

# Oldham Council

**Statement of Accounts  
2022/23**

<b>Contents</b>		
1.0	Preface	<b>3</b>
1.1	Introduction to the 2022/23 Statement of Accounts by Councillor Abdul Jabbar MBE, Deputy Leader and Cabinet Member for Finance and Low Carbon during 2022/23	<b>3</b>
1.2	Narrative Report	<b>5</b>
2.0	Statements to the Accounts	<b>51</b>
2.1	Statement of Responsibilities for the Statement of Accounts	<b>51</b>
2.2	Auditors Report	<b>52</b>
3.1	Comprehensive Income and Expenditure Statement (CIES)	<b>63</b>
3.2	Movement in Reserves Statement	<b>64</b>
3.3	Balance Sheet	<b>66</b>
3.4	Cash Flow Statement	<b>67</b>
3.5	Index of Explanatory Notes to the Accounts	<b>68</b>
3.6	Explanatory Notes to the Financial Statements	<b>69</b>
4.1	Housing Revenue Account (HRA)	<b>156</b>
4.2	Collection Fund	<b>160</b>
5.0	Group Accounts	<b>163</b>
6.0	Annual Governance Statement 2022/23	<b>175</b>
7.0	Glossary of Terms	<b>202</b>

## 1.0 Preface

### 1.1 Introduction to the 2022/23 Statement of Accounts by Councillor Abdul Jabbar MBE, Deputy Leader and Cabinet Member for Finance and Low Carbon (during 2022/23)



#### Councillor Abdul Jabbar MBE

As Cabinet Member for Finance and Low Carbon during 2022/23, I would like to welcome you to the Oldham Council's 2022/23 Statement of Accounts. The preparation of the Statement of Accounts provides the opportunity to reflect on the past financial year, the financial performance of the Council and major events that have taken place in the borough.

Whilst there were challenges in 2022/23, there was also much to celebrate. The town really came alive to celebrate the Queen's Platinum Jubilee. There were 230 street parties funded in neighbourhoods across the borough, and a range of other events, including 70 local torchbearers who paraded through the centre of town before arriving at Oldham Parish Church to take part in the lighting of a Jubilee beacon. One school in Oldham even commemorated the Jubilee with a re-enactment of the Queen's coronation. The events truly brought residents, business owners and Council workers together. However, this was sadly followed later in the year by the passing of a beloved monarch. We mourned together as a borough and also welcomed the new King as a borough, with the Council supporting many coronation events.

The Council operated in 2022/23 against a difficult and sometimes turbulent backdrop. The current 'cost of living crisis' has seen energy, fuel and food price rises far in excess of rises in wage levels. Recognising that many Oldhamers were adversely impacted, the Council introduced a support programme including an investment of £3 million (across 2022/23 and 2023/24). This included doubling funding for the Warm Homes Oldham programme, increasing staffing for the Council's helpline and providing additional staff for face-to-face surgeries in districts, investing in our Community Engagement Team to support outreach to those most vulnerable, providing additional support for our partners in the community who deliver vital services including Oldham Foodbank and Action Together as well as providing funding for additional emergency grants for food, energy, housing and childcare.

The Council funded initiative complemented the Government grant scheme, the Household Support Fund which operated in two tranches all through 2022/23 and provided total resource of £4.838m to help with energy costs and essential food support to those most in need.

At all times and across all service areas the Council champions its Residents First ethos in line with the overarching organisational behaviour 'Work with a Resident Focus.' Putting residents first means that we do our bit to ensure that they get the services and support they need when they need it. Of course, this support can look very different depending on the context, for example business as usual activities, such as dealing with Council Tax queries,

requests for specific services, such as Adult Social Care and ensuring Government initiatives, such as the Council Tax Energy Rebate scheme are implemented effectively.

Another very positive feature of past year was the generosity of spirit shown by Oldham residents to those fleeing from the conflict in Ukraine. It made me very proud of Oldham and Oldhamers to see the collections of clothes, food and other necessities and the readiness with which people opened their homes where possible. This was truly heart-warming.

I would also like to reflect on some of the longer term projects the Council is undertaking. Many of you will have noticed the regeneration works progressing outside Tommyfield Market along with the redevelopment of Spindles Shopping Centre which moved forward significantly in 2022/23. Once the new market and Council office accommodation is completed it will unlock the Town Centre, and in particular the site of the Civic Centre and Queen Elizabeth Hall, for further regeneration projects.

As the work took place during 2022/23 to balance the 2023/24 budget, hard decisions about budget reductions had to be taken. The year-end financial position shows some of the challenges that the Council has faced. Additional demand pressures for Children's and Adults social care including having to take action to address the national hospital discharge scheme resulted in additional pressure on the Council. More generally, the increase in energy costs caused largely by international factors, placed additional pressure on corporate estates budgets contributing to an adverse position.

The outturn for 2022/23 was line with budget monitoring projections but still presented an adverse variance at the year-end. Despite this, I am confident that the financial position of the Council remains robust. The full extent of the COVID legacy is still unknown, and the recent challenges presented by the conflict in Ukraine with its broader implications along with the current 'cost of living crisis' are having a significant impact on the Council's finances as well as the finances of the residents of the Borough. It is therefore essential that, we are prudent and ensure that the financial position of the Council continues to be managed effectively and that value for money can be seen to be delivered.

As always, I would like to recognise the hard work and dedication shown by the Finance and Internal Audit teams throughout the year. Along with colleagues across the Council they have worked diligently to support the provision of essential Council services through often difficult circumstance. As this is the last Statement of Accounts that Anne Ryans will prepare as Director of Finance at Oldham Council, I would particularly like to thank her for her contribution to the Council over the last sixteen years and wish her well as she retires.

I would like to end with a tribute to a devoted colleague, friend and former Leader of the Council, Cllr Jean Stretton who passed away in 2022. Cllr Stretton worked tirelessly to help residents of Oldham and she is sadly missed.



**Councillor Abdul Jabbar MBE**  
**Deputy Leader and Cabinet Member for Finance and Low Carbon (during 2022/23)**

## 1.2 Narrative Report

### Message from the Director of Finance (during 2022/23) – Anne Ryans



**Anne Ryans**

My role as the Director of Finance and Section 151 Officer is to ensure that the Council's financial affairs are properly administered and its financial position remains stable and robust. It is essential to ensure that the Council is able to provide good quality services to all the residents of Oldham and to continue to take forward the development and regeneration of the Borough. Even though there have been some turbulent events over the past few years which have had a significant impact on Oldham and the whole country, 2022/23 presented new challenges. As well as dealing with the legacy of the COVID-19 pandemic, there was a downward turn in the national economic position and inflationary pressures affecting both the Council and local residents. The challenges I have to address in fulfilling my role directly reflect the constantly changing local and national factors to which the Council must respond.

Whilst during 2022/23 the impact of the COVID-19 pandemic reduced, there are still on-going affects. The Council has had to manage the continuing increased demand for services compared to pre-pandemic levels, especially in Adult Social Care and Children's Social Care. Taken together with the significant increase in inflation influencing general prices for goods and materials purchased by the Council and energy costs which had a much higher and longer impact than expected, this has resulted in an outturn overspend position of £1.147m. Although the financial monitoring position reported to Members during the financial year initially projected a much higher overspend, this improved over the year, in part due to management actions. Nonetheless the outturn was disappointing but not a surprise as it was very close to the last reported budget monitoring position (an overspend of £1.280m).

On a more positive note, responding to the ever-changing position affecting Oldhamers, during 2022/23 the Council approved a two-year package of support for residents to help with the impact of the cost of living crisis. Costing £3m this was funded from reserves. The Council also administered other support including the Council Tax Energy Rebate scheme on behalf of the Government which required the payment of £150 to Council Taxpayer as well as introducing an Oldham discretionary energy rebate scheme.

The Statement of Accounts gives an overview of the Council's finances for 2022/23 but the Narrative Report also outlines some of the key initiatives that took place and how these influenced the financial position of the Council. Although the outturn reflected an overspend position, I am pleased to report that as presented in the Statement of Accounts, the Council still has adequate reserves and balances and that the financial position remains strong.

A key objective of the Oldham Council Finance Team is to prepare the Statement of Accounts to the highest standards and in accordance with the guidance for Local Authorities in the UK. The Statement of Accounts provides information so that members of the public, including electors and residents of Oldham, Council Members, partners, stakeholders and other interested parties can have:

- A full and understandable explanation of the overarching financial position of the Council and the outturn for 2022/23;
- Confidence that the public money with which the Council has been entrusted has been used and accounted for in an appropriate manner; and
- Assurance that the financial position of the Council is sound and secure.

The work the Finance Team has undertaken in 2022/23 demonstrates once again the excellent standard of financial management and stewardship of the Council's resources and this work will continue to ensure the financial position of the Council remains robust.

The draft Accounts were submitted to the External Auditor on 31 May 2023 in accordance with the revised deadline (it was 31 July for the two previous years). It should be noted that both the 2020/21 and 2021/22 draft accounts were prepared by 31 May of respective years, two months ahead of the statutory requirement.

The deadline for the completion of the audit of the 2022/23 accounts is 30 September 2023. The Accounts and Audit (Amendment) Regulations 2022 came into force on 22 July 2022 and brought forward the date from 30 November (which was applicable to the 2021/22 accounts). However, due to national challenges impacting on the completion of Local Authority audits, there is a risk that the audit of the 2022/23 Accounts will not be completed in accordance with the deadline. Indeed, the Council's 2021/22 audit is still to be completed.

The Council's External Auditor Mazars LLP has been able to issue a draft Audit Completion report for the 2021/22 accounts and this was presented to the Audit Committee on 28 March 2023. This advised that the Accounts had been prepared to a high standard, but the audit could not be fully completed due to technical accounting issues.

There was first a delay in the completion of the audit due to a sector-wide accounting issue relating to the valuation of infrastructure assets (roads, bridges etc). A temporary resolution was reached in December 2022 with the introduction of a statutory override which applied to the Accounts for 2021/22 and the accounting periods to 31 March 2025. The Council's 2021/22 financial statements were updated to incorporate the relevant changes and the External Auditor was able to complete this element of the audit. The 2022/23 accounts have been prepared to comply with the requirements of the statutory override.

The second issue has two elements, one national issue and one local, which relate to the valuation of pension fund assets. This involves the Greater Manchester Pension Fund (GMPF) which administers the Local Government Pension Scheme for Oldham and the other Councils in Greater Manchester. As guidance to resolve the issues is still awaited, the 2021/22 and 2022/23 accounts include the most up to date available GMPF valuation information but the position is subject to change. Once a resolution to both matters has been agreed, it will be possible for the audit for 2021/22 to be completed.

Having regard to the outstanding position relating to 2021/22, the Council will continue to follow best practice principles and submit the 2022/23 draft Accounts to the Audit Committee to allow Members the opportunity to review them before they are asked to formally approve the Statement of Accounts. The review of the draft accounts will take place at the Audit Committee meeting on 27 June 2023.

I am proud to say that the Finance Team provides the Council with a high-quality financial management service, giving financial advice and support on all major projects and initiatives in which the Council is engaged. In addition to the preparation of the Statement of Accounts, a key task is financial planning. Alongside budget preparation, performance management and reporting, the ability to look strategically beyond the current budget period is essential to supporting the Council's financial resilience and long-term financial sustainability. The continuing short-term nature of Government funding announcements means it is more important than ever that the Finance Team has a thorough understanding of the Council's

financial outlook and can support Members and Officers in planning the effective use of available capital and revenue resources over the short, medium and long-term.

The Finance Service produces on an annual basis, a Medium Term Financial Strategy (MTFS) which supports the balancing of the budget for the next financial year but sets out a financial projection for future years. This MTFS brings together all known factors affecting the Council's financial position and its financial sustainability. It is as wide ranging as possible and includes estimates of future income and expenditure, anticipated pressures and new developments. It allows the Finance Team to balance the financial implications of the Council's Corporate Plan, service objectives and policies with the constraints in resources. This in turn forms the basis for decision making and the production of the revenue budget and the capital programme.

Work to revise the current MTFS took place throughout most of 2022/23. The work focussed on presenting a balanced budget for 2023/24 and an indicative budget for 2024/25 together with forecast budget gaps up to 2027/28. The budget for 2023/24 was prepared having regard to the issues impacting on the Council in 2022/23 and additional resources were allocated to support both Adults and Children's Social Care as well as energy costs. In addition, the Council refreshed its programme of transformation and change that will drive the delivery of savings and efficiencies. The Revenue Budget 2023/24 and 2024/25 and Medium Term Financial Strategy 2023/24 to 2027/28 was approved at the Council meeting on 1 March 2023.

The Oldham Finance Team has consistently delivered the Council's Statement of Accounts to a high standard, as acknowledged by our External Auditor in previous years. This is only possible because of the hard work and dedication of the Finance Team. The team ethos remains strong, and the excellent processes that are embedded within our working practices provide a strong foundation from which we can take on new challenges and continue to produce the high-quality accounts included here.

The following Narrative Report is an important part of the accounts and provides information about Oldham, including the key issues affecting the Council and its accounts. It also provides a summary of the financial position as at 31 March 2023.





