.

Exit Package Cost Band	Number of Compulsory Redundancies	Number of Other Departures Agreed	Total Number of Exit Packages by Cost Band	Total Cost of Exit Packages in Each Band		
	2021/22	2021/22	2021/22	Redundancy 2021/22 £000	Capital 2021/22 £000	Total 2021/22 £000
£0 to £20,000		17	17	115	2	117
£20,001 to £40,000		1	1	32	0	32
£40,001 to £60,000		2	2	74	13	87
£60,001 to £80,000			0			0
£80,001 to £100,000			0			0
£100,001 to £150,000		3	3	107	263	370
Total	0	23	23	328	278	606

Exit Package Cost Band	Number of Compulsory Redundancies	Number of Other Departures Agreed	Total Number of Exit Packages by Cost Band	Total Cost of Exit Packages in Each Band		
	2020/21	2020/21	2020/21	Redundancy 2020/21 £000	Capital 2020/21 £000	Total 2020/21 £000
£0 to £20,000		6	6	45		45
£20,001 to £40,000		4	4	111	8	119
£40,001 to £60,000		1	1	21	27	48
£60,001 to £80,000			0			0
£80,001 to £100,000		1	1	35	57	92
£100,001 to £150,000			0			0
£150,001 to £200,000			0			0
£200,001 to £250,000			0			0
£250,001 to £300,000			0			0
£300,001 to £350,001			0			0
£350,001 to £400,000		1	1	147	233	380
Total	0	13	13	359	325	684

30. External Audit Costs

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

	2021/22 £000	2020/21 £000
Fees payable to Mazars LLP with regard to external audit services carried out by the appointed auditor	125	126
Fees payable to Mazars LLP with regard to other services	3	8
	128	134

31. Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant monies provided by the Education and Skills Funding Agency, the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance and Early Years (England) Regulations 2018. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2021/22 are as follows:

	Central Expenditure £000	Individual Schools Budget £000	Total £000
Final DSG for 2021/22 before academy and high needs recoupment			257,747
Academy and high needs figure recouped for 2020/21			(62,896)
Total DSG after academy and high needs recoupment for 2021/22			194,851
Plus: Brought Forward from 2020/21			0
Less: Carry-forward to 2021/22 agreed in advance			0
Agreed initial budgeted distribution in 2021/22	55,711	139,140	194,851
In year adjustments			0
Final Budgeted distribution for 2021/22	55,711	139,140	194,851
Less Actual central expenditure	57,960		
Less Actual ISB deployed to schools		139,140	
Plus Local Authority contribution for 2021/22			0
Carry-forward to 2022/22	(2,249)	0	(2,249)
<u>Analysis of total DSG unusable reserve at 31 March 2022</u>			
DSG unusable reserve as at 31 March 2021			(3,237)
Addition to DSG unusable reserve 31 March 2022			(2,249)
Total DSG unusable reserve as at 31 March 2022			(5,486)

32. Grant Income

The Council credited the following grants, contributions and donations to the CIES in 2021/22:

	Credited to taxation and non-specific grant income 2021/22 £000	Credited to services 2021/22 £000	Credited to taxation and non-specific grant income 2020/21 £000	Credited to services 2020/21 £000
<u>Capital</u>				
<i>Capital Grants:</i>				
Greater Manchester Mayor's Cycling and Walking Challenge Fund	(10,268)		(4,501)	
Department for Education capital programme (including DFC and Schools Condition Allocation)	(7,621)	(61)	(5,340)	(92)
Department for Transport Highways capital programme - other grants	(6,683)		(7,784)	
Poynton Relief Road (Cheshire East)	(4,526)		(2,973)	
Greater Manchester Decarbonisation of the Public Estate	(2,346)			
Local Growth Deal - Stockport Interchange	(2,098)			
Getting Building Fund - Stockport Exchange Phase 4	(1,586)			
Housing - Disabled Facilities Grant	(140)	(1,384)	(167)	(907)
Homes England JV North Consortium HRA funding	(846)			
Housing HRA - European grant funding	(833)		(866)	
Homes England - Housing Infrastructure Fund - Hopes Carr		(805)		
Future High Streets Fund	(748)			
Cheadle Towns Fund	(546)			
Transport for Greater Manchester A6 to Manchester Airport Relief Road	(432)		(1,290)	
Homes England - HRA	(228)		(655)	
Highways Stockport Town Centre Access Plan			(3,895)	
Greater Manchester Local Full Fibre Network				(868)
Other government grants	(807)		(584)	(138)
Getting Building Fund - Stok		(3,500)		
Homes England - Housing Infrastructure Fund - Interchange		(3,000)		
Homes England - Housing Infrastructure Fund - Weir Mill		(1,047)		
<i>Capital Contributions:</i>				
Developer and other highways contributions	(612)		(833)	
Other contributions	(2,483)		(1,472)	(59)
Contributions - HRA	(122)			
Total Capital Grants & Contributions	(42,925)	(9,797)	(30,360)	(2,064)
<u>Revenue</u>				

Dedicated Schools Grant (DSG)		(194,983)		(187,735)
Pupil Premium Grant		(8,391)		(8,729)
Other Education and Schools Grants		(8,259)		(14,796)
<u>Subsidy grants for benefits payments:</u>				
Rent Allowances		(30,192)		(32,583)
Rent Rebates		(19,868)		(21,590)
Benefit Administration		(1,043)		(1,093)
Other Benefit Grants		(554)		(682)
<u>Other Government Grants:</u>				
Adult Social Care Winter Funding		(1,284)		(1,283)
New Homes Bonus Grant	(882)		(1,390)	
Grants in lieu of Business Rates - S31 Covid-19				
Extended Reliefs	(17,279)		(41,508)	
Grants in lieu of Business Rates - other	(11,807)		(13,358)	
Covid-19 Grants*	(12,506)	(19,899)	(21,301)	(20,852)
Improved Better Care Fund	(6,333)	(1,809)	(6,330)	(1,812)
Adult Social Care	(7,841)		(7,015)	
Covid Recovery - Building Back Better		(1,460)		0
Adoption Support Fund		(1,579)		(1,262)
Adult & Community Learning		(1,169)		(1,085)
Other Grants	(319)	(10,638)		(7,581)
<u>Contributions:</u>				
Stockport CCG - Adults Social Care (Pooled)		(29,404)		(32,041)
Health and Social Care Joint Contributions		(7,191)		
Hospital Discharge Programme		(3,252)		(3,297)
Regional Adoption Agency LA contributions		(3,941)		(3,970)
GMCA - Return of Business Rate 100% Pilot Benefit			(1,307)	
Stockport CCG to Children's Social Care		(527)		(632)
Total Revenue Grants & Contributions	(56,967)	(345,443)	(92,209)	(341,023)
Total Grants & Contributions	(99,892)	(355,240)	(122,569)	(343,087)

*Covid-19 Grants

The Council received a number of Covid-19 related grants during 2021/22 to support the local authority, businesses and residents during the pandemic. These included mandatory payments that were passed on directly to support local businesses during the restrictions. These transactions are treated as an agency arrangement and therefore are not included in the Comprehensive Income and Expenditure Statement figures but are disclosed in the table below alongside the other grants recognised in the accounts.

Grant description (including Funding Body)	Credited to taxation & non-specific grant income £000	Credited to services £000	Balance C/Fwd as Receipt in Advance £000	Agent (not included in CIES) £000
<u>Department for Levelling Up, Housing and Communities (DLUHC):</u>				
Covid-19 LA Support Grant	7,629			
Local Council Tax Support Grant	3,367			
Sales, Fees and Charges Support Grant	1,173			
Covid Additional Relief Fund			5,504	
<u>MHCLG/European Regional Development Fund:</u>				
Welcome Back Fund		385		
<u>Department for Business, Energy & Industrial Strategy:</u>				
Local Restrictions Support Grants - Mandatory			8,564	525
Local Restrictions Support Grants - Discretionary		6		
Additional Restrictions Grant		2,562		
Restart Grant			1,780	12,872
Omicron Support Fund – Hospitality and Leisure				1,878
<u>Department of Health and Social Care:</u>				
LA Practical Support		143		
Community Testing		1,060		
GM Self Isolation Pathfinder		167		
Contain Outbreak Management Fund		6,331	2,608	
Test and Trace Service Support		1,202		
Workforce Recruitment and Retention		2,473		
Rapid Testing		699		1,243
Infection Prevention and Control		1,038		1,961
Vaccine Funding		33	22	72
Adult Social Care Omicron Support Fund	130			
Test and Trace Support Payments – Mandatory				436
Test and Trace Support Payments – Discretionary		188		
Test and Trace Support Payments - Admin		253		
<u>Department for Work and Pensions:</u>				
Local/Household Support Grant		3,190		
<u>Sport England:</u>				
National Leisure Recovery Fund		33		
<u>Cabinet Office</u>				
Local Mayoral Election		136		
<u>Others:</u>				
Various new burdens admin grants	207			
Total Covid-19 Grants	12,506	19,899	18,478	18,987

Analysis of Grants Receipts in Advance

The balance of Grants Receipts in Advance represents grants received that have yet to be recognised as income, as they have conditions attached to them, which will require the grant to be repaid, if conditions are not met. The balances at the year end are as follows:

	2021/22 £000	2020/21 £000
Revenue Grants & Contributions Receipts in Advance		
Covid-19 related grants	(18,478)	(19,698)
Energy Rebate	(16,498)	
Grants in lieu of Business Rates - S31 Covid-19 Extended Reliefs	(6,154)	
Housing Benefit	(2,769)	(3,264)
Regional Adoption Agency contributions	(902)	(696)
School Intervention	(691)	(620)
Adult & Community Learning	(663)	(750)
Regional Improvement Alliance	(479)	(479)
Family Drug and Alcohol Courts (FDAC)	(432)	(670)
Not in Education, Employment or Training (NEET)	(295)	(295)
Troubled Families Grant	(224)	(113)
Community Champions	(194)	(617)
Controlling Migration	(136)	(136)
Salford - New Economy	(136)	(136)
Education Development Grant	(129)	(167)
Community Safety Fund	(110)	
Covid Recovery	(109)	
Extended Virtual School	(101)	
Virtual Social Worker	(100)	
HHNDU Town Centre West	(77)	
Prop tech Engagement Fund	(70)	
Partners In Practice	(41)	(207)
Town Centre Deal Cheadle		(65)
Other grants under £60k	(411)	(431)
	(49,199)	(28,344)

	2021/22 £000	2020/21 £000
Capital Grants Receipts in Advance		
Department for Levelling Up, Housing and Communities:		
- Weir Mill Brownfield Grant (via GMCA)	(3,652)	
- Getting Building Fund - Stockport Exchange Phase 4 (via GMCA)	(2,614)	(195)
- Disabled Facilities Grant	(6,319)	(4,957)
- Future High Streets Fund	(4,431)	(410)
- Cheadle Towns Fund	(149)	
- Getting Building Fund - Stok (via GMCA)		(2,271)
Department for Transport	(2,860)	(3,720)
Department for Education	(1,709)	(2,999)
Other government grants	(90)	(85)
	(21,824)	(14,637)

33. Transactions with Related Parties

The Council is required to disclose material transactions with related parties. Related parties are individuals or organisations that have the ability to control or significantly influence the Council or be controlled or influenced by the Council. This note sets out details of transactions between related parties and the Council.

Central Government: the Government has significant influence over the general operations of the Council. It is responsible for providing the framework within which the Council operates. It also provides the majority of funding for Council services. Grants received from government departments are set out in Note 32.

Members of the Council have direct control over the Council's financial and operating policies. Details of Members' interests, both pecuniary and non-financial are recorded in the Register of Members' Interests, which is open to public inspection. Members' interests are also available to view via the Council's web site. The total of members' allowances paid in 2021/22 is shown in Note 28.

The Council's Constitution sets out procedures for the declaration of Members' interests, and those of their close family members, at Council meetings and for the withdrawal of Members from meetings, if it is deemed that there is a conflict of interest. Several Members are trustees, employees and Council representatives of various charitable and similar voluntary organisations that receive financial and other support from the Council. During the year, there were no material transactions paid by Council to organisations in which Members had either a voluntary interest or held a stewardship role.

Corporate Directors and Service Directors are required on an annual basis to make a declaration of related parties. In addition, there is a code of conduct under which

such officers must disclose any pecuniary and non-financial interests. No such disclosures have been made for 2021/22.

The Deputy Chief Executive (Section 151 Officer) holds the following key management position with an external organisation, Interim Chief Finance Officer for Stockport CCG and is also Employer Representative for Greater Manchester Pension Fund.

Other material related party transactions

Borough Care Ltd is a not-for-profit residential care provider for the Council and since 2020/21 has managed its contracts with the Council through its subsidiary company, Life in Colour Ltd. They operate 11 care homes across Stockport and are a significant supplier of care services for the Council, providing circa 20% of the residential care capacity within the Borough. During 2021/22, the Council made payments of £0.979m to Borough Care (£2.874m in 2020/21) and £11.286m to Life in Colour (£9.488m in 2020/21). Payments of £0.536m were received from Borough Care during 2021/22 (£0.546m in 2020/21) and £0.251m was due to the Council from Borough Care as at 31 March 2022 (£0.023m as at 31 March 2021)

Life Leisure is the trading name of Stockport Sports Trust and is a not-for-profit social enterprise company and registered charity. It is commissioned with the delivery of leisure and recreation services for the Council, for which the Council pays a management fee. During 2021/22, the Council made payments of £2.753m to Life Leisure for this service provision (£2.850m in 2020/21) and received payments of £0.170m (£0.084m in 2020/21).

From 1 April 2022, the Council's leisure and recreation services have transferred to Stockport Active CIC, a wholly owned company of the Council. Life Leisure is now in the process of being wound up. The Council has been working closely with the organisation during this process and there are minimal if any remaining sums owed to or from the organisation.

Related Party Transactions with Other Public Bodies

NHS Bodies

The Council's Adult Social Care, Public Health and Health Policy Services form part of the pooled budget with Stockport CCG. Details can be found in Note 27, Pooled Budget Arrangements.