Conservative Party	9 Councillors
Liberal Democrat Party	9 Councillors
Failsworth Independent Party	5 Councillors
Independents	2 Councillors

The Labour Party controlled the Council during 2022/23, although it had a reduced majority (holding 35 seats compared to 40 at the end of the 2021/22 municipal year). There was a change of Leader with effect from 25 May 2022 when Councillor Amanda Chadderton was formally appointed to the role previously held by Arooj Shah. The Leader continued with the driving ethos of a Co-operative Council and committed the Council to deliver priorities across three key areas during 2022/23:

- Continuing Oldham's drive to be a resident-focused Council;
- Ensuring plans for regeneration and housing continue at pace; and
- Working for our children and young people by affording them the very best opportunities.

However, as outlined later in this Narrative Report, the Council refreshed its Corporate Plan from September 2022 and revised the specific priorities.

Following a Local Election on 4 May 2023, in which all Council seats were contested, the Labour Party retained control of the Council but with a reduced majority (holding 32 seats compared to 35). This was followed on 24 May with the formal appointment of Cllr Arooj Shah as Leader of the Council replacing Amanda Chadderton.

The Council has maintained the 'Strong' Leader and Cabinet model as its political management structure arising from the Local Government and Public Involvement in Health Act 2007. During 2022/23, the Leader of the Council had responsibility for the appointment of Members of the Cabinet, the allocation of Portfolios and the delegation of executive functions.

During 2022/23, the Cabinet was comprised of nine Councillors. It exercised its responsibility for strategic decision making, implementing agreed policies, providing political leadership and recommending proposals for approval by full Council on the budget, Council Tax levels and the Council's policy framework.

The Cabinet Portfolio areas were broadly aligned to the Council's key service Directorates, enabling the joint sharing of priorities. There continued to be a good working relationship between officers and elected Members with Cabinet Members regularly meeting with their respective Senior Officer leads to monitor the progress of business plans, consider key service developments and improvements, and address any areas of concern.

Cabinet Members are held to account by a system of scrutiny which is set out in the Constitution. Scrutiny of executive decisions for 2022/23 was undertaken by either the:

- Policy Overview and Scrutiny Committee;
- Performance Overview and Scrutiny Committee; or the
- Health Scrutiny Committee.

The scrutiny of proposals to set a balanced budget for 2022/23 was conducted by the Policy Overview and Scrutiny Committee (and during 2022/23 this Committee also scrutinised 2023/24 budget setting plans). The 2022/23 budget monitoring position was subject to review and challenge by the Performance Overview and Scrutiny Committee.

The Council reviewed its scrutiny arrangements during 2022/23 and with effect from the start of the 2023/24 municipal year, new scrutiny processes were put in place. The Oldham Council Cabinet structure prevailing in 2022/23 is shown in the diagram below.

### **Regeneration and Housing**

City Region  
Economic Growth  
Strategic Housing  
Housing Quality & Enforcement  
Planning & Building Control  
Transport  
Homelessness  
Landlord Licencing  
External Relationships & Partnerships  
Capital Projects & Investment  
Borough Strategy

### **Education and Skills**

Education and Skills  
Education Alliance  
School Place Planning  
Looked After Children - Educational Performance  
Work and Skills Strategy  
Lifelong Learning  
Apprenticeships

### **Neighbourhoods**

Highways  
Trading Standards & Licensing  
Registrars and Cemeteries  
Environmental Services  
Waste and Recycling  
Parks and Countryside  
Justice and Community Safety  
Emergency Planning  
Districts

### **Finance and Low Carbon**

Finance  
Revenues & Benefits  
Energy  
Green New Deal  
Corporate Property & Assets  
Clean Air

### **Children and Young People**

Child Safeguarding  
Children's Partnership  
Adoption & Fostering  
Children Looked After  
Children's Health and Wellbeing  
Youth Service  
Early Years  
Early Help

### **Health and Social Care**

Adult Social Services  
Adult Safeguarding  
Provider Services  
Disability Services & Adaptations  
Family Support  
Integrated Care System Development  
Health Improvement  
Mental Health & Wellbeing  
Isolation

### **Corporate Services**

Workforce & Organisational Development  
Transformation  
IT & Digital  
Customer Services  
Performance  
Legal Services

### **Culture & Leisure**

Culture  
Leisure  
Libraries, Heritage & Arts  
Sports & Sport Development  
Events

### **Employment and Enterprise**

Employment  
Get Oldham Working  
Employability  
Business Support  
Markets  
Supporting VCSFE Sector  
Social Infrastructure

## Management Structure of the Council

Supporting the work of Elected Members of the Council is the organisational structure of the Council headed by the Chief Executive, Harry Catherall, who, after being appointed on an interim basis on 26 August, 2021, was on 16 March 2022, confirmed as Chief Executive for a three year fixed term period starting on 1 April 2022.

From his appointment, the Chief Executive has led the management of the Council via a Management Board comprised of all senior officers at Director level and above. The management structure is shown in the following table and was that prevailing for the majority of the the financial year 2022/23.

From the start of 2022/23, in addition to the Management Board, an Executive Management Team (EMT) was formed comprised of the four most senior officers of the Council, the Chief Executive, the Deputy Chief Executive, the Assistant Chief Executive and the Executive Director Place and Economic Growth, the Greater Manchester Integrated Care Partnership Lead is also a member of the EMT.

The Chief Executive and other members of the EMT provide managerial leadership of the Council and support Elected Members of the Council in:

- Developing strategies;
- Identifying and planning resources;
- Delivering plans;
- Reviewing the Authority's effectiveness with the overall objective of delivering a Co-operative future where everyone does their bit to create a confident and ambitious Borough.

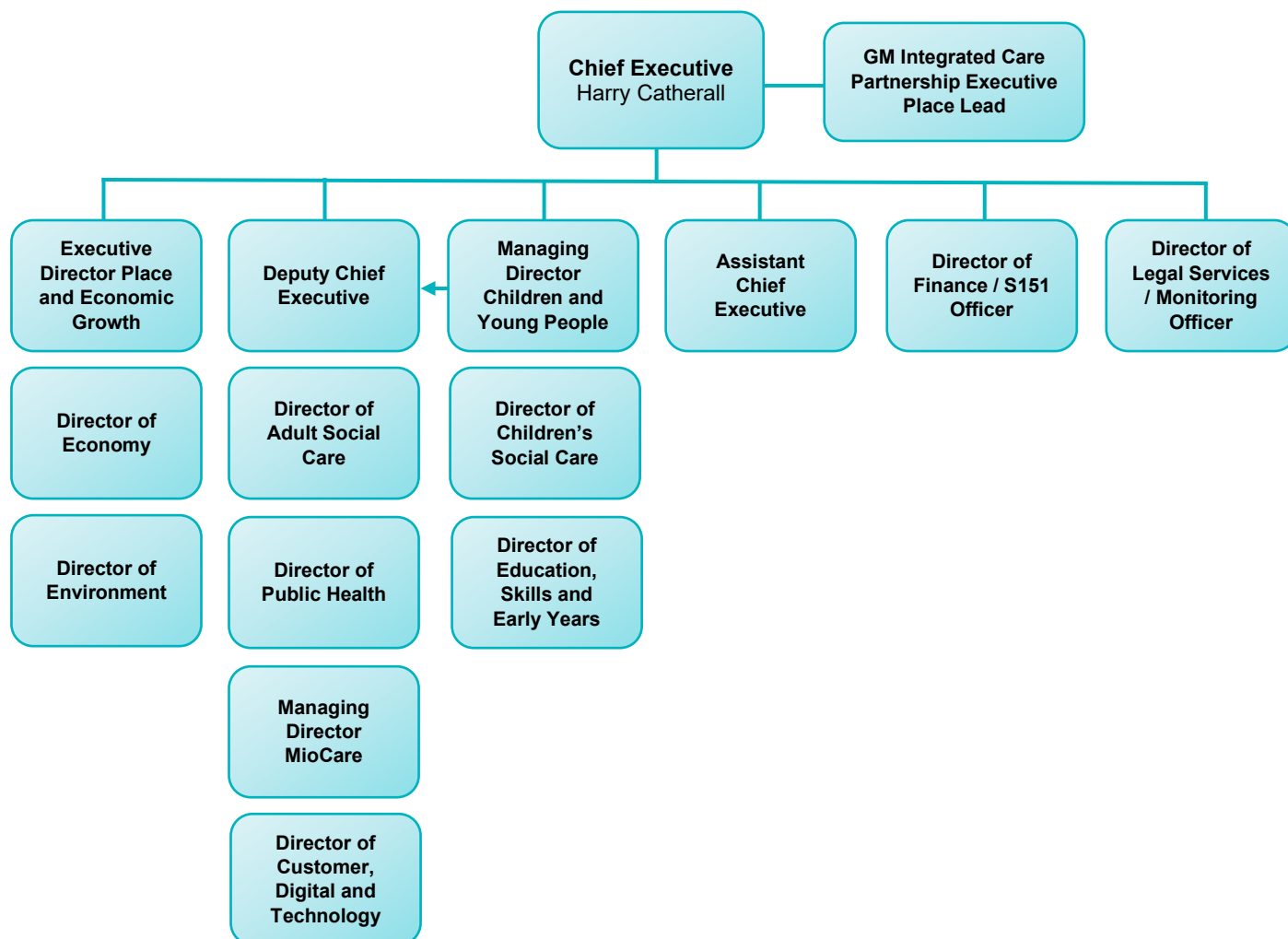
This Leadership Team works together and with members of the wider Management Board to deliver effective services for the Borough's diverse communities. It also ensures that Oldham plays a full part in national, regional and sub-regional activities.

A major change with effect from 1 April 2022, was the Transfer of Undertaking (Protection of Employment) (TUPE) of staff from the Council's wholly owned company, the Unity Partnership Limited (UPL). This required some changes to the operational arrangements of the Council with services previously operated by UPL being brought directly under the management control of the Council. Amongst other changes, this led to the creation of a new Directorate, Customer, Digital and Technology and this was incorporated into the management structure from the start of 2022/23.

A further major change impacting on the management of the Council resulted from operational changes introduced by the National Health Service (NHS). The Oldham Clinical Commissioning Group (CCG) was replaced by the Oldham Integrated Care Partnership with effect from 1 July 2022 although revised working arrangements took time to embed over the remainder of 2022/23. This led to the creation of a new joint role, the Greater Manchester Integrated Care Partnership Place Lead (the postholder being part of the EMT). This supports the continued development and integraton of health and social care services. More detailed information on the changed working arrangements is set out later in the document.

## Management Structure

The management structure of the Council during 2022/23 was as follows:



Note: The following positions are statutory roles within the management structure:

- Chief Executive;
- Director of Adult Social Care;
- Managing Director Children and Young People (Director of Children's Services);
- Director of Finance (Section 151 Officer);
- Director of Legal Services (Monitoring Officer);
- Director of Public Health;
- Director of Education, Skills and Early Years (Chief Education Officer).

All statutory officers have access to the Chief Executive as required.

## Council Employees

From 1 April 2022, the workforce of the Council increased with the transfer of staff from both the Unity Partnership Ltd. and Bridgewater Community Healthcare NHS Foundation Trust under TUPE regulations (see later section for more information).

Therefore, at the start of 2022/23, the Council's workforce had increased and 2,923 staff were employed (excluding school based employees). By the end of March 2023, this had changed to 2,925.

The Council continues to deliver its refreshed Workforce Strategy (2020-2023) which has a stated ambition to create a One Team workforce – Team Oldham – working in partnership with communities to improve outcomes for people and places across the Borough and beyond. Through three main themes of Supporting our Staff, Leadership and Culture and Planning for the Future, the Council is building on its strengths and is addressing its key challenges. In each area it is identifying urgent priorities, opportunities to go further, long-term goals and anticipated outcomes. The Council wishes to be the employer of choice and an anchor institution in Oldham through:

- A robust infrastructure, both within the Council and in collaboration with partners;
- The development and redesign of the Council's operating model to best meet the needs of Oldham residents putting the resident first through the delivery of a programme of transformation and change; and
- Building organisational capability through real co-operative partnerships with other employers and community members alike.

## Co-operative Council in a Co-operative Borough

Oldham Council adopted the ethos of a Co-operative Council in 2011. The Council is committed to developing a Co-operative future; one where citizens, partners and staff work together to improve the Borough. The Council encourages all members of the community to play an active part in building a Co-operative Borough. This means everyone doing their bit.

To help realise this ambition, the Council has well established co-operative values and behaviours. All staff, citizens and partners are encouraged to adopt these values.

## Co-operative Values and Behaviours



Oldham's values driven approach underpins the way the Council does business. In practice, this means maximising the positive social, economic and environmental impact that can be achieved. From maximising social value achieved through procurement practices, to paying all staff the Living Wage Foundation National Living Wage, the Council is using its influence as a commissioner, service provider, facilitator and employer to embed co-operative values across Oldham. However, the Council is not doing this alone. Oldham has a strong Strategic Partnership structure and plan that has driven the reform, integration and shared economic agenda both in Oldham and within Greater Manchester.

The ethos of the Co-operative Council and the principles of both the refreshed Oldham Plan and the Corporate Plan set the operating framework for the Council.

## **The Oldham Plan**

The Oldham Plan was updated during 2022/23. Our Future Oldham – A Shared Vision for 2030, was endorsed at the Council meeting of 7 September 2022 and was subsequently approved by all members of the Oldham Partnership. Our Future Oldham sets out the ambitious vision for the future of the borough which is shared by all Oldham Partnership member organisations. After extensive conversations with residents, businesses, community groups and organisations around the Borough, the agreed vision is that Oldham will be a place that uplifts every resident.

This plan establishes the shared aspirations for people living in Oldham covering education, work, neighbourhoods and communities. The plan set out:

- Who we are;
- What we know about the future;
- What residents want.

Making the vision of Our Future Oldham a reality is being driven by all Oldham Partnership organisations working together around a common set of goals. Each organisation, including the Council is placing Our Future Oldham at the heart of strategies and decision making.

The plan is to uplift every resident so that all will have:

- A well-rounded, enriching, lifelong education;
- The opportunity to get a decent job that pays well and offers security and flexibility;
- Quick, cheap, and easy transport to every part of the city region;
- A home that is affordable, well-maintained, and appropriate;
- Timely access to vital services to keep people healthy and safe;
- A clean, green, and healthy environment;
- Diverse opportunities to get together, with regular activities to boost physical health, mental health and community spirit; and
- A local area that meets people's needs and makes them proud.

## **Refreshed Corporate Plan**

An updated Corporate Plan covering the period 2022- 2027 was presented to Cabinet on 22 August 2022 and approved at Council on 7 September 2022. This plan set out the Council's priorities, with specific actions for up to the end of 2026/27.

It set out five policy priorities as follows:

- Healthy, safe and well supported residents;
- A great start and skills for life;
- Better jobs and dynamic businesses;
- Quality homes for everyone;
- A clean and green future.

It also highlighted the Council's four operational priorities as:

- Resident focus;
- Place-based working;
- Digital;
- Working with communities to reduce need.

It works in parallel with the Our Future Oldham vision – a blueprint for the next decade. Residents have informed the Council that they feel more and more a part of Greater Manchester, and as the Greater Manchester Combined Authority (GMCA) acquires more powers through devolution it is vital that the Council takes advantage of its place in the city region. During 2022, the GMCA published a GM Strategy which prioritised growth, equality and the climate. The Council is aligning its efforts to these priorities.

The Corporate Plan describes how the Council will maximise the impact of its efforts and resources to improve the lives of residents in the Borough over the next five years. The plan, which (as outlined above) aligns with Our Future Oldham, focuses specifically on the impact on children and young people, establishing investment in children and young people as the top priority for the Council. It acknowledges the present and future challenges created by the cost of living crisis, and describes how services across the Council will be improved for residents.

### Impact of COVID-19 on the Finances of the Council in 2022/23

Although the Government lifted the remaining COVID-19 restrictions in February 2022, the pandemic still continued to have a legacy impact on Council services and it was evident when preparing the 2022/23 budget that, whilst the Government ceased most of its COVID-19 specific funding streams, expenditure pressures would continue. Therefore, the Council, approved a sum of £12.000m within its budget for 2022/23 to compensate for the cessation of Government funding. The majority of this funding was required to support COVID-19 legacy pressures in Adult and Children's Social Care as explained later in the Narrative Report.

One funding stream that did operate throughout 2022/23 was the Contain Outbreak Management Fund (COMF) grant which was awarded to Council's in both 2020/21 and 2021/22 to support the costs of containing the spread of COVID-19 at a local level. The UK Health Security Agency (UKHSA) advised in December 2021 that any unused funds could be carried forward into 2022/23 to support COVID control and recovery, including mitigating any health inequalities as a result of COVID. COMF resources of £3.081m were therefore carried forward into 2022/23 with £2.058m utilised in year. UKHSA notified Councils in December 2022 that unspent COMF could be carried forward again into 2023/24 and a balance of £1.023m has therefore been included in the Revenue Grant Reserves as presented at Note 15 of the Statement of Accounts. This will be fully used in 2023/24.

In 2021/22 the Government announced the COVID Additional Relief Fund (CARF). The scheme was established and funded by Central Government to support those businesses impacted by the COVID-19 pandemic but could not adequately adapt and had not already received support through other Business Rate Relief schemes. This scheme was administered by the Council in 2022/23 through the application of £4.203m of Business Rates relief to reduce Business Rates liability for 2021/22. It was therefore treated as a Business Rates refund and accounted for through the Collection Fund.

During the pandemic, Council Tax and Business Rates collection was significantly reduced, however at the end of 2021/22 collection levels had recovered to almost pre-pandemic levels. However, due primarily to the increased number of residents claiming Council Tax reduction which peaked during the pandemic (and has gradually reduced during 2022/23), the Council Tax Taxbase for 2022/23, which determined the level of Council Tax that could be collected and therefore support Council spending plans, remained lower than pre-pandemic levels. This therefore reduced the Council Tax resources available to the Council and added to the budget pressures. However,

the Tax Base calculations undertaken during 2022/23 to inform 2023/24 budget setting showed an increase in the Tax Base reflecting an expected stabilisation in the number of households claiming Council Tax Reduction and an increase in the number of chargeable dwellings.

### Impact of the Cost of Living and Macro-economic Factors

During 2022/23 the cost of living crisis replaced COVID-19 as the major factor impacting on the economy. This has resulted in UK households facing unprecedented reductions in living standards. For Oldham, which already has some of the highest rates of deprivation in the country, this has added to pressures on the Council with a significant increase in demand for financial assistance, advice and support.

During 2022/23, the Council has specifically supported residents through distributing resources including:

- £13.827m of payments (£13.207m acting as agent for Central Government and a further £0.610m through a discretionary scheme) to households through the Council Tax Energy Rebate scheme to help with increased energy costs;
- £4.839m of Household Support Fund payments, by administering the grant provided by the Department for Work and Pensions to help low-income households experiencing financial hardship;
- £1.435m of Holiday Activities and Food Programme Grant, by administering the scheme aimed at holiday provision for school aged children from reception to year 11 (inclusive) who receive benefits-related free school meals.

In addition, in September 2022 the Council approved a £3.000m investment in services, support and funding to help reduce the impact of the cost-of-living crisis on all Oldham households but also to widen the safety net for those residents most vulnerable to financial crisis. Specific aims of the initiative, which will carry on into 2023/24 are to:

- Offer advice, support and guidance to every household in Oldham;
- Maximise income for Oldham households – ensuring they are claiming all support to which they are entitled;
- Increase the safety net and support system for people in financial crisis so that there is enough support for people who need help with essentials like food, fuel, housing or childcare costs;
- Reach out proactively to those most vulnerable to the impact of rising cost-of-living including older people, those with families and those already facing poverty to make sure they have all the help and support they need.

Alongside the impact on residents, the challenging economic climate also directly impacted upon the Council itself through increases in:

- The cost of supplies and services which the Council purchases, in particular energy costs;
- Pay inflation;
- Interest rates and the associated impact on Council's cost of borrowing.

The section below covering the Finances of the Council in 2022/23 explains how the Council was able to manage and mitigate these challenges during the financial year.



## Key Service Issues and Developments in 2022/23

Key service issues and developments in 2022/23 are set out in the following sections and as would be expected, also highlight the impact of the cost of living crisis and legacy impacts of COVID-19.

### **Health and Social Care Integration**

Since April 2016, Greater Manchester has been working to deliver its own sustainable Health and Social Care system. Oldham Council and Oldham CCG jointly developed a Locality Plan for Health and Social Care Transformation initially covering the period 2016/17 to 2020/21 with a subsequent extension to 2023/24. The two organisations worked closely together and for a number of years have entered into a pooled funding agreement under the powers of Section 75 of the National Health Service (NHS) Act 2006, to facilitate a whole system approach to delivering care to the citizens of Oldham. Initially incorporating the Better Care Fund, the agreement was first expanded to include wider commissioning arrangements in 2018/19. Agreements made under the provisions of Section 75 allow a more flexible approach to service commissioning by the pooling of resources to enable the delegation of certain NHS and Local Authority functions to the other partner, thereby allowing joint decision making to benefit the Oldham health economy as a whole. The scope and value of services contained within the Agreement has increased each year.

The Council's Cabinet has delegated authority to the Commissioning Partnership Board (CPB) (membership comprised of NHS and Council nominees) to make decisions in respect of the Oldham Section 75 pooled funds Agreement.

On 11 February 2021, the Secretary of State for Health and Social Care presented to Parliament, Integration and Innovation: Working Together to Improve Health and Social Care for All, setting out legislative proposals for Health and Care reform. The proposals received Royal Assent on 28 April 2022 and this meant that CCG's ceased to exist with effect from 30 June 2022. The functions of NHS Oldham CCG continue to be carried out by the NHS, and a new body; NHS Greater Manchester Integrated Care Board (NHS Greater Manchester) came into operation with effect from 1 July 2022 and is now undertaking these functions, both in Oldham and in the other localities across Greater Manchester. At a locality level, an Oldham Integrated Health and Care System has been established, building on progress already made to deliver efficiencies, more effective services and to contribute to budget savings through collaboration, networks and alliances. During 2022/23, governance and oversight of health and social care integration services and developments remained through the CPB. Independent governance at the tier below was provided by the Management Board of the Council and the Locality Management Group on behalf of the health system.

The NHS Greater Manchester aspires 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. The Partnership has set out its five-year strategy and in doing so has set itself a plan with the four goals below at its core which will be delivered through six missions. It intends that Greater Manchester is a place where everyone:

- Has a fair opportunity to live a good life;
- Experience high quality care and support where and when they need it;
- Has improved health and wellbeing; and
- Works together to make a difference now and for the future.

In response to this, at a locality level the Oldham Integrated Care Partnership (ICP) has also set out a new strategic plan. The Locality Plan describes the strategic ambition for Oldham's Health and Care system and how the partners will address the challenges presented.

Oldham ICP recognises that the locality faces significant challenges without the added consequence of the pandemic. However, the pandemic undoubtedly changed the environment and added to the challenges. In recognition, the strategic plan sets out a five year journey to:

- Stabilise services in need of recovery together with operations and teams currently undergoing change management processes;
- Improve services in line with local regional and national targets and to address the wants and needs of the local population;
- Transform the whole system pathways to remove boundaries and make health and care a genuine patient centred journey;
- Shift to a more preventative focus.

The change in structure has had an impact on the value of services included in the Oldham 2022/23 Section 75 Agreement. For the first quarter, prior to the inception of NHS Greater Manchester the Agreement remained with Oldham CCG and the total value of the pooled services was £536.591m; funded by a contribution of £151.754m from the Council and £384.837m by Oldham CCG. The Council's contribution to the Agreement has increased significantly for 2022/23 with more areas of the Council's budget and expenditure, linked to the wider determinants of health, being brought within the scope of the Section 75 Agreement, including Children's Social Care, Public Health, Preventative Services and Youth Leisure and Communities. At month 9 the total value of pooled services reduced to £335.372m with the movement of services arising from the creation of the NHS GM Integrated Care Board – Oldham Locality; £155.186m by the Council and £180.186m being funded by the NHS GM Integrated Care Board – Oldham Locality. The final outturn expenditure is £373.043m, with the Council and NHS contributing £188.991m and £184.052m respectively.

Throughout 2021 and 2022 the Government set out its longer term vision for Adult Social Care in three White Papers: Building Back Better, People at the Heart of Social Care and Joining Up Care for People. The papers outlined a number of key reforms, including the introduction of a cap on how much individuals would pay for their care and a move to introducing a Fair Cost of Care. The reforms were expected to be introduced from April 2023 with preparatory work, including setting the Fair Cost of Care, being undertaken during 2022/23 to inform budget setting for 2023/24.

However, the Government's Autumn Statement of 17 November 2022, announced the deferring of the introduction of the social care cap for at least two years to October 2025 and this was subsequently confirmed in the Local Government Finance Settlement for 2023/24. Councils were, however, still expected to move towards the introduction of the principles of the Fair Cost of Care but now without a specific timeline. The Council adapted its 2023/24 financial planning processes to align with this change in emphasis.

The Autumn Statement also confirmed that funding for the implementation of the reforms would be maintained within the 2023/24 and 2024/25 Local Government funding envelope to enable Local Authorities to address Adult Social Care pressures as well as providing additional grant funding to be distributed through the Better Care Fund to enable Local Authorities and the NHS to work together to discharge people from hospital in a timely manner and into care settings to free up hospital beds and ease the pressure on the NHS. The 2023/24 budget and MTFs were therefore prepared having regard to the funding intentions and new resources available.

## **Education and Early Years**

In October 2019, Cabinet approved an Education Provision Strategy to ensure there were enough school places available to local children and young people. Despite the challenges caused by the pandemic, this was taken forward during 2020/21 and 2021/22. The Council has the statutory duty to secure sufficient primary and secondary schools, although to provide this the Council collaborates with schools and other partners to deliver the places needed. Although there were some delays to the planned programme, capital expenditure of £6.806m was incurred on several school expansion projects during 2022/23 the largest being North Chadderton school expansion and activity took place across the Borough to both enhance current provision and provide new places for young people with good and outstanding providers. In this regard, the Cranmer Education Trust will open a new 1,200 pupil capacity school, the Brian Clarke Church of England Academy in the summer of 2023, replacing a temporary school building situated on the site of The

Blue Coat School that opened for Year 7 students in September 2022. Preliminary work is due to start on the Eton Star Sixth Form Project which is designed to open up Oxbridge and other elite Universities to Oldham's students. The new sixth form is planned to open September 2026.