Greater Manchester Combined Authority

Greater Manchester Combined Authority (GMCA) co-ordinates key economic development, regeneration, transport and waste disposal functions. The Council pays levies to GMCA for transport and waste disposal functions and the following amounts are included in the Comprehensive Income and Expenditure Statement, within Other Operating Expenditure.

	2021/22 £000	2020/21 £000
Greater Manchester Combined Authority		
Transport Levy	10,945	10,973
Transport Statutory Charge	8,971	8,994
Waste Disposal Levy	19,448	20,694

Regional Adoption Agency

From 3 July 2017, adoption services in Stockport, Manchester, Trafford, Salford and Cheshire East local authorities are being delivered through an integrated service called Adoption Counts. This is a Regional Adoption Agency as set out in the Education and Adoption Act 2016. Stockport Council is the host of this joint service and is responsible for the finances. Staff, who were seconded from the partner authorities, were transferred to the Council in February 2022 through the application of TUPE regulations. The budget for this service in 2021/22 was £4.619m (2020/21 £4.436m).

Environment Agency

The Comprehensive Income and Expenditure Statement, within Other Operating Expenditure, includes the following amounts that are charged as levies for services not directly provided by the Council:

- Environmental Agency - 2021/22 £0.186m (2020/21 - £0.181m)

Other related parties disclosed elsewhere in the Statement of Accounts

Pension funds are disclosed in other notes to the Financial Statements and in Note 26 Pension schemes.

The Council prepares Group Accounts for entities where it has material financial interests and a significant level of control. The Stockport Council Group comprises Stockport Homes Ltd, Totally Local Company Ltd, Stockport Exchange Phase 2 Ltd, Stockport Exchange Phase 3 Ltd, Stockport Hotel Management Company Ltd, Stockport Mayoral Development Corporation and Stockport Active CIC. More information can be found at The Group Accounts section to the Statement of Accounts.

34. Capital Expenditure and Financing

The total amount of capital expenditure incurred in the year is shown in the table below, 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 has yet to be financed.

	2021/22 £000	2020/21 £000
Opening Capital Finance Requirement	797,998	747,309
Capital Investment		
Property, Plant & Equipment	81,996	69,616
Investment Assets	15,064	1,873
Heritage Assets		13
Assets Held for Sale	8	45
Revenue Expenditure funded from capital under statute	12,516	2,811
Loans treated as capital expenditure	7,782	37,975
Share Capital		3,740
	117,366	116,073
Sources of Finance		
Government grants received or receivable	(54,380)	(32,676)
Capital receipts	(2,084)	(1,352)
External contributions	(1,554)	(834)
Direct Revenue Contributions	(13,635)	(15,306)
Minimum Revenue Provision (MRP)	(19,364)	(15,216)
	(91,017)	(65,384)
Closing Capital Financing Requirement	824,347	797,998
Increase in Capital Financing Requirement relating to borrowing	26,349	50,689

35. Leases

Stockport Exchange Leases

In March 2013, the Council entered into a series of agreements (leases) to enable the development of a multi-storey car park on the Stockport Exchange site. The development was completed in February 2014 when the lease agreements were triggered.

The agreements comprise separate but linked transactions to establish operating and finance leases for the land and buildings elements of the site.

The outstanding obligations tables for both operating and finance leases payable and receivable include the future minimum payments due under non-cancellable leases in

future years, for all the land and buildings transactions for this development under the lease agreements.

Council as Lessee

The Council, on an on-going basis, enters into various operating and finance lease agreements with lessors in providing some of its services.

The Council has finance lease agreements in respect of a multi-storey car park building. The Council leases land and buildings under the terms of operating leases.

The table below analyses the rentals paid for operating and finance lease by asset classification charged to the Comprehensive Income and Expenditure Statement.

	Operating Lease £000	Finance Lease £000	2021 /22 Total £000	Operating Lease £000	Finance Lease £000	2020 /21 Total £000
Land & Buildings	886	1,027	1,913	932	997	1,929
	886	1027	1,913	932	997	1,929

Finance Leases

The Council is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by the Council and finance costs that will be payable by the Council in future years while the liability remains outstanding. The minimum lease payments made on finance leases are shown in the table below:

	31 March 2022 £000	31 March 2021 £000
Not later than one year	(1,058)	(1,027)
Later than 1 year and not later than 5 years	(4,560)	(4,427)
Over five years	(37,194)	(38,385)
Total minimum lease payments	(42,812)	(43,839)
Finance costs payable in future years	29,112	30,139
Finance lease liability	(13,700)	(13,700)

Outstanding obligations to make payments under the finance leases (excluding costs) at 31 March 2022 are as follows:

	31 March 2022 £000	31 March 2021 £000
Not later than one year		
Later than 1 year and not later than 5 years		
Over five years	(13,700)	(13,700)
	(13,700)	(13,700)

Operating Leases

The Council leases land and buildings, vehicles, plant and other equipment under the terms of operating leases, the future minimum lease payments due under non-cancellable leases in future years are shown in the table below:

	31 March 2022 £000	31 March 2021 £000
Not later than one year	835	958
Later than 1 year and not later than 5 years	2,890	3,001
Over five years	19,225	19,932
	22,950	23,891

Council as Lessor

Finance lease

The Council leases a multi-storey car park under a finance lease.

The minimum lease payments comprise settlement of the long-term debtor for the interest in the property acquired by the lessee and finance income that will be earned by the Council in future years whilst the debtor remains outstanding. The gross investment is made up of the following amounts:

	31 March 2022 £000	31 March 2021 £000
Not later than one year	1,281	1,244
Later than 1 year and not later than 5 years	5,519	5,359
Over five years	45,028	46,469
Total minimum lease payments	51,828	53,072
Unearned finance income	(38,128)	(39,372)
Finance lease asset	13,700	13,700

The gross investment in the lease and the minimum lease payments will be received over the following periods:

	31 March 2022 £000	31 March 2021 £000
Not later than one year		
Later than 1 year and not later than 5 years		
Over five years	13,700	13,700
	13,700	13,700

Operating Leases

The Council has numerous operating leasing agreements with private individuals and entities regarding shops, other premises and land where the Council acts as the lessor.

The table below shows future years minimum lease payments receivable:

	31 March 2022 £000	31 March 2021 £000
Not later than one year	(11,980)	(10,635)
Later than 1 year and not later than 5 years	(39,560)	(35,253)
Over five years	(251,755)	(240,779)
	(303,295)	(286,667)

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2021/22 £12.936m rents were receivable by the Council (2020/21 £12.418m).

	Property, Plant and Equipment £000	Investment Properties £000	Total £000
Cost or Valuation			
Opening balance at 1 April 2021	18,709	166,520	185,229
Changes due to expiry/new leases		(1,184)	(1,184)
	18,709	165,336	184,045
Additions/Transfers	(4)	8,382	8,378
Revaluations/Impairments	225	2,360	2,585
At 31 March 2022	18,930	176,078	195,008
Accumulated Depreciation/ Amortisation and Impairment			
Opening balance at 1 April 2021	(589)		(589)
Depreciation	(168)		(168)
Revaluations/Impairments	16		16
At 31 March 2022	(741)		(741)
Net book Value at 31 March 2022	18,189	176,078	194,267
Net book Value at 1 April 2021	18,120	166,520	184,640

36. Investments

Long-Term Investments

The long-term investments are shown in the Balance Sheet as follows:

	31 March 2022 £	31 March 2021 Restated* £
Manchester Airport PLC	18,600,002	17,700,002
Manchester Airport Car Parking Ltd	4,800,000	5,700,000
Stockport Homes Ltd	0	0
Totally Local Company Ltd	2	2
Stockport Exchange Phase 2 Ltd	1	1
Stockport Exchange Phase 3 Ltd	1	1
Stockport Hotel Management Company Ltd	100,000	100,000
Stockport Active CIC	0	
Interchange Homes LLP	1	
Total Long-Term Investments	23,500,007	23,500,006

*See Note 39 for further details.

Manchester Airport plc

The principal activity of Manchester Airport plc is the operation and development of Manchester International Airport. The Council has a 3.22% share of the Airport's share capital, and this has been included in the financial statements at fair value, £18.600m (£17.700m in 2020/21).

Due to the COVID19 pandemic there have been no dividend payments received from Manchester Airport during 2021/22 (£nil in 2020/21).

Manchester Airport Car Parking Ltd

As part of the Manchester Airport transformation project, the Council alongside the other Greater Manchester Authority shareholders in the Manchester Airport Group, agreed to provide £5.610m equity investment during 2019/20 and 2020/21 to fund the development of a new car multi-storey car park at the Airport. The fair value of the investment has been estimated to be £4.800m as at the balance sheet date (£5.700m as at 31 March 2021).

Stockport Homes Ltd

Stockport Homes Ltd is wholly owned by the Council and is a company limited by guarantee. The company is an ALMO (arms-length management organisation) of the Council and its principal activities are to manage and maintain the housing stock of the Council. It commenced trading on 1 October 2005 and has been accounted for at historic cost.

Further details of the company and its trading results are set out in the Group Accounts section of these financial statements.

Totally Local Company Ltd

Totally Local Company Ltd is wholly owned by the Council and was formed to take over the responsibility for providing highways maintenance, property and building maintenance, catering, and refuse collection services. It commenced trading on 1 November 2006 and has been accounted for at historic cost (£2).

Further details of the company and its trading results are set out in the Group Accounts section of these financial statements.

Stockport Exchange Phase 2 Ltd

Stockport Exchange Phase 2 Ltd is a wholly owned subsidiary of the Council and was set up to undertake the Stockport Exchange Development, which completed in 2016/17.

The company is accounted for at historic cost (£1). The company is now dormant.

Stockport Exchange Phase 3 Ltd

Stockport Exchange Phase 3 Ltd was set up to undertake the Stockport Exchange No 2 Office Development, which completed in 2020/21. The company was acquired on 15 May 2020 and became a wholly owned subsidiary of the Council. The company is accounted for at historic cost (£1). There were minimal transactions in the 2021/22 financial year and minimal remaining balances, and once all transactions are complete the company will become dormant.

Stockport Hotel Management Company Ltd

On 19 September 2016, the Council incorporated Stockport Hotel Management Company Ltd as the trading company for the Hotel appointing two Council Officers as Directors. This is a wholly owned company of the Council and the Council has provided £0.100m of share capital. There have been no dividend payments received from Stockport Hotel Management Company Ltd during 2021/22 (£nil in 2020/21).

Stockport Mayoral Development Corporation

In March 2019, GMCA agreed to create the Stockport Mayoral Development Corporation (MDC) to lead the regeneration of Town Centre West. The MDC is a 'body corporate', which is run by a board appointed by the Greater Manchester Mayor in consultation with Stockport Council.

Stockport Active CIC

Stockport Active CIC (Community Interest Company) is a wholly owned by the Council, limited by guarantee. The CIC was incorporated on 18 May 2021 to take over responsibility for providing leisure services for the Council as from 1 April 2022.

Interchange Homes LLP

Interchange Homes LLP was incorporated on 15 October 2021 as a special purpose vehicle (SPV) for the town centre residential accommodation development at Stockport Interchange. The SPV brings together the Council, GMCA, equity investor (Gresham House Investment Management (Guernsey) Ltd) and development partner (Cityrise Interchange Homes LLP), who have made an initial capital contribution of £1 each.

37. Accounting Standards issued but not yet adopted

The Code requires the Council to disclose information setting out the impact of an accounting change required by a new accounting standard and amendments that have been issued but not yet adopted by the Code. The Code has introduced a number of changes to accounting policies, which will be required from 1 April 2022. These changes are as a result of the annual IFRS improvement programme, none of which are expected to impact the Council's Statement of Accounts, and include the following:-

- IFRS 1 First-time Adoption – amendment relating to foreign operations of acquired subsidiaries transitioning to IFRS;
- IAS 37 Onerous Contracts – clarifies the intention of the Standard;
- IFRS 16 Lease – amendment to remove a misleading example; and,
- IAS 41 Agriculture – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances.

38. Accounting Policies

a. General Principles

The Statement of Accounts summarises the Council's transactions for the 2021/22 financial year and its position at the year end of 31 March 2022. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 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) and the update to the 2022/23 Code for Infrastructure Assets issued in November 2022, supported by International Financial Reporting Standards (IFRS).

These financial statements have been prepared with reference to the following qualitative characteristics and underlying assumptions:

- **Relevance:** the accounts have been prepared with the objective of providing information about the Council's financial performance and position that is useful for assessing the stewardship of public funds and for making financial decisions.
- **Materiality:** the concept of materiality has been utilised in preparing the accounts so that insignificant items and fluctuations under an acceptable level of tolerance are permitted providing that in aggregate they would not affect the interpretation of the accounts.
- **Faithful Representation:** the financial statements are complete, neutral and free from error, and faithfully represent the phenomena that they purport to represent.
- **Comparability:** the financial statements are based on the Code which should aid comparison between other local authorities and with other reporting dates.
- **Verifiability:** these accounts utilise quantified information in order to assure users that this information faithfully represent the economic phenomena that it purports to represent.
- **Timeliness:** these accounts provide decision makers with information that is capable of influencing their decisions.
- **Understandability:** these accounts are based on accounting concepts and terminology which require reasonable knowledge of accounting and local government. Every effort has been made to use plain language and where technical terms are unavoidable they have been explained in the glossary of terms contained within the accounts.
- **Accruals Basis:** the financial statements, other than the cash flow, are prepared on an accruals basis. Income and Expenditure is recognised in the accounts in the period in which it is earned or incurred not as the cash is received or paid.

- **Going Concern:** the accounts have been prepared on the assumption that the Council's functions and services will continue in operational existence for the foreseeable future.
- **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 legislative accounting requirements have been applied when compiling these accounts:
 - o Capital receipts from the disposal of property, plant and equipment are treated in accordance with the provisions of the Local Government Act 2003.
 - o The Local Government Act 2003 requires the Council to set aside a minimum revenue provision.

Conventions

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.

Throughout this Statement of Accounts credit balances are indicated with parentheses, e.g. (£1,234).

b. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. The only exception to this principal is for electricity, gas and similar quarterly payments. These are charged at the date of the meter reading rather than being apportioned between financial years.

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

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.

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.