The Oldham Learning initiative continued to progress in partnership with schools. Whilst this has historically been funded through grants, and may continue to be so in 2023/24, the intention is that it will be a self-sustaining offer for schools and academies in future years.

The fifth and final year of the Oldham Opportunity Area initiative covered the summer term of the 2021/22 academic year (April to August 2022) and together with unspent resources resulted in funding and expenditure of £0.944m in 2022/23 on activities designed to support school improvement.

As the Opportunity Area initiative ceased, in March 2022, the Schools White Paper identified 24 Priority Education Investment Areas (PEIAs), one of which is Oldham. PEIA's are a subset of the Education Investment Areas (EIAs) and Councils have been selected either because they were previously an Opportunity Area or due to combined levels of performance and deprivation. All EIA's receive support to improve educational achievement and outcomes linked into the Government's Levelling Up agenda. As well as the support offered to all EIAs, PEIA's received targeted investment in 2022/23 through the Local Needs Fund: Administered by the Department of Education, the aim of the fund is to provide the 24 PEIAs with additional funding for bespoke interventions to improve attainment at key stages 2 and 4. The Oldham allocation for 2022/23 was £1.319m.

As part of a PEIA, Oldham is participating in the Family Hubs and Start for Life programme over the period 2022 to 2025. The programme includes new investment for essential services in the Start for Life period from conception to age two, and services which support parents to care for and interact with their children. The programme's objective is to join up and enhance services delivered through transformed family hubs. In August 2022, Oldham was awarded a dedicated funding allocation, a mixture of revenue and capital resources, of between £3.510m to £3.648m (pending final confirmation) and is currently in the process of developing a detailed programme of work. During 2022/23, the Council received £0.845m of revenue grant of which £0.061m was spent in year and £0.784m has been carried forward into 2023/24 in the Revenue Grant Reserve.

The ringfenced Dedicated Schools Grant (DSG) is received from Central Government and administered by the Council and is the main source of income for the schools' budget. The Oldham DSG first fell into deficit during 2016/17 and it is an important element of the financial management of the Council that the DSG is not in a deficit position. Working collaboratively with the Schools Forum there has been sustained action to address the deficit and this included a transfer of DSG funding from the Schools Block to the High Needs Block in each of the years between 2016/17 and 2021/22. However, the increasing numbers of children with special needs entering the education system has offset some of the progress.

As the DSG was in a deficit position for a number of years, the Council was required to prepare a DSG Financial Recovery Plan to demonstrate how, at least a balanced position could be achieved. This was first submitted to the Department for Education in 2019. The Council has continued to be supported by the Education and Skills Funding Agency (ESFA) in its monitoring and management of the DSG with the Recovery Plan having been subject to review.

The Government, recognising the challenges faced by Authorities with DSG deficits, announced in early 2022 a new initiative, the Delivering Better Value (DBV) in SEND Programme and Oldham, together with 54 other Authorities was invited to participate. The DBV programme is designed to provide dedicated support and funding to help 55 Local Authorities with deficit issues in their High Needs Block of the DSG to reform their high needs systems, with the aim of putting more Local Authorities on a more sustainable footing so that they are better placed to respond to the

forthcoming special educational needs and/or disabilities (SEND) reforms. Oldham is participating in Wave 2 of the programme which commenced in autumn 2022.

The Government has initially provided independent consultancy advice to the Council via a series of workshops to enable it to plan and agree improvements and a change programme. There is also funding available to fund new activities identified through the DBV initiative. An initial sum of £0.045m was received and spent in 2022/23, with core funding of up to £1.000m being available to the Authority on successful submission to the Department for Education of a grant application in late June/ early July of 2023 that outlines the use and expected outcomes from the funding.

The Council has been working to reduce the DSG deficit and as can be seen at Note 6, the DSG deficit of £2.773m at the end of 2021/22 has become a surplus of £0.899m at the end of 2022/23. The achievement of a surplus for the first time since 2016/17 represents a major financial milestone for the Council. The Recovery Plan agreed with Schools Forum aims to ensure that a surplus position is maintained in 2023/24 and beyond. This will be further assisted by the work undertaken as part of the DBV programme referred to earlier. Further information on the DSG outturn is presented later in the Narrative Report.

On 1 April 2022 the Council entered into a Section 75 Partnership Agreement with the Northern Care Alliance NHS Foundation Trust (NCA) for the provision of 0-19 Children's Services. Taking over from the previous service provider, Bridgewater Community Healthcare NHS Foundation Trust, the NCA is delivering health related services in conjunction with the Council who incorporated Early Education and Children's Centre functions within the Councils Early Years' service from 1 April 2022. The combined cost of operations within the Agreement for 2022/23 was £8.309m. This was funded from resources allocated by the Public Health service and required the planned and approved use of £0.524m of one-off resources. A service redesign was initiated after the service transfer and this continues to move forward. One of the aims of the review is to deliver a service that is sustainable within the available recurrent budget. It is expected that the revised service structure will be implemented during 2023/24.

### **Children's Social Care**

Against a backdrop of increased demand nationally and particularly in the North West, contextual factors such as poverty, deprivation, the pandemic, and cost of living crisis are having a significant impact on the ability of children and young people in Oldham to enjoy a happy, healthy, and safe childhood.

Correspondingly demand for Children's Services in Oldham has risen post-pandemic and remains at a high-level. There has been an increase in the number of people contacting Children's Social Care for advice and support and an associated increase in referrals for statutory social work services since March 2020. This has led to increases in the numbers of children and young people across all service cohorts; children in need, children subject to child protection plans and children looked after. This high level of volume and complexity of demand had been sustained throughout 2022 and increased further at the start of 2023.

The Children's Social Care Directorate has benefited from significant additional financial investment over recent years, predominantly due to the recognition of the demand pressures. Historically the resources have been invested to align budgets to expenditure in demand led services, strengthen the management structure and to expand the cohort of social workers. Pre-COVID this led to additional management capacity within the service to provide effective supervision and oversight of cases and more social workers carrying lower caseloads. The positive impact of the injection of resources has been recognised by Ofsted.

COVID-19 had a significant and prolonged impact in both 2021/22 and 2022/23 and the service experienced sustained demand and cost pressures as a result and this is obviously reflected in the outturn as referenced elsewhere. The main pressures result from the number and cost of children

placed out of borough and also the continued reliance on agency staff to address additional demand and also to help maintain a fully established workforce. The hourly rates paid to staff engaged in this manner has significantly increased in the last two years.

Recognising the on-going budgetary and operational pressures which were being reported to Cabinet in financial monitoring reports (the month 6 report presented to Cabinet on 12 December advised of an adverse Children's Social Care variance of £11.252m) and the need to invest to deliver the Council's priority of supporting children and young people, Cabinet at its meeting on 12 December 2022, approved the report 'Children's Services Investment Proposals'. This outlined an investment of £14.700m for 2023/24, comprising; recurrent funding of £11.800m to stabilise the financial position with further one-off investment of £2.900m funded from reserves to pump prime a number of invest to save initiatives aimed at improving services but also delivering budget reductions over the period to 2028/29. The financial impact of these invest to save initiative has been built into the Council's MTFS.

In order to drive forward the operational changes required and to facilitate delivery of the invest to save initiatives, the Children's Transformation Programme (CTP) was set up. Governance of the programme is through the CTP Board, chaired by the Managing Director of Children and Young People. The programme consists of six strands of activity, as outlined below. Strands 1-3 are in the main related to the Council's £14.700m investment into Children's Services as referred to above:

1. Placement sufficiency;
2. Workforce;
3. Early intervention and prevention;
4. Children and young people's mental health;
5. Speech, language, and communication;
6. SEND improvement.

The progress on delivering the initiative will be monitored not only by the CTP Board but also corporately.

The Service has undergone a number of Ofsted inspection in the last few years. There were focused visits in October 2020 and November 2021, the latter looking at children in need or subject to a protection plan. The headline findings concluded that, since the last assurance visit in 2020, "senior leaders have maintained a clear focus on keeping children safe and improving the quality of social work practice in Oldham. Children benefit from an effective range of support and services despite the continued disruption caused by the high rates of COVID-19 across the borough."

In addition, the Adolescent Support Unit and Gemini House children's homes were separately inspected by Ofsted in December 2021 and January 2022. Both homes demonstrated significant improvements in the service provided to young people and were rated 'good'.

The service is firmly in 'the window' for a full Ofsted inspection and is expecting the visit sometime during 2023.

### **Employment and Skills**

Oldham is home to over 8,080 businesses (a 2% decrease since 2021/22) employing roughly 83,000 people. As is consistent with the North West economy, this is dominated by micro, small or medium-size enterprises (fewer than 10, 10 to 50 and fewer than 250 employees respectively). In 2022, 88.0% of businesses within Oldham are micro-businesses. This is in line with GM (88.8%) and the national rate (89.8%). Oldham's public sector employment (20.5%) is still one of the highest across GM, behind only Tameside (23.8%).

The employment rate in Oldham increased from 69.2%% (September 2021) to 71.7% (September 2022) and whilst having fluctuated over time has shown an upwards trend since 2018 (66.5%).

Oldham's employment rate is now level with GM's employment rate (71.7%) however there still remains a gap between Oldham's employment rate and the national rate (75.5%).

The unemployment rate was at 6.4% in February 2023, a reduction of 0.9% from March 2022. As at 31 March 2023 there were 33,519 Universal Credit claimants in Oldham. Oldham continues to have the highest claimant rate in GM, and higher than the England average.

Skills represent an additional challenge, particularly in adults. Despite improvements, there are a higher proportion of residents with no qualifications and fewer residents holding degree level qualifications compared to GM and national averages. In 2021 (the latest data currently available), 10.6% of residents had no qualifications (GM: 8.3% UK: 6.6%). This shows a significant improvement since 2010 when 16.5% of Oldham citizens had no qualifications (GM 12.8% and UK 11.3%). The percentage of citizens with a degree or equivalent has improved at a reasonable rate over the last 10 years progressing from 19.1% (2011) to 29.3% (2021) in line with the GM average 29.7% (2011) and 39.1% (2021).

The Oldham Lifelong Learning Service (OLLS) was negatively impacted by COVID-19. The return to classroom based delivery has now recovered with 5,115 enrolments by March 2023 compared to 4,428 by March 2022 (a marked increase from 2,761 enrolments by March 2021). The Service has sustained a high pass rate 97.85% up to March 2023 (part of the academic year 2022/23) compared to 98.84% for March 2022 – (part of the academic 2021/22) – the service benchmark is 95%. The retention rate was 90.83% for March 2023 which is a small reduction from 91.19% at March 2022 but above the service standard of 90%. OLLS was graded as 'good' across all areas in its latest Ofsted report (March 2022) under the new Education Inspection Framework.

The Get Oldham Working initiative once again succeeded in winning new contracts (Restart) and secured an extension and expansion to the National Careers Service contract. It has continued to help create work-related opportunities, more than 16,910 since its inception in May 2013. This includes nearly 12,600 jobs, 2,200 apprenticeships, 420 traineeships/Kickstart placements and more than 1,711 work experience placements, of which over 13,020 opportunities have been filled by Oldham citizens.

## **Housing**

The Housing Strategy was approved in 2019 to help address increased demand for all types of housing, including supported accommodation, town centre living and larger affordable family housing, due to the on-going growth trends in Oldham's population. It is a strategic document to help promote future service models and seeks to place housing and place shaping at the heart of the Oldham Partnerships collective vision for the borough.

The delivery of the Housing Strategy objectives was disrupted by the COVID-19 pandemic. However, in line with the refreshed Creating a Better Place Strategy, work is progressing to develop and deliver a programme of town centre housing development currently focused on the identification and assembly of suitable residential development sites.

In October 2021, the Council introduced a new Homelessness Strategy and Temporary Accommodation Strategy with associated delivery plans aimed at preventing and reducing homelessness whilst procuring better value for money and improving the quality of its Temporary Accommodation offer. Progress continued in 2022/23 with the onboarding of cost-efficient, temporary accommodation rather than the more costly nightly-paid provision. Nevertheless, increasing demand pressures for this service presented a significant financial pressure in 2022/23 and increasing the quality and cost-effectiveness of the borough's temporary accommodation remains a priority.

The Housing Service in Oldham has, in line with Government and GMCA initiatives, provided continuing support to the homeless due to the on-going cost of living crisis. The Council received £1.765m of specific housing grants in 2022/23 which it utilised during the year in line with Government guidance and a further £1.659m of grant for housing services is available for 2023/24.

The Council has also helped progress the Green Homes Grant (GHG) scheme. The Council initially led this scheme across Greater Manchester, delivering grants to private and social housing which will save households money, cut carbon emissions, and create green jobs. Management of this scheme reverted to the GMCA at the start of the financial year. Phase 1 of the scheme saw £1.020m of green improvements to HRA properties in 2022/23.

### **Creating a Better Place**

The Council's Creating a Better Place Strategy was established in 2019/20 and since then has been the key work stream of the Council's capital programme with most major schemes being incorporated within it. The Strategy is focused on building more homes for the borough's residents, creating new jobs through town centre regeneration and ensuring Oldham is a great place to visit. The Strategy complements the Oldham Green New Deal Strategy which aims to deliver carbon neutrality for the Borough by 2030.

A key element of Strategy was the acquisition in October 2020 of Spindles and Town Square Shopping Centres located in the heart of Oldham Town Centre. Amongst other transformational developments, the Council will relocate its office accommodation into Spindles and during the 2022/23 financial year it completed Phase 1 of the Spindles Office development. This allowed many of the Council's service teams to pilot working in the new office facilities for short periods during the second half of 2022/23. The Phase 2 office development is now being progressed with enabling works currently underway to facilitate the relocation of the Tommyfield Market, together with the Oldham Archive and Event Space sections of the development. Repurposing the space into a multi-functional retail and leisure site will also unlock other sites (including the Civic Centre) for redevelopment and to facilitate the provision of brand-new housing in the town centre.

The Creating a Better Place Strategy encompasses almost £217m of capital investment over a five year period from 2022/23 to 2026/27. Alongside an extensive review with the aim of streamlining the Council's property asset portfolio, recurrent revenue savings are expected of up to £8.058m per annum by 2026/27 (the value was revised at March 2023 Budget Council). The delivery of these savings has been incorporated into the Revenue Budget and MTFs, phased over several financial years.

The key programmes which form part of the Creating a Better Place strategy are:

- Asset Management – Implementing the Medium Term Property Strategy to achieve both cost savings and a more efficient use of the corporate estate, contributing to the delivery of £8.058m of annual revenue budget savings by 2026/27 (£0.798m was delivered in 2022/23) together with a reduced requirement for backlog maintenance. This programme also informs the development of an asset disposal programme to reduce the Council's holdings of surplus assets and to generate additional capital receipts (£4.519m of the capital receipts received in 2022/23 derived from this programme).
- New Homes – As highlighted previously, the aim of the Housing Strategy is to provide a diverse housing offer that is attractive and meets the needs of different sections of the population at different points in their lives and focusses on the dynamics between people, homes and the wider economy. During 2022/23 the Council undertook a procurement for a Strategic Development Partner to work with the Council to develop a Joint Venture to deliver significant town centre housing developments on the sites unlocked by the work on the Spindles, with the contract award to the winning bidder anticipated in early 2023/24.
- Town Centre Regeneration - In addition to the extensive work at Spindles/Town Square shopping centres, during 2022/23 work continued on the first phase of redevelopment at the Old Library site to bring it back into use and plans continue to be developed for a new Town Centre Performance Space, following the closure of the Oldham Coliseum at the end of March 2023.

- Borough-Wide Regeneration - The Council is investing in borough-wide regeneration initially via initiatives through housing and employment sites at Broadway Green (more new houses were completed during 2022/23) and Hollinwood but will take advantage of suitable development opportunities throughout Oldham in order to advance its regeneration objectives. In addition, 2022/23 saw the construction the Alexandra Park Eco-Centre continue, with completion expected in the 2023/24 financial year. In 2022/23 the Council was successful in its Levelling Up Fund bid for £20m of capital investment in a Green Technology and Innovation Network to deliver an Education Centre as part of the Northern Roots Project, Jubilee Park in the Town Centre and the Green Shoots Centre, which will provide incubation space for green business.
- Green Initiatives and Decarbonisation – In March 2020, the Council adopted the Green New Deal Strategy, which set carbon neutrality targets for Council buildings and street lighting (by 2025) and for the borough by 2030. There are ambitious plans to drive forward this agenda financed by a mix of Council/ private sector and Government grant resources. In 2022/23 the Council spent £0.582m specifically on Public Sector Decarbonisation Scheme Grant funded projects but a considerable amount of preparatory work was undertaken to enable bidding for additional grant funding to support new schemes in 2023/24.

### **Don't Trash Oldham**

In September 2022, following the completion of the first year of the scheme, which saw positive results with 3,496 streets and 662 alleys cleaned across the whole borough, the Don't Trash Oldham Scheme was reviewed. The second year of Don't Trash Oldham was refocused to target known hotspot locations with enforcement, engagement and dedicated clean up to encourage behaviour change, and introduce a boroughwide 'betterment' plan to enhance local communities and establish a legacy effect. During the financial year, the Council addressed thousands of cases of environmental issues – actioning 4,000 fly tipping service requests, 35 prosecutions, 186 fixed penalty notices, 1,884 legal notices for waste issues and dealing with 55 abandoned cars.

Further details about the scheme and how Oldham residents can get involved to support the Council's programme of activity, can be found on the Council's website at <https://www.oldham.gov.uk/donttrasholdham>.

### **Unity Partnership Ltd.**

On 1 April 2022, the business and assets of Unity Partnership Limited (UPL), including all staff (under TUPE), transferred to Oldham Council. This followed an options appraisal and full consultation process undertaken in 2021/22 and approval by Cabinet in January 2022.

The decision reflected the Council's priority of delivering resident focused services. Central to this was having one Council – delivering for residents, businesses and communities. Of particular importance was the creation of a unified workforce where the transfer of services and teams meant that there was the opportunity to:

- Remove any duplication of process and system and governance discrepancies;
- Take a more holistic approach across services to organisational and service transformation;
- Remove in-built inefficiencies and inter-organisational administration by redesigning services;
- Remove any risks around discrepancies in pay and conditions.



The services previously undertaken by UPL were transferred into the Council as follows:

UPL Function	Directorate Responsibility in 2022/23
Revenues & Benefits, Accounts Payable & Receivable	Finance
Business Change Services	Customer, Digital and Transformation
Customer Services & ICT	Customer, Digital and Transformation
Property Services & Highways	Place and Economic Growth
Payroll & Transactional HR	Human Resources & Organisational Development

The Unity Partnership Ltd. continued to trade but at a much-reduced level in 2022/23. Turnover for the 2022/23 financial year was £1.200m and predominantly comprised expenditure on contracts that were not novated to the Council until part way through 2022/23 and the associated recharge to the Council. The Company no longer employs any staff.

Due to the low level of financial activity in 2022/23, the accounts of the Company are not consolidated within the Group Accounts included within the financial statements.

### **Response to the Ukraine Conflict**

A new initiative from February 2022 was to support Ukrainians who moved to Oldham because of the conflict in their country resulting in a significant community response from Oldhamers and the Council. As well as providing a range of support, advice, guidance and assistance, the Council administered the Governments Homes for Ukraine funding specifically provided to help assist those who came to Oldham as well as families who opened up their homes to provide accommodation. In this regard 306 payments of £350 totalling £0.107m were made direct to sponsoring households as “thank you” payments.

The Council itself received:

- Grant funding (Homes for Ukraine – Tariff) for each guest arriving prior to 31 December 2022 of £10,500 and £5,900 for arrivals after 1 January 2023. A total of £0.286m of Government grant was spent with £0.732m carried forward to 2023/24;
- Grant funding for the provision of education and childcare for children ages 2 to 18 who entered via the Homes for Ukraine visa route. A total of £0.139m of Government grant was spent during the year with £0.011m carried forward to 2023/24.

### **The Finances of the Council in 2022/23**

#### **The 2022/23 Revenue Budget Process**

The 2022/23 revenue budget was approved on 2 March 2022. However, the process of setting the balanced budget effectively started at the 2021/22 Budget Council which considered the MTFs covering the period 2022/23 to 2026/27. This set out provisional spending plans for 2022/23 taking account of anticipated Government funding, income from Council Tax and Business Rates payers as well as demographic, legislative and other pressures. This highlighted that the initial budget reduction requirement to deliver a balanced budget for 2022/23 was £31.900m, however, this was offset by budget reductions with an impact in 2022/23 of £6.050m and a planned use of reserves of £12.297m to leave a balance of £13.553m. As would be expected, the budget reduction target was subject to constant review as new information became available including Government funding intentions.

When preparing budget updates for the 2022/23 budget, there remained in a high degree of estimation with regard to the lasting impact of COVID-19 and also with the emerging cost pressures in relation to utilities and fuel, the impact of cost of living pressures on pay awards, the implications

of the Ukraine conflict and also interest rates. The forecasting of the likely impact of all these factors on the Council's budget inevitably relied on a series of assumptions and issues which were both unpredictable and constantly changing.

Using the well-established Member review forum, chaired by the Leader of the Council and comprised of other members of the Cabinet and the Management Board (initial meetings were held under COVID-19 restrictions), there was a review of the financial pressures facing the Council alongside available funding and resources. Estimates were updated as new issues emerged, forecasts were confirmed and grant funding notified. A number of revenue budget reduction proposals were considered to help address the budget reduction requirement. This allowed Members to undertake a detailed review and examination of proposals and to consider acceptability in the context of the ethos of the Council.

Public consultation on 53 budget proposals opened on 20 January 2022 and ended on 20 February 2022. The proposals were also subject to Member scrutiny at the Policy Overview and Scrutiny Select Committee on 27 January 2022.

These budget reductions were formally agreed by Council at a value of £6.268m for 2022/23, with a further £1.895m for 2023/24 and £1.150m for 2024/25. There was a total full time equivalent (FTE) staffing impact of 22.6 for 2022/23. As the FTE reductions detailed within the budget proposals were comprised of a mix of vacant and filled positions and the number of filled positions proposed for deletion was below the legally set threshold of 20, there was no requirement for the issuance of a formal Section 188 notice to staff and Trades Unions.

The final budget reduction requirement for the 2022/23 budget was £37.496m (compared to the initial £31.900m) which reduced to £32.029m after taking into account budget reductions of £5.467m approved at 2021/22 budget setting (these had been adjusted down by £0.583m from an initial £6.050m as referred to above). This budget reduction requirement was high due to the identified budget pressures and funding changes but also:

- The requirement to include a technical adjustment of £13.092m related to the awarding by Government of Business Rates reliefs for retail, leisure hospitality and nursery businesses at a value of £8.888m after the 2021/22 budget was set. In addition, in December 2021, the Government announced the introduction of the COVID-19 Additional Relief Fund (note the accounting treatment changed after 2022/23 budget setting) at a value of £4.204m
- The inclusion of a budget of £12.000m to fund COVID-19 legacy costs based on the experience of 2021/22 and the removal of Central Government COVID grant funding (it was anticipated that this would mostly be used to fund pressure in Adult and Children's Social Services).

The 2022/23 budget was balanced by new recurrent budget reductions of £6.268m. It also relied on the use of one-off measures as follows:

- £2.500m by utilising the opportunity provided by the Government which allowed the flexible use of capital receipts to fund transformational projects;
- £10.074m of corporate reserves;
- £1.805m of specific reserves;
- A technical reserve adjustment of £13.092m addressing the Business Rates Relief issues outlined above; and
- A contribution to reserves of £1.710m to finance the payment required to GMCA relating to the gains derived from the piloting of the 100% Business Rates Retention scheme.

The initial net revenue expenditure budget of £260.686m was approved at the Budget Council meeting of 2 March 2022.

A separate MTFs report was prepared reverting back to a five-year financial planning timeframe (it had been reduced to three years at budget setting for 2021/22). However, the Local Government Finance Settlement only provided a one-year settlement for the financial year 2022/23 and an indicative settlement linked to the remaining two years of the Government's Spending Review period. The MTFs estimates for 2023/24 to 2026/27 were based on a series of assumptions and could therefore only be considered indicative.

Also approved at the same meeting were the budget for the Housing Revenue Account (HRA), the Council Tax Reduction Scheme, Capital Programme and Strategy, Treasury Management Strategy for 2022/23 and the Statement of the Chief Finance Officer on the Reserves, Robustness of Estimates and Affordability and Prudence of Capital Investments.

### Council Tax for 2022/23

Council Tax is the largest single revenue stream that is used to support the Council's revenue budget. The Government allows Councils to raise an Adult Social Care Precept (ASCP) as well as charge Council Tax for general purposes. The revenue raised from the ASCP must be ring-fenced to support the increased costs of Adult Social Care, in part caused by Government sanctioned increases in the National Living Wage and the consequent impact on the cost for provision of care.

The Council Tax policy for 2022/23 approved within the 2021/22 budget was an increase in Council Tax of 1.99% for general purposes plus 2% for the ASCP (using the ability to raise 1% that was deferred from 2021/22 and an anticipated further 1% increase for 2022/23). This produced an overall increase of 3.99% which was the maximum allowed for 2022/23 without triggering a Council Tax referendum. This policy was not changed during the 2022/23 budget setting process and was confirmed at the 2022/23 Budget Council.

The revenue raised from the ASCP was used to support the increased costs of Adult Social Care and £0.990m (1%) was specifically allocated to enable the Council to work with Adult Social Care providers to implement the Living Wage Foundation National Living Wage for paid care staff from 1 October 2022. In total the Council budgeted to collect £12.549m from the ASCP reflecting the cumulative impact of the precept and increases since 2016/17.