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

Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

c. Acquisitions and Discontinued Operations

Acquired operations

Any material operations acquired or discontinued by the Council during the accounting period are disclosed in the accounts.

d. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. The Council has deemed that deposits held within money market funds and call accounts are categorised as cash equivalents

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. Council Tax and Business Rates

Billing Authorities act as Agents, collecting Council Tax and Business Rates on behalf of the major preceptors and as principals, collecting Council Tax and Business Rates for themselves. Billing Authorities are required by statute to maintain a separate fund (the Collection Fund) for the collection and distribution of amounts due in respect of Council Tax and Business Rates.

Accounting for Council Tax and Business Rates

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

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

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made (fixed or determinable payments), the asset is written down and a charge made to the Collection Fund. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

Accounting for Business Improvement District

A Business Improvement District (BID) scheme applies to Stockport Town Centre from 1 April 2017. 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.

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 fixed 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; and
- amortisation of intangible fixed assets attributable to the service.

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 either an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance.

Depreciation, revaluation and impairment losses and amortisations are therefore replaced by an annual contribution from revenue in the General Fund Balance (Minimum Revenue Provision), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

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 such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits 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 Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits 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 accruals basis to the relevant service line in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

Post-Employment Benefits

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

- The Teachers' Pension Scheme, administered by Capita Business Services Ltd on behalf of the Department for Education (DfE);
- The NHS Pension scheme, administered by NHS Business Services Authority; and
- The Local Government Pensions Scheme, administered by Tameside Metropolitan Borough Council as the Greater Manchester Pension Fund (GMPF).

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

However, the arrangements for the NHS and teachers' schemes mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. These schemes are therefore accounted for as if they are defined contribution schemes and no liability for future payments of benefits is recognised in the Balance Sheet. The Dedicated Schools Grant line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year. The Adult Care and Healthline in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to the NHS Pension Scheme in the year.

The Local Government Pension Scheme

The Local Government 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 projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on a basket of high-quality corporate bonds, Government gilts and other factors.
- The assets of the Greater Manchester Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:
 - o quoted securities – current bid price
 - o unquoted securities – professional estimate
 - o unitised securities – current bid price
 - o property – market value.

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

Service Costs

- current service cost - the increase in liabilities as a result of years of service earned this year - allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Cash Limit costs.
- net interest on the net defined benefit liability (asset), i.e. net interest expense for the Council - the change during the period in the net defined benefit liability (asset) 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 (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Re-measurements

- the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – 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 Balance Sheet Date

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 events can be identified:

- 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; and
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is 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. 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 financial assets classified as fair value through other comprehensive income 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 Council 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.

k. Financial Instruments

Financial Liabilities

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

For all of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council 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 Comprehensive Income and Expenditure Statement 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 are classified into three types:

- Fair Value through Profit or Loss (FVTPL)
- Amortised Cost
- Fair Value through other Comprehensive Income (FVOCI)

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement 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 loans made by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement 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 Comprehensive Income and Expenditure Statement.

The Council has assets such as investments and debtors which are classified as financial assets measured at amortised cost.

Financial Assets Measured at Fair Value through other Comprehensive Income (FVOCI)

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

Investment income is credited to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

Where an equity instrument is designated as FVOCI, changes in fair value are posted to Other Comprehensive Income and Expenditure and are balanced by an entry in the Financial Instruments Revaluation Reserve (unusable reserve). When the asset is derecognised, the cumulative gain or loss previously recognised in Other Comprehensive Income and Expenditure is transferred from the Financial Instruments Revaluation Reserve and recognised in the Surplus or Deficit on the Provision of Services.

The Council has two equity instruments designated at Fair Value through other Comprehensive Income (FVOCI).

The Council has made irrevocable elections to designate the assets as FVOCI on the basis that they are held for non-contractual benefits, they are not held for trading but for strategic purposes.

The fair value is based on the principal that the equity shares have no quoted market prices and is based on an independent appraisal of the company valuation each year.

Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held at amortised cost 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 Council.

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.

I. Heritage 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.

Heritage assets are assets that are held by the Council principally for their contribution to knowledge or culture. The heritage assets comprise:

- Properties and monuments are carried at historical cost with depreciation charged as for assets within property, plant and equipment, where it is considered the assets do not have indefinite lives. Due to the specialist and unique nature of the properties, the Council considers that it is not practicable to obtain valuations at a cost which is commensurate with the benefits to users of the financial statements. This also applies to various statues and monuments where no cost or valuation information is available and which have been excluded from the Balance Sheet.
- Various collections which are exhibited or stored at the Council's museums, halls and the art gallery. These are reported at insurance valuation which is based on market values. This would include in year donations where an insurance valuation is considered appropriate. Formal valuations for insurance purposes are performed on a periodic basis. The collections comprise:
 1. Fine and decorative arts
 2. Social and industrial history
 3. Civic Regalia

Assets within the collections are considered to have indeterminate lives hence the Council does not consider it appropriate to charge depreciation. Collections which are on loan to the Council are not included in the Balance Sheet valuation.

The carrying amounts of heritage assets are reviewed and where there is evidence of impairment this is recognised and measured in line the Council's general policy on asset impairment.

m. Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third-party contributions and donations are recognised as due to the Council 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.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement. Capital grants and contributions used to fund Revenue Expenditure Funded from Capital Under Statute have been accounted for as revenue grants/contributions at the point at which it is known that they will fund such expenditure.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement.

Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

n. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council. Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services. Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost.

The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted 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.

o. Interests in Companies and Other Entities

The Council has material interests in companies that have the nature of subsidiaries and which require it to prepare group accounts. An assessment of the Council's interests has been completed during the year to determine the relationships that exist and whether they should be included in the Council's Group accounts.

In the Council's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses.

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the Council in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the Council as a joint operator recognises:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

p. 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.

An investment property under construction is measured at cost until such time as its fair value can be determined reliably or its construction is complete, whichever comes first. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. 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.

q. 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.

The Council as Lessee

Finance Leases

Property, plant and equipment and intangibles held under finance leases are recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the asset – applied to write down the lease liability; and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment and intangibles recognised under finance leases are accounted for using the policies applied generally to such assets, subject to

depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise Council Tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements.

Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting 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

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) 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. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received); and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease

debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against Council Tax, as the cost of noncurrent assets is fully provided for under separate arrangements for capital financing.

Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases

Where the Council grants an operating lease over a property, the asset is retained in the Balance Sheet. Rental income is credited to the Financing and Investment Income line in the Comprehensive Income and Expenditure Statement (relating to investment properties). 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).

r. Material Items of Income and Expenditure

Where items of income and expenditure are material their nature and amount are disclosed separately either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts. Disclosure will depend upon how significant the items are to the understanding of the reader of the accounts.

s. Overheads and Support Services

The Council operates and manages its support services within the Resources, Commissioning and Governance Portfolio and this is how the costs relating to overheads and support services are reported to management. The costs of overheads and support services are therefore not re-apportioned across other Council Portfolios.

t. Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of good 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

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

Expenditure is capitalised subject to a de minimis level of £10,000, except for devolved education expenditure where a de minimis level of £2,000 is applied.

Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price; and
- 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.

The Council does not capitalise borrowing costs incurred whilst assets are under construction. The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-specific Grant Income and Expenditure line of the Comprehensive Income and Expenditure Statement. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

- infrastructure, community assets and assets under construction – depreciated historical cost;
- council dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH);
- 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 (existing use value – EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains);
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Highways Infrastructure Assets

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

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.

Impairment

Assets are assessed at each year end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains);
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain

Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the bases set out in the Property, Plant and Equipment note to the Financial Statements. Where material, buildings (non-council dwellings) which have been revalued from 1 April 2010 have been valued on an average asset life basis, which averages typical costs of components of buildings over maximum life expectancy for these components. Depreciation is calculated on these average lives which range from 30 to 40 years, compared to the normal life expectancy of buildings of 40 years. Components of council dwellings whose cost is significant in relation to the total cost of the dwellings are depreciated separately.

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.

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale. If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell. Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals is payable to the Government.

The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment, or set aside to reduce the Council's

underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against Council Tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

u. 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 or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation. Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

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 by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

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 the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

v. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance so that there is no net charge against Council Tax for the expenditure.

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

Internal Insurance Funds

The Council operates two main self-insurance funds, set up to meet potential future claims and claims agreed in principal but yet to be settled.

The funds have been split between provisions, reflecting claims which are certain or very likely to occur and reserves, for unknown future claims.

w. Revenue Expenditure Funded from Capital under Statute

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 and 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 then reverses out the amounts charged so that there is no impact on the level of Council Tax.

x. Revenue Recognition

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

Where the Council is acting as Agent of another organisation, the amounts collected on behalf of that organisation are excluded from the Council's revenue.

Revenue for Council Tax and Business Rates is recognised when the amount of revenue can be measured reliably and it is probable it will be received by the Council.

y. Schools

The Code confirms that the balance of control for local authority-maintained schools (i.e. those categories of school identified in the School Standards and Framework Act 1998, as amended) lies with the Council. The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the Council Statement of Accounts (and not the Group Accounts). Therefore schools' transactions, cash flows and balances are recognised in each of the financial statements of the Council as if they were the transactions, cash flows and balances of the Council.

z. Value Added Tax

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

39. Prior Year Adjustment

Effect on the Balance Sheet at 31 March 2021

	Single Entity		
	Balances as previously reported £000	Restatement for Airport valuation £000	As restated £000
Airport Investment	32,000	(14,300)	17,700
Total Long-Term Investments	37,800	(14,300)	23,500
Long Term Assets	1,956,329	(14,300)	1,942,029
Net Assets	807,775	(14,300)	793,475
Financial Instruments Revaluation Reserve	(21,876)	14,300	(7,576)
Unusable Reserves	(607,170)	14,300	(592,870)
Total Reserves	(807,775)	14,300	(793,475)

	Group		
	Balances as previously reported £000	Restatement for Airport valuation £000	As restated £000
Airport Investment	32,000	(14,300)	17,700
Total Long-Term Investments	37,800	(14,300)	23,500
Long Term Assets	1,995,804	(14,300)	1,981,504
Net Assets	800,671	(14,300)	786,371
Financial Instruments Revaluation Reserve	(21,876)	14,300	(7,576)
Unusable Reserves	(607,170)	14,300	(592,870)
Total Reserves	(800,671)	14,300	(786,371)

Effect on the Balance Sheet at 31 March 2020

	Single Entity		
	Balances as previously reported £000	Restatement for Airport valuation £000	As restated £000
Airport Investment	30,200	(8,900)	21,300
Total Long-Term Investments	32,170	(8,900)	23,270
Long Term Assets	1,768,759	(8,900)	1,759,859
Net Assets	833,601	(8,900)	824,701
Financial Instruments Revaluation Reserve	(19,986)	8,900	(11,086)
Unusable Reserves	(705,529)	8,900	(696,629)
Total Reserves	(833,601)	8,900	(824,701)

	Group		
	Balances as previously reported £000	Restatement for Airport valuation £000	As restated £000
Airport Investment	30,200	(8,900)	21,300
Total Long-Term Investments	32,170	(8,900)	23,270
Long Term Assets	1,813,756	(8,900)	1,804,856
Net Assets	875,286	(8,900)	866,386
Financial Instruments Revaluation Reserve	(19,986)	8,900	(11,086)
Unusable Reserves	(705,529)	8,900	(696,629)
Total Reserves	(875,286)	8,900	(866,386)

During 2021/22, errors in the prior years' valuations of Manchester Airport were identified. These have resulted in the reduction in the fair value of the shareholding at 31 March 2021 by £14.3m from £32.0m to £17.7m, and a reduction in the fair value of the shareholding at 31 March 2020 by £8.9m from £30.2m to £21.3m.

The effect on the various statements and balances is shown below:

Effect on the Comprehensive Income and Expenditure Statement - 2020/21

	Single Entity		
	Balances as previously reported £000	Restatement for Airport valuation £000	As restated £000
(Surplus)/deficit from investments in equity instruments designated at Fair Value through other Comprehensive Income	(1,890)	5,400	3,510
Other Comprehensive Income and Expenditure	4,209	5,400	9,609
Total Comprehensive Income and Expenditure	25,826	5,400	31,226

	Group		
	Balances as previously reported £000	Restatement for Airport valuation £000	As restated £000
(Surplus)/deficit from investments in equity instruments designated at Fair Value through other Comprehensive Income	(1,890)	5,400	3,510
Other Comprehensive Income and Expenditure	59,051	5,400	64,451
Total Comprehensive Income and Expenditure	74,615	5,400	80,015

Effect on the Movement in Financial Instruments Revaluation Reserve (Unusable Reserve) - 2020/21

	Single Entity		
	Balances as previously reported £000	Restatement for Airport valuation £000	As restated £000
Balance as 1 April 2020	(19,986)	8,900	(11,086)
(Upward)/downward revaluation of investment in Manchester Airport	(1,890)	5,400	3,510
Balance as at 31 March 2021	(21,876)	14,300	(7,576)

	Group		
	Balances as previously reported £000	Restatement for Airport valuation £000	As restated £000
Balance as 1 April 2020	(19,986)	8,900	(11,086)
(Upward)/downward revaluation of investment in Manchester Airport	(1,890)	5,400	3,510
Balance as at 31 March 2021	(21,876)	14,300	(7,576)

Housing Revenue Account

HRA INCOME AND EXPENDITURE STATEMENT	2021/22 £000	2020/21 £000	Note
INCOME			
Dwelling rents	(43,826)	(43,358)	
Other rents	(5)	(5)	
Charges for services and facilities	(9,659)	(9,648)	11
Contributions towards expenditure	(1,992)	(1,780)	
Total Income	(55,482)	(54,791)	
EXPENDITURE			
Repairs and maintenance	14,682	14,551	
Supervision and management	16,717	16,996	
Rents, rates, taxes and other charges	5,435	5,413	11
Depreciation of non-current assets	11,967	12,344	7
Revaluation (gains) of non-current assets	(6)	(293)	10
Debt management costs	50	49	
Total expenditure	48,845	49,060	
Net Income of HRA Services per Council Comprehensive Income and Expenditure Statement	(6,637)	(5,731)	
HRA services share of Corporate and Democratic Core	128	128	
Net Income for HRA Services	(6,509)	(5,603)	
HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:			
(Gain) on the sale of HRA non-current assets	(1,344)	(1,450)	
Interest payable and similar charges	6,121	6,102	6
Interest and investment income	(311)	(316)	
Change in fair value of investment properties		(5,266)	
Capital grants and contributions receivable	(2,029)	(1,531)	
(SURPLUS) FOR THE YEAR ON HRA SERVICES	(4,072)	(8,064)	

MOVEMENT ON THE HRA STATEMENT	2021/22 £000	2020/21 £000	Note
(Surplus) for the year on the HRA Income and Expenditure Account	(4,072)	(8,064)	
Adjustments between accounting basis and funding basis under statute	3,903	8,480	1
Net decrease/(increase) before transfers to reserves	(169)	416	
Transfer to/(from) earmarked reserves		266	
Decrease/ (Increase) in the Housing Revenue Account Balance	(169)	682	
Housing Revenue Account Surplus brought forward	(1,441)	(2,123)	
Housing Revenue Account Surplus carried forward	(1,610)	(1,441)	

Notes to the Housing Revenue Account

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with the legislative framework; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement. Statutory disclosures comply with the Housing Revenue Account (Accounting Practices) Directions 2016.