The comparison of Council Tax Band D levels from 2021/22 to 2022/23 for Oldham Council is shown in the following table. This also shows the major precepts payable at Band D level for both years. These were the Greater Manchester Mayoral Police and Crime Commissioner Precept and the Greater Manchester Mayoral General Precept (including Fire Services). Precepts payable in relation to the two Parish Councils, payable only by residents who live in those Parish areas, are also shown.

Council Tax Raising Body	2021/22 £	2022/23 £	Increase £	Change %
Oldham Council <i>(Includes Adult Social Care Precept)</i>	1,722.94	1,791.68	68.74	3.99%
Greater Manchester Mayoral Police & Crime Commissioner Precept	218.30	228.30	10.00	4.58%
Greater Manchester Mayoral General Precept (incl. Fire Services)	90.95	102.95	12.00	13.19%
<b>TOTAL BAND D COUNCIL TAX</b>	<b>2,032.19</b>	<b>2,122.93</b>	<b>90.74</b>	<b>4.47%</b>
Saddleworth Parish Council Precept	23.51	24.31	0.80	3.40%
Shaw & Crompton Parish Council Precept	17.37	17.89	0.52	2.99%

## **Greater Manchester (GM) 100% Business Rates Retention Pilot Scheme**

From 2017/18, the GMCA, Oldham Council and the nine other GM districts commenced a pilot scheme for the 100% local retention of Business Rates as a precursor to a potential revision to the Local Government finance system. The participants agreed to pilot full Business Rates Retention on the basis that no District would be worse off than they would have been under the standard funding arrangements. The pilot scheme continued into 2022/23 (and subsequently 2023/24) and has enabled additional Business Rates revenues to be retained within the city region and Oldham's share of these benefits has been used to support the budget over several financial years. The Council budgeted to use £51.850m of Retained Business Rates in the 2022/23 budget. This included a £3.421m gain arising from the Business Rates pilot scheme. The Council was able to retain 50% of this gain with 50% attributable to the GMCA. The Councils 2022/23 budget was therefore prepared with £1.711m of Business Rates Retention funding underpinning Council expenditure and a £1.710m transfer to reserves to support the payment to the GMCA of its share of the gain (as outlined earlier).

### **Projected Level of Balances**

In setting the 2022/23 budget and the MTFs to 2026/27 there was an assumption about the level of balances that the Council would require to address any unexpected spending pressures. Balances need to reflect spending experience and risks to which the Council might be exposed. At the 2 March 2022 Council meeting the recommended balances (prepared using a risk-based analysis) were approved as £19.935m for 2022/23, £21.268m for 2023/24 and £21.415m for 2024/25 to 2026/27

The 2021/22 accounts were closed with balances of £20.012m which exceeded the anticipated level and provided additional financial assurance for 2022/23. As discussed later in this Narrative Report, the balances at the end of 2022/23 reduced to £18.865m as a result of the £1.147m overspend incurred during the year.

### **Revenue Budget Monitoring**

The Council has well established and robust financial management procedures to monitor both revenue and capital budgets and mitigate any forecast over spending. Historically this has been very successful in monitoring the achievement of budget reductions and acting as an early warning that any approved savings are at risk of not being delivered. The process for the management and monitoring of budgets and savings continued to be refined to further ensure the sustainability of the Council's financial position over the longer-term.

In 2022/23, the revenue and capital budget monitoring information was reported to Cabinet and then scrutinised by the Performance Overview and Scrutiny Committee. For 2022/23, the reporting periods were months 3, 6, 8 and 9. This process allowed for a good level of challenge, including reviewing any potential impacts on service performance as a result of any local priorities and the wider economic environment including inflationary pressures and uncertainties. In addition to the monitoring reports, during 2022/23, the Committee also considered, amongst other things, the MioCare Group Annual Update on Financial Performance, an Update on Support and Provision of Children and Young People who have Special Educational Needs and Disabilities and the Children's Service Improvement Plan and Financial Update.

Whilst the management structure of the organisation was revised during 2022/23, the monitoring arrangements were unchanged. The budget monitoring format was however, revised to reflect new management portfolio responsibilities and is not directly comparable to the presentation during 2021/22.

The month 3 monitoring report for the period ending 30 June 2022 presented to Cabinet on 22 August 2022 advised that there would be a £5.833m adverse outturn without corrective action being taken or offsetting funding being made available. The adverse projection was primarily due to:

- The continuation of pressures in Community Health and Adult Social Care with £7.852m of a £8.851m adverse variance attributed to the on-going impact of the pandemic;
- Children's Social Care pressures leading to a £7.907m variance of which £4.137m was COVID related arising from increased demand for social care placements together with additional costs from the use of supernumerary agency workers to reflect the lasting increase in demand for services and the impact on case numbers;
- reprofiling of the forecast savings in respect of Creating a Better Place programme within the Place and Economic Growth Portfolio.

The COVID related pressures were offset against a corporate budgetary provision of £12.000m included in the budget to address COVID-19 legacy funding as outlined previously.

The forecast outturn position at month 6 for the period ending 30 September 2022 was a projected adverse variance of £4.452m after allowing for approved and pending transfers to and from reserves. This encompassed an operational deficit of £6.172m reduced by £1.720m with the anticipated effect of management actions and strengthened restrictions in relation to expenditure and recruitment which were introduced in order to take action to address the forecast overspending. The impact of COVID-19 was calculated at £10.989m across Adults and Children's Social Care which was offset in full by the £12.000m COVID-19 legacy budget leaving resources to support business as usual variances.

The month 8 monitoring position (to November 2022) was used to inform the 2023/24 budget and was considered alongside the suite of 2023/24 budget reports by the Scrutiny Committee and Cabinet. The forecast pressure of £2.233m comprised an operational deficit of £3.233m reduced by £1.000m with the anticipated effect of management actions. The £2.219m reduction from that reported at quarter 2 reflected the management processes and controls that had been strengthened across all service areas to review and challenge planned expenditure, control recruitment and to maximise income. At that point, it was anticipated that by the year end, the outturn deficit position would reduce further as the impact of these actions increased over the remainder of the year. The report did highlight that as expected, reserves had had to be used to support increased costs arising from the 2022/23 pay award, general inflationary pressures and continuing energy price inflation.

The final monitoring report for the period to month 9 (December 2022) was presented to Cabinet on 20 March 2023 at which point there was an estimated overspend of £1.280m after £0.775m of management actions. There were no new spending variations identified at month 9 and all trends were consistent with reporting throughout the year. The improved position compared to month 8 reflected the continued impact of the management actions referred to above. This forecast proved close to the final outturn position of a £1.147m overspend, as described in further detail as follows.

## Revenue Outturn 2022/23

The Council's 2022/23 revenue outturn position is shown in the following table. It varies from that shown in the Budget Monitoring reports presented to Cabinet by the inclusion of the Collection Fund. Total net service expenditure (including the Collection Fund at £8.509m) was £318.871m with total financing of £317.724m. The increase from the original budget of £260.686m is due to the receipt of additional Government Grant funding in year. The overall result for the financial year was a deficit of £1.147m, which was slightly lower than the £1.280m projected in the month 9 Budget Monitoring report presented to Cabinet on 20 March 2023. This deficit has been debited to the General Fund balance, slightly reducing the Council's financial resilience for future years.

Revenue Outturn 2022/23	Budget £000	Actual £000	Variance £000
<b>Net Revenue Expenditure</b>			
Community Health and Adult Social Care	75,526	79,521	3,995
Children's Services	92,288	105,838	13,550
Public Health	28,446	27,765	(681)
Communities	10,464	10,145	(320)
Place & Economic Growth	84,795	89,729	4,934
Corporate Services	13,802	12,719	(1,083)
Capital and Treasury	5,611	(1,607)	(7,218)
COVID-19 Legacy Funding	12,000	-	(12,000)
Technical Accounting	(20,931)	(20,931)	-
Corporate and Democratic Core	6,850	6,850	-
Parish Precepts	333	333	-
<b>Net Service Expenditure</b>	<b>309,184</b>	<b>310,362</b>	<b>1,178</b>
Collection Fund	9,692	8,509	(1,183)
<b>Net Expenditure</b>	<b>318,876</b>	<b>318,871</b>	<b>(5)</b>
<b>Financed by:</b>			
Locally Generated Income	(155,096)	(155,096)	-
Government Grants	(106,042)	(106,073)	(31)
Capital Grants	(38,762)	(38,762)	-
Use of Earmarked Reserves - Collection Fund*	(8,807)	(8,807)	-
Transfer to Earmarked Reserves - Business Rates Retention Pilot Gain	1,710	1,710	-
Use of Earmarked Reserves - General	(11,879)	(11,879)	-
Technical Adjustment - Collection Fund	-	1,183	1,183
<b>Total Financing</b>	<b>(318,876)</b>	<b>(317,724)</b>	<b>1,152</b>
<b>Current net overspend</b>	<b>-</b>	<b>1,147</b>	<b>1,147</b>

\*Release of earmarked reserve to finance the Collection Fund deficit resulting from the awarding of Business Rates Relief in 2021/22. The grant compensation was paid by Government in 2021/22 and transferred to an earmarked reserve which was applied in 2022/23.

A description of the Directorates and the performance of each is summarised below (net of the creation of reserves).

### **Community Health and Adult Social Care (CHASC)**

The Community Health and Adult Social Care Portfolio operates around seven broad strands:

- Clusters;
- Commissioning;
- Community Business Services;
- Community Health & Social Care;
- Learning Disability;
- Mental Health; and
- Safeguarding.

The Adult Social Care Service (ASC) carries out statutory functions on behalf of the Council. The Portfolio therefore provides social care support to adults and carers across Oldham with the key aim of integrating and aligning work with health partners to achieve greater efficiency in service delivery and better outcomes for the resident or patient, in relation to both the commissioning and the provision of services. In 2022/23, this co-operation with health partners was used to provide integrated services to deal with on-going demographic pressures and the added demands arising from the pandemic for people with eligible needs. A remaining and key priority for ASC is the need to free up hospital beds and the discharge of patients into care facilities or with packages of care delivered in their homes.

The lasting effect of the pandemic is continuing to have a significant impact on the Portfolio, with a reported an adverse variance of £3.995m against a final budget allocation of £75.526m.

The main driver was a net £6.408m overspend on costs relating to COVID-19, this included the offset of non-recurrent funding of £2.409m from the 2022/23 iteration of the Adult Social Care Discharge Fund which significantly reduced the overall pressure derived from the legacy of the pandemic. The main element of the pressure related to care costs for individuals who, in the previous two financial years, having been discharged from hospital, had care costs for a limited period of time paid for through the Hospital Discharge Programme (HDP). The HDP funding ceased on 31 March 2022, and notwithstanding the Adult Social Care Discharge funding received in 2022/23, the Council continues to incur significant legacy costs as an ongoing consequence of the pandemic.

'Business as usual' activities, across the seven strands above have therefore generated a net surplus of £2.053m. In common with previous years, the main areas of pressure are in relation to Community Care, particularly amongst recipients requiring support with Mental Health and Learning Disabilities. The pressure on care costs has been offset by in year funding allocations in relation to the Community Discharge Grant (£1.428m) and funding for the now deferred Market Sustainability Fair Cost of Care (£0.758m) and also by a significant number of vacant posts within the service.

## Children's Services

The Children's Services Portfolio is comprised of the Children's Social Care, Preventative Services, and Education, Skills & Early Years Directorates. The revenue outturn was an adverse variance of £13.550m compared to a budget of £92.288m.

**The Children's Social Care Directorate** provides the Council's statutory social work function for the care and protection of children in need and children and young people at risk of significant harm. Every Local Authority has statutory functions under the 1989 and 2004 Children Acts, including specific duties in relation to children in need and children suffering, or likely to suffer, significant harm, regardless of where they are found, under Sections 17 and 47 of the Children Act 1989. The main elements of Children's Social Care are:

- Initial Response Service;
- Safeguarding, Quality and Review Service;
- Long Term Social Work Teams;
- Contact Centres;
- Children with Disabilities Service;
- Looked After Children Services;
- After Care Services.

The revenue outturn for this Directorate was an adverse variance of £13.806m.

The financial year 2022/23 was a challenging year for the service, both operationally and financially. The adverse variance was directly the result of the:

- Overall social work caseloads being at high levels and as part of mitigating this risk going forward, additional teams were recruited both within the Fieldwork and Children's Assessment Team (CAT) services;
- Cost of placements which continued to rise, especially external residential provision and external semi independence units.

Mindful of the pressures experienced in 2022/23, the budget for 2023/24 has been increased to support the trends evidenced by the outturn as well as provide resources to support transformational change (as outlined above).

**The Preventative Services Directorate** has strategic responsibility for services including the Early Help service, the Multi Agency Safeguarding Hub (MASH) and Targeted Youth provision. This service reported a favourable variance of £0.050m at the end of 2022/23.

**The Education, Skills and Early Years Directorate** ensures that the Council meets its statutory duties in respect of education for those aged 0 to 19 years old and for High Needs pupils aged 0 to 25 plus the Lifelong Learning Service and Get Oldham Working. These services enable Oldham residents to gain the necessary education and skills to be able to access employment opportunities both within the Borough but also across the wider Greater Manchester conurbation and beyond. This Directorate, including schools reported a favourable variance of £0.206m.

## Public Health

This Portfolio comprises Public Health and Heritage, Libraries and Arts services. The 2022/23 year-end position was a favourable variance of £0.681m against a budget of £28.446m. The primary reason for the underspend was due to staff vacancies within Public Health (£0.459m). The Heritage, Libraries and Arts services had an of underspend of £0.222m which relates to vacancies in the Libraries Service, increased income for Oldham Theatre Workshop and underspends within non pay budgets including the Libraries and Lifelong Learning PFI contract.



## **Communities**

The Communities Portfolio comprises Community Cohesion, Community Safety, Leisure and Youth Services. The year-end position was an underspend of £0.320m against a budget of £10.464m, primarily due to vacancies in the District Partnerships team and the opportunity provided by the receipt of the Homes for Ukraine grant to fund eligible staff costs.

## **Place and Economic Growth**

The Place and Economic Growth Portfolio encompasses the Environmental Services, Enterprise and Skills, Economic Development, Property and Highways divisions. The overall objective of the Place and Economic Growth Portfolio is to grow the economy of Oldham and support the Council's commitment to neighbourhood working. This is achieved by:

- Delivering services that maintain and improve the public realm;
- Creating the right environment for growth; and
- Focusing on key place making regeneration projects which will act as a catalyst for wider economic activity and investment which will create jobs.

The year-end position for the Place and Economic Growth Portfolio was an adverse variance of £4.934m, against a revised budget of £84.795m. The adverse variance is mostly within the Economic Development service with a reported £4.528m unfavourable variance. The key issues causing this adverse variance were:

- An overspend relating to the Corporate Landlord and Investment Estate of £3.682m due to pressures around the operational costs of property repair and maintenance, utility costs and security costs for the Corporate and Investment Estate. The planned savings from the Creating a Better Place Programme were reprofiled to future years meaning approximately £2.000m of savings have been deferred to future years. The other main cause of the variance was increased energy costs resulting from the price increases associated with the conflict in Ukraine which accounted for a further overspend of £1.670m;
- The under recovery of income of £0.353m for the Market Service;
- An overspend for the Strategic Housing Service of £0.292m due to the costs of placements into temporary accommodation;
- A reduction in the income received from Planning Fees leading to an overspend for the Planning Service of £0.226m;
- Additional costs incurred to support the delivery of the Creating a Better Place Strategy, leading to an overspend of £0.395m for the Regeneration Service.

## **Corporate Services**

This Portfolio includes the budgets for the Council's Chief Executive, the Executive and Senior Management Team, the Human Resources and Organisational Development Service, Customer Digital and Transformation, the Finance Service and Legal Services. It also encompasses payments to external providers of corporate services; the Coroners service and services provided by the GMCA on behalf of the ten Districts of Greater Manchester.

Compared to a budget of £13.802m the revenue outturn of £12.719m was a favourable variance of £1.083m. The underspend is due to vacancies across the Directorate, the maximisation of COVID-19 grants, reduced levels of non-pay costs including GM wide corporate budgets and the Coroners Service. There were also underspends on non-pay Finance budgets and increased income grant income received for a number of European funded projects.

## **Capital and Treasury**

This Portfolio holds the budgets associated with the Council's Treasury Management activities including interest payable on borrowing and interest receivable on investments. It also includes the Corporate Insurances and Housing Benefits budgets.

The favourable variance of £7.218m is due to positive non-pay variances including past pension costs, banking charges and increased investment income arising from interest rate increases, alongside a slight reduction in the Minimum Revenue provision payment for 2022/23 due to a lower than anticipated use of Prudential Borrowing to finance the Capital programme. There has also been a favourable variance in relation to Corporate Insurance and Housing Benefit services.

## **Covid 19 Legacy Funding**

The 2022/23 budget was prepared with a centrally held budget of £12.000m to offset the legacy costs of COVID-19 which, based on the experience of 2021/22 were expected in total but could not be specifically attributed to services. This budget therefore partly offset the £17.545m combined adverse variance reported within CHASC and Children's Services, which was largely driven by the impact of COVID.

## **Technical Accounting**

The Council is required to include within its accounts, a range of transactions that relate to the technical accounting entries required by both the Chartered Institute of Public Finance and Accountancy (CIPFA) and International Financial Reporting Standards (IFRS). These include the removal of depreciation, impairment charges and other capital transactions from the Council's service budgets to reflect the required reporting arrangements when preparing the Statement of Accounts to ensure there is no impact on the funding that would be required from the Council Taxpayer. The total adjustment required to address the accounting requirements is £20.931m.

## **Corporate and Democratic Core**

Corporate and Democratic Core represents the revenue budgets concerned with the executive management of the Council and Elected Member related activities including policy making, representing local interests and democratic representation. Total expenditure was £6.850m with no variance to budget.

## **Parish Precepts**

The budget and payments in respect of Parish precepts consist of the payments of £0.333m in 2022/23 made to the two Parish Councils, Saddleworth Parish Council and Shaw and Crompton Parish Council. These payments relate to Council Tax income collected by the Council on behalf of the Parish Councils and a separate grant of £0.019m paid by the Council.

## **Government Grants**

In addition to the unringfenced grants totalling £106.073m detailed in the outturn table which underpin 2022/23 general expenditure, the Council also received a total of £276.177m of ringfenced grants (see Note 5) which must be used for specific purposes, the largest of which is the DSG which is discussed in more detail elsewhere in this Narrative Report.

As in 2020/21 and 2021/22, the Council received some COVID-19 related ringfenced grants from Central Government plus, as outlined in earlier paragraphs, grants to support the cost of living crisis and for those fleeing from the conflict in Ukraine. However, the overall volume and value of these additional grants was considerably less than in the two previous years.

Following the receipt of a grant, the Council had to determine whether in administering the grant it was acting as an agent or principal.

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

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

Where the Council acted as principal, it was able to use its own discretion when allocating the amount of grant payable (clearly for most grants, the Council is acting as principal).

As presented in the table below, in relation to non-schools related COVID-19 related grants:

- The Council brought forward £9.215m of unspent Government business grant resources. The Council had acted as an agent for Government in relation to a range of such grants in 2020/21 and 2021/22 and was therefore required to refund the unspent grant (the Council having maximised the payment of grants to eligible businesses). The grant repaid included the Closed Business Lockdown Grant (£3.453m) and Local Restrictions Grant (£4.887m).
- As previously advised, £1.023m of Contain Outbreak Management Fund still remains at the end of 2022/23 and will be used in 2023/24
- A number of smaller grants regimes including the mandatory and discretionary test and trace support payment scheme were concluded in 2022/23 and reconciled with Central Government.
- A new grant, the COVID-19 Targeted Testing grant at a value of £0.059m was received and fully used in year.

COVID-19 Grants - Non Schools	B/fwd £000	Grants Received 2022/23 £000	Total Available £000	The Council Acting as Agent £000	The Council Acting as Principal £000	Spend against grant 2022/23 £000	Grant repaid to / from Government £000	Grant Remaining as at 31 March 2023 £000
Grants to Businesses	(9,215)	0	(9,215)	(9,215)	-	-	9,215	-
Contain Outbreak Management Fund	(3,081)	0	(3,081)	-	(3,081)	2,058	-	(1,023)
Other COVID grants carried forward from 2021/22	(338)	0	(338)	76	(414)	57	281	-
COVID-19 Targeted Testing	-	(59)	(59)	-	(59)	59	-	-
<b>Total COVID Grant/ Expenditure</b>	<b>(12,634)</b>	<b>(59)</b>	<b>(12,693)</b>	<b>(9,139)</b>	<b>(3,554)</b>	<b>2,174</b>	<b>9,496</b>	<b>(1,023)</b>

The table below shows that, whilst £2.074m of COVID-19 related schools grant was brought forward into 2022/23, a further £2.240m of grant for which the Council acted a principal was received in year and paid to schools. No grant remained unspent at the year-end.

COVID-19 Grants - Schools	B/fwd £000	Grants Received 2022/23 £000	Total Available £000	The Council Acting as Agent £000	The Council Acting as Principal £000	Spend against grant 2022/23 £000	Grant Remaining as at 31 March 2023 £000
Recovery Premium	(1,036)	(1,435)	(2,471)	-	(2,471)	2,471	-
School-led Tutoring Grant	(1,038)	(124)	(1,162)	-	(1,162)	1,162	-
Allocations	-	(637)	(637)	-	(637)	637	-
National Tutoring Programme	-	(11)	(11)	-	(11)	11	-
Mental Health Lead	-	(16)	(16)	-	(16)	16	-
Mass Testing	-	(8)	(8)	-	(8)	8	-
Vaccination Funding	-	(9)	(9)	-	(9)	9	-
COVID-19 Workforce Fund	-	(9)	(9)	-	(9)	9	-
<b>Total COVID Grant/ Expenditure</b>	<b>(2,074)</b>	<b>(2,240)</b>	<b>(4,314)</b>	<b>-</b>	<b>(4,314)</b>	<b>4,314</b>	<b>-</b>

The two tables above show (as presented in Note 5), that £2.299m of new ringfenced COVID grant funding was received in 2022/23.

Other new grants received by the Council as highlighted previously relating to the cost of living crisis and Ukrainian conflict are presented below and show two further instances of the Council acting as an agent of Government.

Having administered £13.408m of £150 mandatory Council Tax Energy Rebates to households and £0.605m of discretionary awards (for which £0.291m of new burdens grant was received) the Council will repay the Government the £0.186m funds remaining in 2023/24 (it is important to note that all eligible households received the funds due). The balance on the Homes for Ukraine grants will be utilised in 2023/24.

Other Grants	Grants Received 2022/23 £000	The Council Acting as Agent £000	The Council Acting as Principal £000	Spend against grant 2022/23 £000	Grant Remaining as at 31 March 2023 £000
Council Tax Energy Rebate Scheme	(14,013)	(13,408)	(605)	13,827	(186)
Council Tax Energy Rebate Scheme New Burdens	(291)	-	(291)	291	-
Homes for Ukraine - Tariff	(1,018)	-	(1,018)	286	(732)
Homes for Ukraine - Thank You Payment	(107)	(107)	-	107	-
Homes for Ukraine - Education and Childcare	(139)	-	(139)	128	(11)
<b>Total Other Grants</b>	<b>(15,568)</b>	<b>(13,515)</b>	<b>(2,053)</b>	<b>14,639</b>	<b>(929)</b>

### Schools and the Dedicated Schools Grant (DSG)

Schools may carry forward any surplus or deficit in net expenditure from one financial year to the next. At the end of 2022/23 there were 64 schools (3 secondary, 60 primary, and 1 special) for which the year-end balances were included within the Council's Balance Sheet. Seven of the Council's schools finished the financial year with a deficit.

The total school balances at the end of 2022/23 were £8.381m which was a decrease of £1.811m compared to the 2021/22 total of £10.192m.

For 2022/23, the Oldham scheme for financing schools allowed 'excess balances' that represent more than 12% of a school's budget for the following year to be carried forward. Schools may only request excess balances to be carried forward when there is an appropriate plan in place to utilise the funds. At the end of 2022/23 there were 8 schools (primary and secondary) with excess balances. The 8 schools holding surplus balances have requested that these balances be carried forward. The requests will be considered by the Schools' Forum at its meeting on 14 June 2023.

The DSG is now in surplus, for the first time since 2016/17. This follows the efforts the Council has made to reduce the DSG deficit and it has now fallen from a deficit of £2.773m in 2021/22 to a surplus of £0.899m at the end of 2022/23, an overall in-year surplus of £3.672m. There is a clear Recovery Plan in place, agreed with Schools Forum, to ensure the DSG remains in surplus for 2023/24 and future years. In November 2020 there was a national change to accounting practice because of the increase in the level of DSG deficits and the potentially destabilising impact such deficits could have on the finances of a Local Authority. A Statutory Instrument was introduced to amend the Local Authorities (Capital Financing and Accounting) Regulations 2003. The aim was to ensure that legacy DSG deficits are ringfenced and held separately from General Fund

resources so that specific measures could be put in place to address the deficits without placing pressure on resources required for other essential services.

As a consequence, there is a legacy DSG deficit included within the Movement in Reserves Statement as an unusable reserve. The 2022/23 in year surplus amount of £3.672m is held in an account established and used solely for the purpose of recognising surpluses in respect of its schools' budget: the 'Dedicated Schools Grant Surplus Reserve', an earmarked reserve.

### Housing Revenue Account (HRA)

The HRA is a ringfenced account specifically dealing with the provision of Local Authority housing. At the end of 2022/23, the Council's housing stock comprised of 2,094 properties, most of which are managed and maintained under two Private Finance Initiative (PFI) schemes.

By 31 March 2023, as can be seen at Section 4.1, the HRA generated an in-year surplus of £0.231m. After the required technical accounting adjustments, this resulted in an increase of £0.866m to the level of balances. This compared favourably with the original budgeted deficit of £1.808m which was approved at the Budget Council meeting of 2 March 2022. Overall balances have increased from £21.719m to £22.585m. Reasons for the favourable outturn and increase in the HRA level of balances include reprofiling of the HRA's contribution to capital projects within the borough partially being offset by increased utility costs incurred within the financial year. Furthermore, due to the ongoing cost of living crisis, Members have chosen to limit rent increases in 2023/24 to just 5%, significantly lower than the Government guidance of 11.1%. The Council has opted to use the current health of the HRA balance to limit the inflationary impact on tenants' rents in 2023/24 and in future years.