The Council utilises an Arms-Length Management Organisation "Stockport Homes Ltd" to manage the housing stock on its behalf.

1. Adjustments between Accounting Basis and Funding Basis Under Statute

	2021/22 £000	2020/21 £000
Items included in the HRA Income and Expenditure Account but excluded from the movement on HRA Balance for the year		
Gain on sale of HRA assets	1,344	1,450
Change in fair value of investment assets		5,266
Depreciation on non-current assets	(11,967)	(12,344)
Revaluation gains on HRA assets	6	293
Capital grants and contributions	2,029	1,531
Net charges made for retirement benefits in accordance with IAS 19	(128)	(60)
	(8,716)	(3,864)
Items not included in the HRA Income and Expenditure Account but included in the movement on HRA Balance for the year		
Transfer to/(from) Major Repairs Reserve	11,967	12,344
Voluntary MRP for debt repayment	651	
Capital Expenditure funded from the HRA	1	
	12,619	12,344
Net additional amount required by statute to be debited or (credited) to the HRA Balance for the year	3,903	8,480

2. Housing Stock Numbers and Valuation

	Numbers at 31 March 2022	Numbers at 31 March 2021
HOUSING STOCK		
Houses	4,649	4,698
Flats	5,853	5,836
Bungalows	521	521
Total Housing Stock	11,023	11,055

	Valuation at 31 March 2022 £000	Valuation at 1 April 2021 £000
Operational assets:		
Housing Stock Valuation	471,298	428,511
Land Valuation	120,671	110,078
	591,969	538,589
Other land and buildings	408	344
Other plant and equipment	7,402	7,745
Investment assets	12,785	12,785
Assets under construction	3,039	3,865
Council dwellings held for sale	495	260
	616,098	563,588

Valuation of operational property is net of depreciation. Housing stock and land valuations are included together as Council Dwellings on the Balance Sheet. The method of valuation is set out in the accounting policies and in Note 11 to the Statement of Accounts.

3. Vacant Possession Value

The vacant possession value as at 31 March 2022 was £1,465.7m (£1,337.8m as at 1 April 2021). The vacant possession value is an opinion of the best sale price that could have been obtained for the property on the date of the valuation. The balance sheet valuation contains an adjustment to reflect the fact that council dwellings have sitting tenants enjoying sub-market rents and rights including right to buy. The adjustment factor measures the difference between market and sub-market rents at a regional level and is set out in the "Stock Valuation for Resource Accounting – Guidance for valuers 2016" as adjusted for the Council's particular mix of tenures.

4. Capital Expenditure and Financing

Capital expenditure in the year amounted to £18.819m on council dwellings including spend in assets under construction. This was financed as follows:

	2021/22 £000	2020/21 £000
Borrowing	3,988	6,452
Grants and contributions	2,029	1,531
Revenue Contribution to Capital Outlay	1	
Major Repairs Reserve	11,967	12,344
Capital Receipts	834	981
	18,819	21,308

5. Capital Receipts

	Receipts 2021/22 £000	Receipts 2020/21 £000
Disposal of dwellings under Right to Buy	4,912	3,911
Disposal of shared ownership properties	275	385
Other disposals	18	14
Deductions from capital receipts	(77)	(62)
Net capital receipts before pooling	5,128	4,248
Due to Housing Pool	(2,591)	(2,296)
	2,537	1,952

6. Interest payable and similar charges

	2021/22 £000	2020/21 £000
Interest charge under self-financing regime	4,747	4,747
Interest on prudential borrowing	1,227	1,125
Impairment allowance for doubtful debts	147	230
	6,121	6,102

7. Depreciation

The HRA is charged an amount for depreciation of assets.

	2021/22 £000	2020/21 £000
Operational assets		
Council dwellings	11,475	11,878
Other land and buildings	8	6
Plant and equipment (solar panels)	484	460
	11,967	12,344

8. Rent Arrears

As at 31 March 2022 rent arrears (excluding amounts collectable on behalf of other agencies) amounted to £3.168m (£3.136m at 31 March 2021). The aggregate balance sheet allowance in respect of all uncollectable debts amounted to £1.478m (£1.795m at 31 March 2021).

The reduction in allowance of £0.317m has been netted off the debts written-off in the year of £0.464m to arrive at the impairment loss of £0.147m.

9. IAS 19 Employee Benefits

The HRA recognises, within Net Cost of Services, a share of the full IAS 19 costs borne by the Council for defined benefit pension schemes. These costs, comprising current service costs, have been allocated via corporate recharges. To ensure that the costs have no impact on the net deficit or on the level of rents, the charges are reversed out of the HRA via an appropriation from the Statement of Movement on the HRA balance.

10. Revaluation Gain of non-current assets

The revaluation gain on non-current assets calculated under proper practices is £0.006m (2020/21 revaluation gain of £0.293m), all of which relates to council dwellings (including land). This gain reverses previous revaluation losses. In addition there has been a revaluation gain posted to the revaluation reserve of £49.445m (£49.372m council dwellings and £0.073m other land and buildings). The gain has arisen due to an increase in the HM Land Registry indices of 10.2% over 2020/21 offset by investment in council dwellings which has not resulted in a £ for £ increase in value.

11. Water Charges Collection

Since 2009/10 the Council has been responsible for collecting water charges from HRA tenants on behalf of United Utilities and Tenants' agreements were amended accordingly. The income and expenditure are included in charges for services and facilities and rents, rates, taxes and other charges respectively. They include commission due from United Utilities to cover the costs of collection. The surplus relating to the collection of water charges of £0.172m is held within overall HRA balance.

	2021/22 £000	2020/21 £000
Income		
Other	(5,197)	(5,162)
Water	(4,462)	(4,486)
Charges for services & facilities	(9,659)	(9,648)
Expenditure		
Other	973	927
Water	4,462	4,486
Rents, rates, taxes & other charges	5,435	5,413
Water charges surplus	0	0
Water surplus brought forward	(172)	(172)
Water surplus carried forward	(172)	(172)

Collection Fund Statement

	2021/22	2021/22	2021/22	2020/21	2020/21	2020/21
	COUNCIL TAX	NDR	TOTAL	COUNCIL TAX	NDR	TOTAL
	£000	£000	£000	£000	£000	£000
INCOME						
Council Tax	(200,384)		(200,384)	(190,807)		(190,807)
Non-Domestic Rates		(72,295)	(72,295)		(44,255)	(44,255)
Grant from Central Government	(475)		(475)	(1,519)		(1,519)
Total Income	(200,859)	(72,295)	(273,154)	(192,326)	(44,255)	(236,581)
EXPENDITURE						
Precepts and Demands:						
Stockport Metropolitan Borough Council	167,894	80,422	248,316	162,718	79,924	242,642
GMCA Mayoral General (including Fire Services)	8,726	812	9,538	8,752	808	9,560
GMCA Mayoral Police and Crime Commissioner	20,945		20,945	20,047		20,047
Non-Domestic Rates:						
Payment to national pool		0	0		0	0
Cost of collection		424	424		428	428
Renewable Energy		464	464		0	0
Transitional Protection Payments Due for the Year		2,039	2,039		2,052	2,052
Provisions:						
Provision for doubtful debts	3,660	(269)	3,391	5,557	2,352	7,909
Provision for appeals		(2,059)	(2,059)		112	112
Total Expenditure	201,225	81,833	283,058	197,074	85,676	282,750
In year (surplus)/deficit	366	9,538	9,904	4,748	41,421	46,169
CONTRIBUTIONS						
Previous years deficit recovery:						
Stockport Metropolitan Borough Council	(1,441)	(40,590)	(42,031)			0
GMCA Mayoral General (including Fire Services)	(77)	(410)	(487)			0
GMCA Mayoral Police and Crime Commissioner	(177)		(177)			0
Central Government			0			0
Previous years surplus distribution:						
Stockport Metropolitan Borough Council			0	472	1,922	2,394
GMCA Mayoral General (including Fire Services)			0	23	20	43
GMCA Mayoral Police and Crime Commissioner			0	69		69
Central Government			0			0
In year contributions	(1,695)	(41,000)	(42,695)	564	1,942	2,506

Collection Fund Statement - Balances

	2021/22	2021/22	2021/22	2020/21	2020/21	2020/21
	Council Tax	Non-Domestic Rates	TOTAL	Council Tax	Non-Domestic Rates	TOTAL
	£000	£000	£000	£000	£000	£000
Balance brought forward at 1 April	4,575	40,554	45,129	(737)	(2,809)	(3,546)
Previous year forecast surplus/deficit distributed/(recovered) in year	(1,695)	(41,000)	(42,695)	564	1,942	2,506
Revised balance brought forward from previous year	2,880	(446)	2,434	(173)	(867)	(1,040)
In year (surplus)/deficit	366	9,538	9,904	4,748	41,421	46,169
Balance carried forward at 31 March	3,246	9,092	12,338	4,575	40,554	45,129
Allocated to:						
Stockport Metropolitan Borough Council	2,746	9,000	11,746	3,889	40,148	44,037
GMCA Mayoral General (including Fire Services)	155	92	247	202	406	608
GMCA Mayoral Police and Crime Commissioner	345		345	484		484
	3,246	9,092	12,338	4,575	40,554	45,129

Notes to the Collection Fund Account

As a Billing Authority, the Council has a statutory obligation to maintain a separate Collection Fund account from its General Fund account. The purpose of the Collection Fund account is to isolate the income and expenditure relating to Council Tax and Business Rates. The administrative costs associated with the collection process are charged to the Council's General Fund account in the financial year they are incurred.

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 and Central Government during the financial year. For Stockport, 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).

1. Council Tax

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 Council Tax charge for each of the other Bands is calculated as a proportion of the Band D equivalent charge. The Council Tax Taxbase for 2021/22 was 95,945 (97,459 in 2020/21). The Council Tax Taxbase for 2021/22 was calculated as follows:

Band	Valuation*	Dwellings on the Valuation List	Adjusted Chargeable Dwellings**	Relevant Proportion	Band D Equivalent Dwellings
A	Up to £40,000	31,503	26,682	06/09	17,784.6
B	£40,001 to £52,000	28,676	25,520	07/09	19,849.1
C	£52,001 to £68,000	28,450	25,835	08/09	22,964.7
D	£68,001 to £88,000	19,468	17,950	09/09	17,949.5
E	£88,001 to £120,000	12,951	12,061	11/09	14,741.2
F	£120,001 to £160,000	6,450	6,068	13/09	8,764.9
G	£160,001 to £320,000	3,437	3,249	15/09	5,415.0
H	Over £320,000	199	158	18/09	315.0
					107,784.0
Allowance for Local Council Tax Support Scheme and Discounts					(10,874.4)
Forecast of Additional Properties During the Year					250.0
Council Tax Taxbase for Budget Setting Purposes					97,159.6
Council Tax Taxbase Adjusted for Collection rate 98.75%***					95,945.1

*Valuation represents the open market value at 1 April 1991, as assessed by the Inland Revenue.

**Adjusted chargeable dwellings gives the effective number of dwellings in each band after allowing for disabled relief, appeals against bandings, single persons discounts etc.

***In setting its budget the Council applies an assumed collection rate of 98.75% to its Council Tax Taxbase

The Council Tax shares payable to the Council and the precepting authorities were estimated as part of the 2021/22 budget setting process. These sums have been paid in 2021/22 and charged to the Collection Fund account in year. The surplus or deficit relating to Council Tax is apportioned to the Council and the precepting authorities. For budget setting purposes an estimate of the outturn surplus or deficit is declared in January which allows for this amount to be budgeted for and will be distributed (surplus) or reimbursed (deficit) in 2022/23. The difference between the declared outturn surplus or deficit and the actual outturn surplus or deficit is not realised by the Council and the precepting authorities until 2023/24.

2. Business Rates

The main aim of the Business Rates retention scheme is to give local authorities a greater incentive to grow their local economies and increase their locally raised Business Rates income. This does however, increase the financial risk due to non-collection and the volatility of the Business Rates Taxbase. The Council's Business Rates collection rates are monitored throughout the year to mitigate the impact of any financial risks.

When the retention scheme was introduced, Central Government set baselines for each local authority and a top-up and tariff system to ensure all authorities received at least their baseline amount each year. As Stockport 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 2021/22 the Council operated under the Greater Manchester 100% Business Rates Retention Pilot with 99% of Business Rates income retained by the Council and 1% by GMCA Mayoral General (including Fire Services) – the Preceptor.

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 Stockport area was £222.192m (£224.973m 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 2021/22 this was 51.2p in the pound (51.2p in 2020/21) and relief of 1.3p in the pound was given to small business properties (1.3p in 2020/21).

The Business Rates income shares payable to the Council and the Preceptor were estimated as part of the 2021/22 budget setting process. These sums have been paid in 2021/22 and charged to the Collection Fund account in year. The surplus or deficit relating to Business Rates is apportioned to the Council and the Preceptor. For budget setting purposes an estimate of the outturn surplus or deficit is declared in January which allows for this amount to be budgeted for and will be reimbursed in 2022/23. This deficit will be adjusted following the release from reserves of £17.279m of additional S31 grants received from the Government to reimburse the Council for the income loss from additional reliefs provided to businesses in 2021/22. The difference between the declared outturn surplus or deficit and the actual outturn surplus or deficit is not realised by the Council and the precepting authorities until 2023/24.

3. Movement on Impairment Allowance for Doubtful Debts and Appeals Provisions

The Collection Fund account provides for bad debts on Council Tax arrears (excluding costs) as shown below:

	2021/22 Council Tax £000		2020/21 Council Tax £000	
Provision for Doubtful Debts				
Balance brought forward		(10,519)		(5,203)
Write offs in year	1,566		241	
New contribution to provision in year	(3,660)		(5,557)	
Net (increase) in provision in year		(2,094)		(5,316)
Balance carried forward		(12,613)		(10,519)
The Council's Share of the Provision for Doubtful Debts				
Balance brought forward		(8,939)		(4,454)
Write offs in year	1,325		206	
New contribution to provision in year	(3,050)		(4,691)	
Net (increase) in provision in year		(1,725)		(4,485)
Balance carried forward		(10,664)		(8,939)

The Collection Fund account provides for bad debts on Business Rates arrears (excluding costs) as shown below:

	2021/22 Non-Domestic Rates £000		2020/21 Non-Domestic Rates £000	
Provision for Doubtful Debts				
Balance brought forward		(8,613)		(6,445)
Write offs in year	449		184	
New contribution to provision in year	269		(2,352)	
Net (increase)/decrease in provision in year		718		(2,168)
Balance carried forward		(7,895)		(8,613)
The Council's Share of the Provision for Doubtful Debts				
Balance brought forward		(8,527)		(6,381)
Write offs in year	445		183	
New contribution to provision in year	267		(2,329)	
Net (increase)/decrease in provision in year		712		(2,146)
Balance carried forward		(7,815)		(8,527)

An aspect of the financial risk associated with the Business Rates retention scheme is the volatility of the Business Rates Taxbase as a result of outstanding rateable value appeals by businesses. To mitigate this risk, the Council monitors outstanding rating appeals lodged in the appeals system managed by the VOA and assesses the risk of these appeals being successful in future financial years. At the end of each financial year these appeals are valued in order to quantify the level of provision required to fund any backdated impact on the Council's Business Rates income if appeals are successful.

The Council's share of the total provision for appeals in the Collection Fund at 31 March 2022 is £15.937m (£17.975m at 31 March 2021).

	2021/22 Non-Domestic Rates £000		2020/21 Non-Domestic Rates £000	
Provision for NNDR Appeals				
Balance brought forward		(18,158)		(18,046)
Use of provision in year for settled appeals	3,090		5,817	
New contribution to provision in year	(1,032)		(5,929)	
Net (increase)/decrease in provision in year		2,058		(112)
Balance carried forward		(16,100)		(18,158)
The Council's Share of the Provision for Appeals				
Balance brought forward		(17,975)		(17,864)
Use of provision in year for settled appeals	3,059		5,759	
New contribution to provision in year	(1,021)		(5,870)	
Net (increase)/decrease in provision in year		2,038		(111)
Balance carried forward		(15,937)		(17,975)

4. Greater Manchester 100% Business Rates Retention Pilot

During the year, Greater Manchester (GM) has continued as one of the regions piloting the full retention of Business Rates. The purpose of this Pilot is to develop and trial approaches to manage risk and reward and to finance from additional Business Rates income, new responsibilities and/or existing funding streams including those that support economic growth. It is hoped that the Business Rates retention scheme will provide stable funding streams and incentivise local economic growth. As a result of the Pilot, the Council has not received Revenue Support Grant or Public Health Grant from Government in 2021/22. Instead, the Council has retained 100% of its Business Rates income locally; 99% Council, 1% GMCA Mayoral General (including Fire Services) to support the funding of Council Services.

Being part of the GM Pilot provides the Council and GM region with potential financial benefits with the guarantee that authorities will not be worse off as a result of the Pilot.

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

The Council has benefited from this Pilot compared to the income it would have received under the 50% retention scheme and has been able to retain the income that would have been paid to Government in previous years. It was always the intention that the GM Region as a whole would benefit from the 100% Business Rates Retention Pilot and has been agreed that a minimum of 50% of the benefit would be retained by authorities and any balance retained by GMCA. In 2021/22, £5.107m equating to 75% of the benefit, will be retained by GM authorities and the balance retained by GMCA, subject to further discussion with GMCA and Treasurers of the Pilot Authorities.

The Council will remain in the 100% Pilot in 2022/23 and expects the benefit from the Pilot to continue. Formal confirmation is awaited, although is uncertain due to the impact of Covid-19 on planned reform to the Business Rates retention system, on the continuation of the existing Pilots (including the GM Pilot) beyond 2023/24, and whether these will be on a 100% or 75% retention basis in line with the Government's intention to roll out 75% retention of Business Rates by all local authorities.

GROUP ACCOUNTS

Background

The Code 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 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.

The Group Accounts comprise the following key financial statements (with appropriate disclosures):

- Group Comprehensive Income and Expenditure Statement;
- Group Movement in Reserves Statement;
- Group Balance Sheet; and
- Group Cash Flow Statement.

Please refer to the explanation of statements on page 42 for further description of the purpose of each statement.

Group Comprehensive Income and Expenditure Statement

			2021/22			2020/21 Restated*	
	Gross Exp- enditure £000	Gross Income £000	Net Exp -enditure £000	Gross Exp- enditure £000	Gross Income £000	Net Exp- enditure £000	Note
Adult Care and Health	182,073	(88,523)	93,550	169,985	(77,917)	92,068	
Children, Family Services and Education	69,612	(18,927)	50,685	59,928	(13,333)	46,595	
Citizen Focus and Engagement	9,536	(1,999)	7,537	8,156	(635)	7,521	
Economy and Regeneration	26,772	(13,649)	13,123	11,031	(14,146)	(3,115)	
Inclusive Neighbourhoods	5,584	(5,448)	136	3,762	(2,554)	1,208	
Resources, Commissioning and Governance	46,995	(9,433)	37,562	40,673	(7,005)	33,668	
Sustainable Stockport	58,760	(10,739)	48,021	55,027	(8,347)	46,680	
Non-Cash Limits	60,411	(54,972)	5,439	68,737	(61,707)	7,030	
Dedicated Schools Grant	250,431	(221,190)	29,241	233,370	(218,583)	14,787	
Housing Revenue Account	48,845	(55,482)	(6,637)	49,060	(54,791)	(5,731)	
Results of subsidiaries	32,924	(29,521)	3,403	21,322	(22,283)	(961)	8
Cost Of Services	791,943	(509,883)	282,060	721,051	(481,301)	239,750	
Other Operating Expenditure	40,622		40,622	40,433		40,433	
Financing and Investment Income and Expenditure	68,631	(47,355)	21,276	90,550	(44,481)	46,069	
Taxation and Non-Specific Grant Income	0	(321,830)	(321,830)	0	(310,625)	(310,625)	
(Surplus) or Deficit on Provision of Services	901,196	(879,068)	22,128	852,034	(836,407)	15,627	
Tax expenses of subsidiaries	295		295	(63)		(63)	
Group (Surplus)/Deficit	901,491	(879,068)	22,423	851,971	(836,407)	15,564	7
<i>Items that will not be reclassified to the (Surplus) or Deficit on the Provision of Services</i>							
(Surplus) or deficit on revaluation of Property, Plant and Equipment assets			(139,699)			(115,428)	
Re-measurement of the net defined benefit liability			(240,007)			176,369	
<i>Items that may be reclassified to the (Surplus) or Deficit on the Provision of Services</i>							
(Surplus)/deficit from investments in equity instruments designated at Fair Value through Other Comprehensive Income			0			3,510	
Other Comprehensive Income and Expenditure			(379,706)			64,451	
Total Comprehensive Income and Expenditure			(357,283)			80,015	

* Prior year surplus/deficit from investments in equity instruments designated at Fair Value through other Comprehensive Income has been restated. See Note 39 for further details.

Group Movement in Reserves Statement

	General Fund Balance	General Fund Balance - Collection Fund Reserve	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves	Group Income and Expenditure Account	Total Group Reserves
	Note a £000	Notes a and c £000	Note a £000	Note b £000	Note b £000	Note b £000	£000	£000	£000	£000	£000
Balance at 31 March 2020 carried forward	(95,252)		(3,468)	(12,127)	0	(17,225)	(128,072)	(705,529)	(833,601)	(41,685)	(875,286)
Reporting of Schools Budget Deficit to new Adjustment Account at 1 April 2020	(1,302)						(1,302)	1,302			
Change in valuation of Manchester Airport shares								8,900	8,900		8,900
Restated balance at 1 April 2020	(96,554)	0	(3,468)	(12,127)	0	(17,225)	(129,374)	(695,327)	(824,701)	(41,685)	(866,386)
Movement in reserves during 2020/21: Total Comprehensive Income and Expenditure	71,189	(41,508)	(8,064)				21,617	9,609	31,226	48,789	80,015
Adjustments between accounting basis and funding basis under regulations (Note 2)	(98,769)		8,480	(3,645)	0	1,086	(92,848)	92,848	0		0
(Increase)/ Decrease in 2020/21	(27,580)	(41,508)	416	(3,645)	0	1,086	(71,231)	102,457	31,226	48,789	80,015
Balance at 31 March 2021 carried forward	(124,134)	(41,508)	(3,052)	(15,772)	0	(16,139)	(200,605)	(592,870)	(793,475)	7,104	(786,371)
Movement in reserves during 2021/22:											
Total Comprehensive Income and Expenditure	(3,342)	24,229	(4,072)				16,815	(336,810)	(319,995)	(37,288)	(357,283)
Adjustments between accounting basis and funding basis under regulations (Note 2)	(6,009)		3,903	211	0	3,212	1,317	(1,317)	0		0
(Increase)/ Decrease in 2021/22	(9,351)	24,229	(169)	211	0	3,212	18,132	(338,127)	(319,995)	(37,288)	(357,283)
Balance at 31 March 2022 carried forward	(133,485)	(17,279)	(3,221)	(15,561)	0	(12,927)	(182,473)	(930,997)	(1,113,470)	(30,184)	(1,143,654)

The total Council Reserves are set out in the single entity Movement in Reserves Statement and the supporting notes to the Single Entity Statement of Account

Group Balance Sheet

	31 March 2022 £000	31 March 2021 Restated* £000	Note
Property, Plant & Equipment			
- Council dwellings	663,363	602,346	
- Other land and buildings	689,079	607,332	
- Vehicles, plant, furniture and equipment	20,147	20,640	
- Community assets	1,450	1,502	
- Surplus assets not held for sale	3,475	3,812	
- Assets under construction	85,832	70,265	
- Infrastructure	413,452	399,388	
Property, Plant & Equipment	1,876,798	1,705,285	5
Heritage Assets	11,421	11,583	
Investment Property	195,184	180,890	
Intangible Assets	681	908	
Long-Term Investments	23,500	23,500	
Long-Term Debtors	51,237	45,638	2
Long-Term Finance Lease Debtors	13,700	13,700	
Long-Term Assets	2,172,521	1,981,504	
Assets Held for Sale (short-term)	1,424	3,455	
Inventories	592	540	
Cash and Cash Equivalents	59,905	47,193	9
Short-Term Investments	20,028	17,450	
Short-Term Debtors	81,355	71,742	2
Current Assets	163,304	140,380	
Bank Overdraft	(2,272)	(2,140)	9
Short-Term Creditors	(104,700)	(88,921)	3
Short-Term Provisions	(5,323)	(5,585)	4
Short-Term Borrowing	(86,142)	(144,173)	
Current Liabilities	(198,437)	(240,819)	
Long-Term Creditors	(7,167)	(7,282)	3
Long-Term Provisions	(16,914)	(18,631)	4
Long-Term Borrowing	(533,306)	(491,558)	
Other Long-Term Liabilities - Net pensions liability	(351,624)	(520,542)	6
Other Long-Term Liabilities - Finance leases	(13,700)	(13,700)	
Revenue Grants Receipts in Advance	(49,199)	(28,344)	
Capital Grants Receipts in Advance	(21,824)	(14,637)	
Long-Term Liabilities	(993,734)	(1,094,694)	
Net Assets	1,143,654	786,371	
Usable reserves	(182,473)	(200,605)	
Unusable Reserves	(930,997)	(592,870)	
Group Income and Expenditure Account	(30,184)	7,104	
Total Reserves	(1,143,654)	(786,371)	

*Prior year long-term investment in Manchester Airport has been restated. See Note 39 for further details.

Group Cash Flow Statement

	2021/22 £000	2020/21 £000	Note
Net deficit on the provision of services	22,128	15,627	
Adjustments to net surplus or deficit on the provision of services for non-cash movements			
Depreciation	(58,954)	(56,168)	
Impairment and revaluation	1,037	2,570	
Amortisation	(227)	(227)	
(Increase) in Impairment for bad debts	(1,332)	(12,429)	
(Increase)/decrease in creditors	(30,558)	(7,944)	
Increase/(Decrease) in debtors	12,574	16,688	
(Decrease) in inventories	52	(1,569)	
Difference between IAS 19 pension cost and pensions paid	(71,089)	10,541	
Carrying amount of non-current assets sold	(5,983)	(21,605)	
Movement in value of investment properties	(770)	(7,086)	
Movement in provisions	1,979	130	
	(153,271)	(77,099)	
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities			
Proceeds from the Sale of property, plant and equipment, investment property and intangible assets	7,965	7,955	
Revenue expenditure funded from capital under statute	(12,516)	(2,811)	
Capital grants	52,722	37,062	
Net cash flows from Operating Activities*	(82,972)	(19,266)	
Investing Activities	55,183	16,887	10
Financing Activities	15,209	24,869	11
Net (increase) or decrease in cash and cash equivalents	(12,580)	22,490	
Cash and cash equivalents and bank overdraft at the beginning of the reporting period	45,053	67,543	
Cash and cash equivalents and bank overdraft at the end of the reporting period	57,633	45,053	

*The following items are included within operating activities:

	2021/22 £000	2020/21 £000
Interest Received	(100)	(301)
Interest Paid	18,283	19,345
Finance lease interest paid	1,202	1,187
Finance lease interest received	(1,487)	(1,463)
Taxation paid	279	111

Notes to the Group Accounts

The Stockport Council Group

The Council has relationships with a number of companies over which it has varying degrees of control and influence. In line with the Code, the Council continues to review its relationship with other entities, particularly in respect of the definition of control and accounting for joint arrangements. The bodies considered to be part of the Stockport Council Group are shown below.

Bodies Consolidated

Two bodies, in addition to Stockport MBC, have been included in the Group Accounts; Stockport Homes Ltd and Totally Local Company Ltd. These are wholly owned subsidiaries of the Council and have been accounted for on an acquisition basis and subsequently consolidated on a full line by line basis, writing out inter-group transactions.

Stockport Homes Ltd was formed by the Council to take over the responsibility for managing and maintaining the Council's dwellings and has been a wholly owned subsidiary of Stockport Council since 1 October 2005. It is an ALMO (arms-length management organisation) of the Council and is a company limited by guarantee. The liability of the Council is limited to £1.

The Board of Directors of Stockport Homes Ltd consists of eleven voluntary members including customers, independent and stakeholder members. In addition, the Stockport Homes Ltd Member Committee, a cross party Council body, monitors and oversees the Company's work.

Stockport Homes Ltd principal source of income is a management fee, paid by the Council, for managing and maintaining the Council's housing stock, as well as fulfil a number of other statutory responsibilities, including preventing homelessness, managing private sector renewals and disabled adaptations, and the provision of sheltered housing.

Stockport Homes Ltd has three subsidiary companies, Three Sixty SHG Ltd, Viaduct Partnerships Ltd and Foundations Stockport Ltd. Three Sixty SHG Ltd and Viaduct Partnerships Ltd were both established in 2016/17 and are limited by shares, wholly owned by Stockport Homes Ltd. Three Sixty SHG Ltd is primarily a construction company, established to deliver core elements of the HRA capital programme. Viaduct Partnerships Ltd is a development company for new builds for rental purposes.

Foundations Stockport Ltd was formed in December 2018 to deliver more social inclusion and health related initiatives for Stockport. It is a company limited by shares, with Stockport Homes Ltd and Foundations Board members being shareholders. Foundations Stockport Ltd is a charitable Community Benefit Society registered with the Financial Conduct Authority and Companies House.

During 2021/22, the management fee and other charges made to the Council by the Stockport Homes Group amounted to £45.638m (£43.671m in 2020/21). Outstanding

balances owed by the Council to the Stockport Homes Group at the year end amounted to £4.574m (£3.837m 31 March 2021).

During 2021/22, the Council charged the Stockport Homes Group £2.415m (£2.267m in 2020/21) for the provision of support services and other items. Outstanding balances owed by the Stockport Homes Group to the Council at the year end amounted to £78.910m (£77.045m at 31 March 2021) this was made up of £0.848m (£1.063m at 31 March 2021) of trade receivables and loans of £78.062m (£75.982m at 31 March 2021).

Totally Local Company Ltd was formed to take over the responsibility for providing highways maintenance, property and building maintenance, catering, and refuse collection services. The company became a wholly owned subsidiary of Stockport Council from 1 November 2006. At 31 March 2022, the Board consisted of two Executive Directors, and four independent Non-Executive Directors.

To support the Council's business objectives, a Contributor Committee has been established consisting of seven Members drawn from all the Party Groups. The Contributor Committee appoints all Directors.

Totally Local Company Ltd has a wholly owned subsidiary company; Waste Solutions SK Ltd. This company collects waste and products for recycling in the Greater Manchester Area.

Totally Local Company Ltd Group's principal source of income is from fees and charges for services provided to Stockport Council and Stockport Homes Ltd.

During 2021/22, the management fee and other charges made to the Council by Totally Local Company Ltd amounted to £33.171m (£29.908m during 2020/21). Outstanding balances owed by the Council to Totally Local Company Ltd at the year end amounted to £1.657m (£1.354m at 31 March 2021).

During 2021/22, the Council charged Totally Local Company Ltd £1.618m (£1.276m during 2020/21) for the provision of support services. Outstanding balances owed by Totally Local Company Ltd to the Council at the year end amounted to £11.728m (£11.134m at 31 March 2021) this was made up of £0.984m (£0.363m at 31 March 2021) of trade receivables and loans of £10.744m (£10.771m at 31 March 2021).

Bodies Not Consolidated

Stockport Exchange Phase 2 Ltd

Stockport Exchange Phase 2 Ltd is a wholly owned subsidiary of the Council and was set up to undertake the Stockport Exchange No 1 office and hotel development, which completed in 2016/17. Two officers of the Council are directors of the Company.

The company is now dormant.

Stockport Exchange Phase 3 Ltd

Stockport Exchange Phase 3 Ltd is a wholly owned subsidiary of the Council acquired on 15 May 2020 and was set up to undertake the Stockport Exchange No 2 office

development, which completed in 2020/21. Two officers of the Council are directors of the Company.

There were minimal transactions in the 2021/22 financial year and minimal remaining balances and once all transactions are complete the company will become dormant (results per the latest Statement of Accounts as at 31 December 2020, the company recorded a loss of £0.005m and net current liabilities of £0.01m).

Based on qualitative and quantitative assessments, it has been judged that the interest in the entity is not material to the Council and therefore not consolidated into the Council's Group Accounts in 2021/22 or 2020/21.

Stockport Hotel Management Company Ltd

On 19 September 2016, the Council incorporated Stockport Hotel Management Company Ltd as the trading company for the Hotel, appointing two Council Officers as Directors and providing £0.100m of share capital. Interstate Ltd was appointed to operate the Hotel under the Holiday Inn Express franchise and it opened for business on 19 December 2016.

Based on qualitative and quantitative assessments, it has been judged that the interest in the entity is not material to the Council and therefore not consolidated into the Council's Group Accounts in 2021/22 or 2020/21.

In the latest draft accounts for the year ended 31 December 2021, the company recorded a loss before tax of £0.028m (year ended 31 December 2020 – loss of £0.135m), and net current assets of £0.095m (2020 - £0.137m).

Stockport Mayoral Development Corporation

In March 2019, GMCA agreed to create the Stockport Mayoral Development Corporation (MDC) to lead the regeneration of Town Centre West. The MDC is a 'body corporate', which is run by a board appointed by the Greater Manchester Mayor in consultation with Stockport Council. The MDC board has overall responsibility for all aspects of the organisation's operations. The board is made up of four senior-level private sector members, one of whom is the Chair, three Council Members, including the Leader, representing different political parties, Stockport MBC's Chief Executive Officer, a representative from GMCA and a representative from Homes England. In addition, the Director of Finance and Chief Executive Officers roles are held by Council Officers, the Deputy Chief Executive (Section 151 Officer) and Director of Development and Regeneration respectively.

Total Expenditure by the MDC as at 31 March 2022 was £0.141m and total income £0.141m (£0.128m expenditure and £0.128m income in 2020/21).

Based on qualitative and quantitative assessments, it has been judged that the interest in the entity is not material to the Council and therefore not consolidated into the Council's Group Accounts in 2021/22.

Other entities

The following organisations were formed during 2021/22. At this stage, there have been no or minimal transactions and therefore there is no consolidation into the

Council's Group Accounts in 2021/22. The Council will make qualitative and quantitative assessments when considering whether the organisations results will be consolidated into the Council's Group Accounts for financial year ending 31 March 2023.

Stockport Active CIC is a wholly owned by the Council, limited by guarantee. The CIC was incorporated on 18 May 2021 to take over responsibility for providing leisure services for the Council as from 1 April 2022.

Interchange Homes LLP was incorporated on 15 October 2021 as a special purpose vehicle (SPV) for the town centre residential accommodation development at Stockport Interchange. The SPV brings together the Council, GMCA, equity investor (Gresham House Investment Management (Guernsey) Ltd) and development partner (Cityrise Interchange Homes LLP), who have made an initial capital contribution of £1 each. Once the financial conditions of the agreement have been fulfilled, the Council is committed to a further capital contribution of £9.300m towards the development.

No other entities are considered to be part of the Stockport Council Group for consolidation purposes.

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.

The Statement of Accounts was authorised for issue on 15 November 2023 by the Deputy Chief Executive (Section 151 Officer). This is the date up to which events after the balance sheet date have been considered and included where relevant.

1. Accounting Policies

The Group Accounts have been prepared on the basis of a full consolidation of the financial transactions and balances of the Council, Stockport Homes Ltd and Totally Local Company Ltd.

The accounting policies of the Council's consolidated subsidiary companies have been aligned with the Council's Accounting Policies set out in Note 38. Any statutory adjustments between the accounting basis and funding basis included in the Council's accounting policies do not apply to the subsidiary companies, for example in relation to retirement benefits.

The total comprehensive income and expenditure items of the group companies are accounted for within the Group Income and Expenditure Account, including the surplus/deficit on the provision of services, surplus/deficit on revaluation of property, plant and equipment and re-measurement of the defined benefit liability.

Since Stockport Homes Ltd accounts show non-current assets at historic cost, the company's dwellings have been revalued to current value to bring them into line with the Council's accounting policies. The current value has been assessed by the valuer using the existing use value for social housing (EUV-SH) appropriate to the dwellings' mix of tenures. Any revaluation gains or losses are shown separately in the Property, Plant and Equipment Note 5 and are included in the Group Income and Expenditure Account.

2. Short and Long-Term Debtors including Payments in Advance

	Short-term Gross Balance £000	Impairment allowance £000	31 March 2022 Short-Term £000	31 March 2022 Long-Term £000	31 March 2022 Total £000
<u>Financial Assets</u>					
<u>Trade Receivables</u>					
Central Government	5,364		5,364		5,364
Other Local Authorities	9,714		9,714		9,714
NHS Bodies	8,249	(26)	8,223		8,223
Other Entities and Individuals:					
Social Services Clients	12,003	(3,342)	8,661		8,661
Housing Rents	2,379	(1,507)	872		872
Lease and rental receivables	11,393	(4,922)	6,471	2,219	8,690
Other Entities and Individuals	19,222	(1,165)	18,057		18,057
	68,324	(10,962)	57,362	2,219	59,581
<u>Other Receivables - Loans</u>					
Loans - Manchester Airport				37,571	37,571
Car and Other loans	40		40	7,275	7,315
	40	0	40	44,846	44,886
Total Receivables (Financial Assets)	68,364	(10,962)	57,402	47,065	104,467
<u>Other Receivables (Non-Financial Assets)</u>					
Central Government (Tax)	10,975		10,975		10,975
Housing Benefits	3,250	(3,176)	74		74
Collection Fund:					
Business Rates	8,098	(7,855)	243		243
Council Tax	13,444	(11,269)	2,175		2,175
Payments in advance:					
Lease and rental receivables	665		665	4,172	4,837
Other payments in advance	9,821		9,821		9,821
Total Receivables (Non-Financial Assets)	46,253	(22,300)	23,953	4,172	28,125
Total Receivables	114,617	(33,262)	81,355	51,237	132,592

	Short-term Gross Balance £000	Impairment allowance £000	31 March 2021 Short-Term £000	31 March 2021 Long-Term £000	31 March 2021 Total £000
<u>Financial Assets</u>					
<u>Trade Receivables</u>					
Central Government	6,391		6,391		6,391
Other Local Authorities	9,850		9,850		9,850
NHS Bodies	5,387	(26)	5,361		5,361
Other Entities and Individuals:					
Social Services Clients	6,591	(2,225)	4,366		4,366
Housing Rents	2,805	(1,855)	950		950
Lease and rental receivables	10,631	(4,841)	5,790	1,975	7,765
Other Entities and Individuals	16,948	(1,054)	15,894		15,894
	58,603	(10,001)	48,602	1,975	50,577
<u>Other Receivables - Loans</u>					
Loans - Manchester Airport				34,226	34,226
Car and Other loans	50		50	5,700	5,750
	50	0	50	39,926	39,976
Total Receivables (Financial Assets)	58,653	(10,001)	48,652	41,901	90,553
<u>Other Receivables (Non-Financial Assets)</u>					
Central Government (Tax)	7,040		7,040		7,040
Housing Benefits	3,932	(3,820)	112		112
Collection Fund:					
Business Rates	8,565	(8,565)	0		0
Council Tax	13,777	(9,544)	4,233		4,233
Payments in advance:					
Lease and rental receivables	224		224	3,737	3,961
Other payments in advance	11,481		11,481		11,481
Total Receivables (Non-Financial Assets)	45,019	(21,929)	23,090	3,737	26,827
Total Receivables	103,672	(31,930)	71,742	45,638	117,380

3. Short and Long-Term Creditors including Receipts in Advance

	31 March 2022 Short-Term £000	31 March 2022 Long-Term £000	31 March 2022 Total £000
<u>Financial Liabilities</u>			
<u>Trade Payables</u>			
Central Government	(5,606)	(414)	(6,020)
Other Local Authorities	(9,344)		(9,344)
NHS Bodies	(5,125)		(5,125)
Other Entities and Individuals	(52,646)	(183)	(52,829)
Finance Lease payables		(1,751)	(1,751)
	(72,721)	(2,348)	(75,069)
<u>Other Payables</u>			
Employees Accumulated Absences	(7,492)		(7,492)
	(80,213)	(2,348)	(82,561)
<u>Other Trade Payables (Non-Financial Liabilities)</u>			
Central Government (Tax)	(6,887)		(6,887)
Collection Fund:			
Business Rates	(2,772)		(2,772)
Council Tax	(2,373)		(2,373)
Receipts in advance:			
Lease and rental receipts in advance	(3,742)	(4,782)	(8,524)
Social Care receipts in advance	(1,428)		(1,428)
Other receipts in advance	(7,285)	(37)	(7,322)
	(24,487)	(4,819)	(29,306)
Total Payables	(104,700)	(7,167)	(111,867)

	31 March 2021 Short-Term £000	31 March 2021 Long-Term £000	31 March 2021 Total £000
<u>Financial Liabilities</u>			
<u>Trade Payables</u>			
Central Government	(4,612)	(50)	(4,662)
Other Local Authorities	(439)		(439)
NHS Bodies	(4,964)		(4,964)
Other Entities and Individuals	(51,654)	(80)	(51,734)
Finance Lease payables		(1,576)	(1,576)
	(61,669)	(1,706)	(63,375)
<u>Other Payables</u>			
Employees Accumulated Absences	(6,083)		(6,083)
	(67,752)	(1,706)	(69,458)
<u>Other Trade Payables (Non-Financial Liabilities)</u>			
Central Government (Tax)	(5,422)		(5,422)
Debt administered by other Councils	(1,539)		(1,539)
Collection Fund:			
Business Rates	(2,803)		(2,803)
Council Tax	(2,280)		(2,280)
Receipts in advance:	0		0
Lease and rental receipts in advance	(2,961)	(4,974)	(7,935)
Social Care receipts in advance	(68)		(68)
Other receipts in advance	(6,096)	(602)	(6,698)
	(21,169)	(5,576)	(26,745)
Total Payables	(88,921)	(7,282)	(96,203)

4. Provisions

	Insurance Fund £000	Business Rates Appeals £000	Employee Related £000	Total £000	Comparative figures for 2020/21 £000
<u>Long-term</u>					
Balance 31 March 2021	(4,407)	(14,224)		(18,631)	(18,938)
Increases in year					(242)
Decreases in year	64	1,653		1,717	549
Balance as at 31 March 2022	(4,343)	(12,571)	0	(16,914)	(18,631)
<u>Short-term</u>					
Balance 31 March 2021	(1,161)	(3,751)	(673)	(5,585)	(5,408)
Increases in year		(2,706)	(213)	(2,919)	(6,725)
Decreases in year	58	3,091	32	3,181	6,548
Balance as at 31 March 2022	(1,103)	(3,366)	(854)	(5,323)	(5,585)
Total Provisions	(5,446)	(15,937)	(854)	(22,237)	(24,216)

Additional provisions in relation to group companies:

Employee and taxation related provisions

The employee provisions comprise several individual provisions for varied employment issues. No individual provision is material in its nature or size.

5. Property, Plant and Equipment

Movements in 2021/22:

	Council Dwellings	Other Land and Buildings	Vehicles, Plant & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment (excluding Infrastructure Assets)
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation							
At 1 April 2021	618,878	636,118	56,403	1,872	4,093	70,265	1,387,629
Additions	16,636	9,448	3,425			41,215	70,724
Revaluation increases to Group reserve	3,927						3,927
Revaluation increases/ decreases to Revaluation Reserve	37,571	68,128			(111)		105,588
Revaluation increases/ decreases to Surplus or Deficit on the Provision of Services	5	425			(256)		174
Derecognition - Disposals	(4,809)	0	(3,060)				(7,869)
Reclassifications & Transfers	8,336	6,397	40			(25,648)	(10,875)
Other Movements *			(3,185)				(3,185)
At 31 March 2022	680,544	720,516	53,623	1,872	3,726	85,832	1,546,113
Accumulated Depreciation and Impairment							
At 1 April 2021	(16,532)	(28,786)	(35,763)	(370)	(281)		(81,732)
Depreciation Charge	(12,612)	(21,891)	(3,920)	(52)	(5)		(38,480)
Depreciation written out to Revaluation Reserve	11,801	18,412					30,213
Depreciation on Revaluation increases/decreases taken to Surplus or Deficit on the Provision of Services	0	828			35		863
Derecognition - Disposals	162	0	3,022				3,184
Reclassifications & Transfers							0
Other Movements *			3,185				3,185
At 31 March 2022	(17,181)	(31,437)	(33,476)	(422)	(251)	0	(82,767)
Net Book Value							
At 31 March 2022	663,363	689,079	20,147	1,450	3,475	85,832	1,463,346
At 1 April 2021	602,346	607,332	20,640	1,502	3,812	70,265	1,305,897

The group value of Property, Plant and Equipment comprises Council assets - £1,746.264m; Stockport Homes Ltd assets - £124.380m and Totally Local Company Ltd assets - £6.154m

	Infrastructure Assets
	£000
Net Book Value (modified historic cost)	
At 1 April 2021	399,388
Additions	22,789
Derecognition - Disposals	
Reclassifications & Transfers	11,589
Depreciation	(20,314)
At 31 March 2022	413,452

Movements in 2020/21

	Council Dwellings	Other Land and Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation								
At 1 April 2020	528,622	611,933	54,349	526,063	1,872	4,093	55,148	1,782,080
Additions	19,340	5,524	6,029	17,274			50,984	99,151
Revaluation increases/decreases to Group reserve	(25,358)							(25,358)
Revaluation increases/ decreases to Revaluation Reserve	73,602	35,991						109,593
Revaluation increases/ decreases to Surplus or Deficit on the Provision of Services	2	(1,096)						(1,094)
Derecognition - Disposals	(2,977)	(17,920)	(373)	(1,343)				(22,613)
Reclassifications & Transfers	25,647	1,686	352	14,929			(35,867)	6,747
Other Movements *			(3,954)					(3,954)
At 31 March 2021	618,878	636,118	56,403	556,923	1,872	4,093	70,265	1,944,552
Accumulated Depreciation and Impairment								
At 1 April 2020	(15,147)	(32,818)	(36,569)	(138,497)	(318)	(306)		(223,655)
Depreciation Charge	(12,817)	(20,472)	(3,517)	(19,145)	(52)	(5)		(56,008)
Depreciation written out to Revaluation Reserve	11,083	20,065						31,148
Depreciation on Revaluation increases/decreases taken to Surplus or Deficit on the Provision of Services	270	3,494				30		3,794
Derecognition - Disposals	79	945	369	107				1,500
Other Movements *			3,954					3,954
At 31 March 2021	(16,532)	(28,786)	(35,763)	(157,535)	(370)	(281)	0	(239,267)
Net Book Value								
At 31 March 2021	602,346	607,332	20,640	399,388	1,502	3,812	70,265	1,705,285
At 1 April 2020	513,475	579,115	17,780	387,566	1,554	3,787	55,148	1,558,425

*Fully depreciated and decommissioned assets which have been de-recognised.

The group value of Property, Plant and Equipment comprises Council assets - £1,586.797m; Stockport Homes Ltd assets - £112.324m and Totally Local Company Ltd assets - £6.164m.

6. Pensions

The Group participate in the Greater Manchester Pension Fund as part of a pooled arrangement, where individual bodies have admitted body status within the Stockport MBC pool for purposes of the actuarial valuation. However, each entity accounts individually for its net defined benefit cost (and the resultant asset or liability).

The single entity also participates in the Teachers' Pension Scheme and the NHS Pensions scheme, details of which are given in the single entity statements Note 26.

In addition, the subsidiaries participate in two separate defined contribution schemes. The pensions charge for the year ended 31 March 2022 was £0.709m (31 March 2021- £0.567m).

The underlying assets and liabilities for retirement benefits attributable to the Group participation in the Greater Manchester Pension Fund as at 31 March are as follows:

	GMPF (SMBC) £000	GMPF (Stockport Homes) £000	GMPF (Totally Local Company) £000	Teachers' Discretionary Benefit £000	31 March 2022 Total £000	31 March 2021 Total £000
Estimated Employers' Assets	1,226,759	99,857	114,651		1,441,267	1,312,789
Present Value of Scheme Liabilities	(1,539,561)	(124,948)	(112,759)	(15,623)	(1,792,891)	(1,833,331)
Net Pension (Liability)/Asset	(312,802)	(25,091)	1,892	(15,623)	(351,624)	(520,542)

The characteristics of the GMPF are set out in the single entity statements Note 26.

For Stockport Homes, the main financial assumptions are 3.15% for pensions increases (31 March 2021 – 2.80%); 3.90% for salary increases (31 March 2021 – 3.55%) and a discount rate of 2.75% (31 March 2021 – 2.05%).

For Totally Local Company, the main financial assumptions are 3.20% for pensions increases (31 March 2021 – 2.85%); 3.95% for salary increases (31 March 2021 – 3.60%) and a discount rate of 2.70% (31 March 2021 – 2.00%).

The weighted average duration of the defined benefit obligation for scheme members is 26 years for Stockport Homes and 21 years for Totally Local Company.

The major categories of group company plan assets as a percentage of total plan assets is as follows:

	31 March 2022 %	31 March 2021 %
Equities	69	72
Bonds	13	12
Property	8	7
Cash	10	9
	100	100

The expected pension scheme contributions to the GMPF for the group for the year ending 31 March 2022 will be approximately £26.3m.

A reconciliation of the group position on the Greater Manchester pension fund is set out below:

	Period ended 31 March 2022			Period ended 31 March 2021		
Changes in the Fair Value of Plan Assets	Net (liability)/ Assets	Assets	Obligations	Net (liability)/ Assets	Assets	Obligations
	£000	£000	£000	£000	£000	£000
Fair Value of Employer Assets	1,312,789	1,312,789		1,048,395	1,048,395	0
Present value of funded liabilities	(1,805,849)		(1,805,849)	(1,377,473)		(1,377,473)
Present value of unfunded liabilities	(27,482)		(27,482)	(25,636)		(25,636)
Opening position	(520,542)	1,312,789	(1,833,331)	(354,714)	1,048,395	(1,403,109)
Service Costs:						
- current service cost*	(69,468)		(69,468)	(44,953)		(44,953)
- past service costs (including curtailments)	(534)		(534)	(579)		(579)
- Effect of Settlements	1,632	(1,825)	3,457			
Total service cost	(68,370)	(1,825)	(66,545)	(45,532)	0	(45,532)
Net Interest:						
- interest income on plan assets	25,992	25,992		23,787	23,787	
- interest cost on defined benefit obligation	(37,000)		(37,000)	(32,425)		(32,425)
Total net interest	(11,008)	25,992	(37,000)	(8,638)	23,787	(32,425)
Total defined benefit cost recognised in Profit or (Loss)	(79,378)	24,167	(103,545)	(54,170)	23,787	(77,957)
Cashflows:						
- Contributions from Members		8,306	(8,306)		8,170	(8,170)
- Contributions from Employer	6,537	6,537		62,810	62,810	
- Contributions in respect of unfunded benefits	1,752	1,752		1,901	1,901	
- Benefits paid		(38,456)	38,456		(37,194)	37,194
- Unfunded benefits paid		(1,752)	1,752		(1,901)	1,901
Cashflows	8,289	(23,613)	31,902	64,711	33,786	30,925
Expected closing position	(591,631)	1,313,343	(1,904,974)	(344,173)	1,105,968	(1,450,141)
Remeasurements:						
- Changes in demographic assumptions	22,434		22,434	(8,255)		(8,255)
- Changes in financial assumptions	123,436		123,436	(388,230)		(388,230)
- Other experience	(26,048)	7,739	(33,787)	13,295		13,295
- Return on assets excluding amounts included in net interest	120,185	120,185		206,821	206,821	0
Total Remeasurements recognised in CIES	240,007	127,924	112,083	(176,369)	206,821	(383,190)
Fair Value of Employer Assets	1,441,267	1,441,267		1,312,789	1,312,789	
Present Value of Funded liabilities	(1,768,938)		(1,768,938)	(1,805,849)		(1,805,849)
Present Value of Unfunded liabilities	(23,953)		(23,953)	(27,482)		(27,482)
Closing Position as at 31 March 2022	(351,624)	1,441,267	(1,792,891)	(520,542)	1,312,789	(1,833,331)

The sensitivity analysis for the group company assumptions is set out below:

Stockport Homes Ltd

Change in Assumptions at 31 March 2022	Approximate % increase to Employer Liability	Approximate monetary amount £000
0.1% decrease in Real Discount Rate	2%	3,104
1 year increase in member life expectancy	4%	4,998
0.1% Increase in the Salary increase rate	0%	357
0.1% Increase in the Pension increase rate	2%	2,725

Totally Local Company Ltd

Change in Assumptions at 31 March 2022	Approximate % increase to Employer Liability	Approximate monetary amount £000
0.1% decrease in Real Discount Rate	2%	2,258
1 year increase in member life expectancy	4%	4,490
0.1% Increase in the Salary increase rate	0%	223
0.1% Increase in the Pension increase rate	2%	2,017

7. Group Expenditure and Funding Subjective Analysis

	Total Group 2021/22 £000	Total Group 2020/21 £000
<u>Expenditure</u>		
Employee Benefit Expenses	355,591	323,232
Other service expenses	378,212	344,165
Capital charges including depreciation and impairment	58,140	53,654
Financing and investment expenditure including interest	68,631	90,550
Levies	39,550	40,842
Payments to Housing Capital Receipts Pool	2,591	2,296
Losses/(gains) on disposal of assets/ impairment of assets held for sale	(1,519)	(2,705)
Taxation expense	295	(63)
	901,491	851,971
<u>Income</u>		
Fees, charges and other service income	(154,529)	(138,190)
Financing and investment income including interest	(47,355)	(44,344)
Income from Council Tax and Business Rates	(220,762)	(180,814)
Government grants and contributions	(456,422)	(473,059)
	(879,068)	(836,407)
	22,423	15,564

8. Results of Subsidiaries

The results of subsidiaries within Net Cost of Services comprises:

	2021/22 Expenditure £000	2021/22 Income £000	2021/22 Net £000	2020/21 Expenditure £000	2020/21 Income £000	2020/21 Net £000
Operating result of Totally Local Company Ltd	38,076	(36,646)	1,430	34,594	(33,982)	612
Operating result of Stockport Homes Ltd	56,616	(54,643)	1,973	47,961	(49,534)	(1,573)
Consolidation adjustments	(61,768)	61,768	0	(61,233)	61,233	0
	32,924	(29,521)	3,403	21,322	(22,283)	(961)

Consolidation adjustments relate to revenue expenditure charged between the Group companies which reduces overall expenditure and income for the Group accounts.

9. Cash and Cash Equivalents

	Balance at 31 March 2022 £000	Balance at 31 March 2021 £000
Cash and bank balances	44,855	40,368
Short-term investments, considered to be cash equivalents	15,050	6,825
	59,905	47,193
Bank Overdraft	(2,272)	(2,140)
	57,633	45,053

10. Note to the Cash Flow Statement- Investing Activities

	2021/22 £000	2020/21 £000
Purchase of property, plant and equipment, investment property and intangible assets	106,787	101,955
Purchase of short-term and long-term investments	90,000	109,440
Other capital payments for investing activities	14,118	19,508
Other payment for investing activities	10	0
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(7,965)	(7,955)
Capital grants	(60,272)	(39,763)
Proceeds from short-term and long-term investments	(87,450)	(166,250)
Other receipts from investing activities	(45)	(48)
	55,183	16,887

11. Note to the Cash Flow Statement- Financing Activities

	2021/22 £000	2020/21 £000
Cash receipts of short- and long-term borrowing	(278,015)	(163,607)
Repayments of short- and long-term borrowing	295,536	187,328
	17,521	23,721
Other receipts from financing activities	(2,312)	1,148
	15,209	24,869

The reconciliation of liabilities arising from financing activities is set out in the Notes to the Single Entity Statements.

PART 2 - OTHER ACCOUNTS (not subject to audit)

This section summarises the accounts of various Trust Funds and other bodies which the Council administers on behalf of their trustees or otherwise. This statement sets out the income and expenditure in relation to those Trusts. These funds do not represent assets of the Council and are not therefore included within the Comprehensive Income and Expenditure Statement or Balance Sheet.

	Balance at 31 March 2021 £	Increases in year £	Reductions in year £	Balance at 31 March 2022 £
Hollingpriest Educational Foundation	(1,278)	(9)	26	(1,261)
Woodbank Memorial Fund	(2,655)	(5)	5	(2,655)
Brookfield Park Shiers Family Trust	(372,336)	(36,508)	26,634	(382,210)
Total	(376,269)	(36,522)	26,665	(386,126)

Notes

Hollingpriest Educational Foundation

The Fund was established for the provision of academic, social and physical training for young people in Stockport under the age of 25 years.

Woodbank Memorial Fund

The income from the invested funds is to be used for the benefit of the park and its services. The annual interest is to be utilised by Parks Services in connection with Woodbank Park.

Brookfield Park Shiers Family Trust

The Charity was established for the residents of Cheadle and Gatley for health, education and social services purposes as the Council, as Trustees, in its discretion sees fit. The current policy is to maintain the value of the original bequest in real terms.

The Trustees resolved to reserve £25,000 to be used to address the effects of loneliness amongst elderly residents and the consequential effect on their health. This funding has been fully distributed, with the final distribution of £385 being made during 2021/22.

In 2018, Members approved £50,000 from the Trust to support voluntary groups for children and young people, young carers, addressing loneliness amongst children and young people, and supporting sports groups for people of all ages. A total of £28,869 has been distributed as at 31 March 2022.

Glossary of Accounting Terms

Accounting Period

The period of time covered by the accounts, normally twelve months commencing on 1 April. The end of the accounting period is the balance sheet date.

Accrual

An amount included in the accounts to cover income or expenditure attributable to an accounting period but for which payment has not been received or made by the end of the accounting period. This is based on the concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

Actuarial Gains and Losses

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because: (a) events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or (b) the actuarial assumptions have changed.

Amortise

To write off a balance gradually and systematically over a specified period of time. Examples of balances which are amortised include Government Grants Deferred and Premiums and Discounts arising from early repayment of loans.

Asset

Something of value which is measurable in monetary terms.

Billing Authority

An authority responsible for the collection of the Council Tax and Business Rates.

Capital Expenditure

Expenditure on the acquisition of a non-current asset or expenditure which adds to, and not merely maintains, the value of an existing non-current asset. This includes grants or advances paid to third parties to assist them in acquiring or enhancing their own non-current assets.

Capital Receipt

The proceeds from the sale of a non-current asset, or the repayment of an advance.

Cash and Non-Cash Limits

Cash Limit items are items which are under the direct accountable responsibility of a specified officer, as opposed to Non-Cash Limit items (e.g. insurance, levies and financing costs) which are general council in nature and managed on a corporate basis.

Collection Fund

A statutory account which billing authorities have to maintain for the collection and distribution of amounts due in respect of Council Tax and Business Rates.

Community Assets

Assets that the Council intends to hold in perpetuity, have no determinable finite useful life and in addition may have restrictions on their disposal. Examples of community assets are playing fields and parks.

Consistency

The concept that the accounting treatment of like items within an accounting period and from one period to the next should be the same.

Constructive obligation

An obligation that derives from a Council's actions where:

- by an established pattern of past practice, published policies or a sufficiently specific current statement, the Council has indicated to other parties that it will accept certain responsibilities and
- as a result, the Council has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Contingent asset

A possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control.

Contingent Liability

A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control. Alternatively, a present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount of that obligation cannot be measured with sufficient reliability.

Council Tax

A banded property tax which is levied on domestic properties throughout the country. The banding is based on estimated property values as at 1 April 1991. The level of tax is set annually by each local authority for the properties in its area.

Creditors

Amounts owed by the Council for work done, goods received or services rendered to the Council during the accounting period, but for which payment has not been made by the balance sheet date.

Current Assets

Assets which will be consumed or cease to have value within the next accounting period, e.g. stock and debtors.

Current Liabilities

Amounts which will become payable or could be called in within the next accounting period, e.g. creditors and cash overdrawn.

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' services 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.

Debtors

Amounts due to the Council which relate to the accounting period and have not been received by the balance sheet date.

Dedicated Schools Grant

A ring-fenced grant from the government that has to be used to fund the delegated budget of each school, together with certain items of related central expenditure.

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

The loss in value of an asset due to age, wear and tear, deterioration or obsolescence.

Discretionary Benefits

Retirement benefits which the employer has no legal, contractual or constructive obligation to award and which are awarded under the Council's discretionary powers.

Employees Accumulated Absences

Employees Accumulated Absences are periods during which an employee does not provide services to the employer, but benefits continue to be paid. Accumulating absences are those that are carried forward and can be used in future periods if the current period entitlement is not used in full, for example, annual leave, flexitime and time in lieu.

Exceptional Items

Material items which arise from events or transactions that fall within the ordinary activities of the Council and which by virtue of their size or incidence need to be disclosed separately to give a fair presentation of the accounts.

Expected Credit Loss

Expected credit losses (financial instruments) The weighted average of credit losses with the respective risks of a default occurring as the weights. 12-month expected credit losses is the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instruments.

Expenditure

Costs incurred by the Council for goods received, services rendered or other value consumed during the accounting period, irrespective of whether or not any movement of cash has taken place.

Events after the Balance Sheet Date

Events after the Balance Sheet date, are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

Financial Instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The term 'financial instrument' covers both financial assets and financial liabilities and can be straightforward financial assets and liabilities, such as trade receivables and trade payables, or very complex ones, such as derivatives.

Finance Lease

A lease that transfers the risks and rewards of ownership of a non-current asset to the lessee. Such a transfer may be presumed to occur if at the inception of the lease, the present value of the total of lease payments, amount to all the fair value of the leased asset.

General Fund

The main revenue account of the Council, which brings together all income and expenditure other than that recorded in the HRA and the Collection Fund.

Going Concern

The going concern accounting concept assumes that the organisation will not significantly curtail the scale of its operation in the foreseeable future.

Housing Revenue Account

A statutory account which local authorities have to maintain if they provide public housing, and which includes all income and expenditure relating to the administration and maintenance of council dwellings and related properties.

Impairment

A reduction in the value of a non-current asset below its value brought forward in the Balance Sheet.

Income

Amounts due to the Council in respect of services performed, taxes levied or grants receivable during the accounting period, irrespective of whether or not any movement of cash has taken place.

Infrastructure Assets

Non-current assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure assets are highways and footpaths.

Investments

Items such as company shares, other securities and money deposited with financial institutions (other than bank current accounts). A long-term investment is an investment that is intended to be held for use on a continuing basis in the activities of the Council. Investments should be so classified only where an intention to hold the investment for the long-term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment.

Investments that do not meet the above criteria should be classified as current assets.

Investment Properties

Interests in land and/or buildings in respect of which construction work and development have been completed and which are held for their investment potential rather than for operational purposes, any rental income being negotiated at arm's length.

Liabilities

Amounts due to individuals or organisations which will have to be paid at some time in the future.

Leasing

A method of acquiring the use of an asset by paying a rental for a specified period of time, rather than purchasing it outright.

LOBO ("Lender Option Borrower Option")

A LOBO is a type of loan instrument. The borrower borrows a principal sum for the duration of the loan period (typically 20 to 50 years), initially at a fixed interest rate. Periodically (typically every 2 to 5 years), the lender has the ability to alter the interest rate. Should the lender exercise this option, the borrower then has the option to continue with the instrument at the new rate or alternatively to terminate the agreement and pay back the principal sum with no other penalty.

Materiality

The concept that any omission from or inaccuracy in the statements of account should not be large enough to affect the understanding of those statements by a reader.

Minimum Revenue Provision (MRP)

A revenue charge in respect of the repayment of an element of the accumulated capital expenditure funded by borrowing, in accordance with MRP regulations.

Net Assets

Total Assets less total liabilities. This is the amount by which the total assets of the Council exceed its total liabilities, and equals the total Reserves of the Council.

Net Book Value

The amount at which non-current assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

Net Defined Benefit Liability (asset)

The present value of the defined benefit obligation less the fair value of the plan assets (adjusted for the asset ceiling).

Net Interest Income (expense) – Pensions

The change during the period in the net defined benefit liability (asset) that arises from the passage of time. This includes allowance for interest on the current service cost.

Non-Current Assets

Tangible assets which have value to the Council for more than one year, e.g. land, buildings, equipment.

Non-Domestic Rates (NDR/Business Rates)

A tax levied on business properties, and sometimes known as Business Rates. Previously a Business Rates poundage was set annually by the government and rates, based on properties' rateable value, were collected by billing authorities and paid into a national pool. The proceeds were then redistributed by central government as a grant to local authorities in proportion to adult population. From 1 April 2013 new arrangements came into effect and Business Rates now follows a similar process to Council Tax with the Council retaining a proportion of business rates for use in the direct funding of its services.

Observable and unobservable inputs for fair value measurement

- Observable inputs are those that are developed using market data, such as publicly available information about actual events or transactions, and that reflect the assumptions that market participants would use when pricing the asset or liability;
- Unobservable inputs are inputs for which market data is not available and that are developed using the best information available to the Council about the assumptions that market participants would use when pricing the asset or liability.

Operating Lease

A lease where the risks and rewards of ownership of a non-current asset remain with the lessor. Such a lease will be for a fixed period which is significantly less than the useful economic life of the asset.

Past Service Cost

The change in the present value of the defined benefit obligation for employee service in prior periods, resulting from a plan amendment (the introduction or withdrawal of, or changes to, a defined benefit plan) or a curtailment (a significant reduction by the entity in the number of employees covered by the plan).

Precept

A levy by one authority which is collected on its behalf by another, e.g. Stockport Metropolitan Borough Council collects Council Tax on behalf of the GMCA Mayoral Police and Crime Commissioner and the GMCA Mayoral General (including Fire Services).

Premiums and Discounts

Premiums and discounts arise on the early repayment and restructuring of debt.

The repayment sum will be higher than the principal amount borrowed if interest rates are presently lower than the loan rate (premium). The repayment sum will be lower than the principal amount if the current interest rates are higher than the loan rate (discount).

If Premiums and Discounts arise from debt re-scheduling they may be amortised over the lifetime of replacement loans where applicable.

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 (PFI)

An initiative for utilising private sector funding to provide public sector assets.

Prior Year Adjustments

Material adjustments to the accounts of earlier years arising from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

Projected Unit Method

An accrued benefits valuation method in which the scheme liabilities make allowance 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

Amounts set aside in the accounts for liabilities or losses which are certain or very likely to occur but where there is uncertainty as to the amounts involved or the dates on which they will arise.

Prudence

The concept that income should only be anticipated to the extent that it can be realised with reasonable certainty, whilst full and proper allowance should be made for all known and foreseeable losses and liabilities.

Public Works Loan Board (PWLB)

A Government agency which provides borrowing facilities to local authorities for the financing of capital expenditure.

Reserves

Reserves are split into usable reserves and unusable reserves. Usable reserves are those that derive from Council activities, and can be set aside to spend on services in future years. They include general and earmarked reserves and the capital receipts reserve. Unusable reserves include accounting reserves such as the pensions reserve, revaluation reserve and capital adjustment account, which derive from accounting adjustments and cannot be used for expenditure on services.

Earmarked reserves are allocated to a specific purpose or area of spending. Unallocated reserves are often described as balances, and usually arise as unplanned surpluses of income over expenditure.

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 Contribution to Capital Outlay (RCCO)

Capital expenditure funded otherwise than from borrowings, grants, contributions or receipts.

Revenue Expenditure

Expenditure incurred on the day-to-day running of the Council, as opposed to items which will last for more than one year.

Revenue Expenditure Funded from Capital Under Statute (REFCUS)

Expenditure which may properly be spread over more than one year but which does not result in, or remain matched with, tangible assets. An example of a revenue expenditure funded from capital under statute is a grant of a capital nature to a voluntary organisation.

Revenue Support Grant

A central government grant paid to each local authority to help to finance its general expenditure. The distribution of the grant between authorities is intended to allow the provision of similar standards of service throughout the country for a similar Council Tax levy.

Scheme Liabilities

The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

Settlement

An irrevocable action that relieves the employer (or the defined benefit scheme) of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligation and the assets used to effect the settlement. Settlements include:

- a lump-sum cash payment to scheme members in exchange for their rights to receive specified pension benefits;
- the purchase of an irrecoverable annuity contract sufficient to cover vested benefits; and
- the transfer of scheme assets and liabilities relating to a group of employees leaving the scheme.

Subsidiary Undertaking

A subsidiary undertaking is an entity, including an unincorporated entity such as a partnership, which is controlled by the Council.

Transferred Debt

Debt which was created on 1 April 1986 on the dissolution of the former Greater Manchester Council and apportioned over the ten district councils of Greater Manchester, repayable annually on an annuity basis over the 36 years to 31 March 2022.

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.