### Collection Fund

The Collection Fund is a ringfenced account for the management of Council Tax and Business Rates income for the Council and major preceptors. The year-end Collection Fund position shown below includes a Collection Fund Deficit brought forward from 2021/22 totalling £9.133m.

Following the contribution from preceptors (including Oldham Council) to the previous years' deficits, the Collection Fund started 2022/23 with an overall £4.119m surplus, a Council Tax deficit of £0.084m and a £4.203m surplus attributed to Business Rates. The latter being due to the assumption in 2021/22 that the Business Rate Reliefs available under the COVID-19 Additional Relief Fund (CARF) scheme would be fully allocated in that year. This relief has instead been applied in 2022/23.

Despite having to allocate CARF in 2022/23 the Collection Fund has managed to establish a surplus position for Business Rates, primarily due to an increase in collection rates and an unwinding of the provision for Business Rate valuation appeals. The less favourable position on Council Tax, an in-year deficit of £0.326m, is a result of an increase in reliefs and exemptions together with an increase in the allowance for non-collection, bringing the provision to a level that is deemed prudent. The closing Collection Fund balance in 2022/23 is a surplus of £3.717m which will be rolled forward to 2023/24.

The table below summarises the movements in the Collection Fund during 2022/23:

Collection Fund	Council Tax £000	Business Rates £000	Total £000
Balance brought forward	2,958	6,175	<b>9,133</b>
Contribution Towards Previous Year's Deficit	(2,874)	(10,378)	<b>(13,252)</b>
Deficit for the year	326	76	<b>402</b>
<b>Balance carried forward</b>	<b>410</b>	<b>(4,127)</b>	<b>(3,717)</b>

Due to the impact on the Council's ability to collect both Council Tax and Business Rates, an important change to Collection Fund accounting was introduced in 2020/21 giving the ability to smooth the impact of COVID-19 related deficits from 2020/21 over three financial years, thus reducing the impact on the revenue budget. The Council's 2022/23 budget was prepared using this facility assuming a deficit of £2.192m from 2020/21 would be recovered from the General Fund in 2022/23. This was offset by an anticipated 2021/22 Collection Fund Surplus resulting in a net budgeted contribution to the Collection Fund of £0.885m for 2022/23. The outturn above incorporates this adjustment.

The technical accounting nature of Collection Fund entries require a range of adjustments to align them to the presentation of the Council's revenue outturn statement, hence the technical adjustment between the HRA and the General Fund shown on the Revenue Outturn table.

Further details in relation to the Collection Fund can be found in Section 4.2.

### **Reserves and Balances – Financial Resilience**

The Statement of Accounts shows the General Fund balance (resources not earmarked for any specific purpose) at the end of 2022/23 of £18.865m. This is a decrease of £1.147m compared to the £20.012m at the end of 2021/22, reflecting the adverse 2022/23 General Fund outturn position. This is therefore lower than the risk assessed balance requirement for 2023/24 as approved at the Council meeting of 1 March 2023. Although disappointing, this does not present a significant challenge to the financial resilience of the Authority.

In addition to the General Fund balance, the level of earmarked General Fund reserves included in the Balance Sheet at £99.152m also underpins the financial resilience of the organisation. These reserves are held to manage future risks and expenditure priorities. These are split into Revenue Account Earmarked Reserves of £79.130m and Other Earmarked Reserves of £20.022m. The latter is comprised of Revenue Grant Reserves of £7.968m, Schools Reserves at a net sum of £8.381m and the new Dedicated Schools Grant surplus reserve of £3.672m which is a new reserve created in 2022/23 to contain any surplus in the DSG. This reserve offsets the DSG Unusable Reserve deficit position.

In overall terms, the level of reserves has reduced between 2021/22 and 2022/23 as follows:

- Revenue Account Earmarked Reserves from £99.228m to £79.130m;
- Revenue Grant Reserves from £10.731m to £7.968m;
- Schools Reserves from £10.192m to £8.381m;
- New Dedicated Schools Grant Surplus Reserve increase of £3.672m.

The most significant movement in Revenue Account Earmarked Reserves was the planned utilisation of the 2022/23 Balancing Budget Reserve which was comprised of funds to address the £8.807m technical adjustment included within the 2022/23 and £11.879m of general and specific reserves. The Revenue Grant Reserve decreased by £2.763m due to grants received in previous years being used during the 2022/23 financial year.

Information about the reserves is presented at Note 15 in the Statement of Accounts.

The level of reserves and balances are a key element in the CIPFA Financial Resilience Index which is explained later in the Narrative Report.

## Treasury Management

The importance of treasury management cannot be understated and the Council's treasury management performance and risk management is under continual review by the Audit Committee. As a key component of the of the Council's operations, its main functions are:



**Cash flow Planning** – Ensuring cash is available when needed and investing surplus balances in a low risk way.



**Funding Capital Plans** – Capital plans often require longer term cash flow planning. This may involve arranging loans or using longer term cash flow surpluses.

Cash flows can come from a variety of sources and are split between revenue, those that can fund day to day service provision of the Council and capital which relates to non-current assets and liabilities such as buildings and vehicles.

The Council's Treasury Management Strategy contains a detailed examination of key treasury issues for the year ahead including the Investment and Borrowing strategies and treasury indicators. For 2022/23 the Strategy was approved by Council on 2 March 2022. Treasury management performance is reported to and scrutinised by the Audit Committee and then presented to Cabinet and Council. The 2022/23 Half Year Review Report was presented to the Audit Committee at its meeting on 1 November 2022 and subsequently to Cabinet on 14 November 2022 and Council on 14 December 2022. The 2022/23 outturn will be presented to the first available meetings in 2023/24.



**Borrowing** – as at 31 March 2023 the Council had borrowings (including interest) of £163.184m



**Investing** – as at 31 March 2023 the Council had cash investments of £55.780m

The Council's Investment Strategy set out a Council target for the benchmark average rate of return on its investments. However, this pursuit of a target rate of return, is balanced with the need to maintain sufficient cash reserves for the Council to operate on a day-to-day basis and the requirement that funds are invested with secure institutions.

During 2022/23, the levels of interest the Council was able to achieve on its investments was greater than previous years. This reflects the changing economic environment and the significant rise in the Bank of England base rate over the course of the year. In April 2022 the base rate stood at 0.75% finishing the financial year at 4.25%.

During the year and in line with the industry movement from the London Interbank Bid Rate (LIBID) to the Sterling Overnight Index Average (SONIA) the Council updated its measurement of performance to a SONIA benchmark. The table below shows the Council's performance against the investment benchmark. The benchmark for 2022/23 is based on the SONIA.

	Benchmark SONIA Return %	Benchmark SONIA Return % Plus 5%	Actual Return %
Overnight	2.24%	2.35%	2.38%

The Council's investment in the Churches, Charities and Local Authorities (CCLA) Property Fund yielded dividends in year of £0.573m with an average return of 3.59%. This has dropped slightly compared to 2021/22 but continues to provide high returns compared to other investments the Council holds. The higher return reflects the long-term nature of the investment.

The Treasury Management strategy contains the Council's Minimum Revenue Provision (MRP) Policy Statement for 2022/23. This policy requires the Council to set aside a prudent amount in order to finance the repayment of debt where the Council has borrowed to finance capital expenditure. The MRP policy is set in line with Department for Levelling Up, Communities and Housing (DLUHC) guidance.

### **Capital Strategy, Capital Programme, Capital Outturn and Developments in 2022/23**

The 2022/23 Capital Strategy and Capital Programme (approved at Council on 2 March 2022) provided the framework within which the Council's capital investment plans were to be delivered during the financial year. The Capital Strategy is presented so that it provides:



A high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services.



An overview of how the associated risk is managed.



The implications for future financial sustainability.

The following table shows the approved capital spending plan for 2023/24 and up to the financial year 2026/27 (revised to reflect the reporting structure adopted once the 2022/23 financial year started).

<b>Portfolio</b>	<b>2022/23 £000</b>	<b>2023/24 £000</b>	<b>2024/25 £000</b>	<b>2025/26 £000</b>	<b>2026/27 £000</b>
Community Health & Adult Social Care	2,547	2,543	2,543	1,900	400
Children's Services	5,425	8,816	3,000	4,000	-
Communities	908	250	-	-	-
Place and Economic Growth	81,465	65,038	49,722	39,800	36,400
Housing Revenue Account	3,383	8,227	8,014	1,250	-
Corporate/Information Technology	1,500	69	138	138	-
Capital, Treasury & Technical Accounting	2,500	-	-	-	10,120
Funding for Emerging Priorities	2,520	2,050	836	1,722	163
<b>Total Expenditure</b>	<b>100,248</b>	<b>86,993</b>	<b>64,253</b>	<b>48,810</b>	<b>47,083</b>
<b>Total Funding</b>	<b>(100,248)</b>	<b>(86,993)</b>	<b>(64,253)</b>	<b>(48,810)</b>	<b>(47,083)</b>

The planned spend for the Capital Programme 2022/23 was originally approved at the Council meeting on the 2 March 2022 at £100.248m with the programme fully financed by available resources. In accordance with previous practice, the Annual Review of the Capital Programme took place during the year and was reported to Members. The review resulted in a significant re-profiling of expenditure into future years, and this was further refined and continually reassessed throughout in year. The final outturn position for 2022/23 was £58.787m. This was a significant reduction compared to the expenditure initially planned.



## Capital Outturn

The capital programme was monitored on a monthly basis and was subject to a review (which took place over the summer months of 2022) to identify reprofiling requirements, variances and new funding opportunities. During 2022/23, capital monitoring reports were prepared monthly from month 3 (to 30 June 2022) to month 9 (31 December 2022). These reports highlighted and sought approval for the reprofiling of the programme (formal reporting to Cabinet was at months 3, 6, 8 and 9 alongside revenue budget monitoring information). The capital expenditure incurred during the year compared to the final month 9 forecast is shown in the table below.

Portfolio	2022/23 Forecast £000	2022/23 Actual £000	Variance £000
Community Health & Adult Social Care	2,382	3,006	624
Children's Services	5,901	8,392	2,491
Communities	54	6	(48)
Place and Economic Growth	37,342	42,133	4,791
Housing Revenue Account	-	210	210
Corporate/Information Technology	2,182	2,540	358
Capital, Treasury & Technical Accounting	2,500	2,500	-
Funding for Emerging Priorities	-	-	-
<b>Total Expenditure</b>	<b>50,361</b>	<b>58,787</b>	<b>8,426</b>

As highlighted above, the Council spent £58.787m against the revised Capital Programme in 2022/23, resulting in a variance of £8.426m compared to the position reported at month 9. The variance was mostly due to projects progressing more quickly than anticipated. In order to support this expenditure, it required the advancing into 2022/23 of funding that had been profiled for 2023/24 and future years.

Capital expenditure for 2022/23 was financed by Government Grants and Contributions, Capital Receipts, Revenue Contributions (of which £0.210m was from the HRA and £0.027m from the General Fund) and Prudential Borrowing as detailed in the table below.

Financing	2022/23 Forecast £000	2022/23 Actual £000	Variance £000
Government Grants & Contributions	33,361	32,411	(950)
Capital Receipts	3,700	9,271	5,571
Revenue Contributions	90	237	147
Prudential Borrowing	13,210	16,868	3,658
<b>Total Financing</b>	<b>50,361</b>	<b>58,787</b>	<b>8,426</b>

## Other Achievements in 2022/23

The Narrative Report has highlighted the financial issues which had an influence during 2022/23, however it is important to reflect on some other achievements events and development impacting on Oldham Council and the Borough as a whole as follows:

- **£20m of Levelling-Up funding secured** – £20 million of funding has been secured through the Levelling Up fund for eco-friendly projects in Oldham, including a learning centre at Northern Roots; a new Green Shoots business centre, and an Oldham Greenway linking the areas;
- **Developing a health inequalities plan for Oldham** – the plan aims to reduce the gap in life expectancy and healthy life expectancy within Oldham, and between Oldham and the national average;
- **Becoming White Ribbon Accredited** – in November 2022 Oldham Council became accredited, making a commitment to ending men's violence against women, with improved training and awareness for staff, partners and residents;
- **Real Living Wage for care staff** – in October 2022, Oldham Council implemented the National Living Wage Foundation's 'real living wage' for all staff working across care services commissioned by the Council;
- **Strong action on food hygiene safety** – during the year the Council carried out 1,228 Food Safety and Food Standards visits, with actions for 59 premises and 10 Food Businesses closed because of poor standards leading to an imminent risk to health;
- **New Council offices opened in Spindles Shopping Centre** – moving staff into a trial space from September 2022, with further office space opening throughout 2023/24;
- **Launch of the Youth Hub** – creating a new space for young people to find work or training and gain new skills, which opened in March 2023;
- **Old Library progresses in major restoration** – significant refurbishment works to repurpose the Old Library into a new public gallery, community space, as well as a Council Chamber started in 2022, with the first phase completing in November 2022 and phase 2 plans revealed in March 2023. Work is due to finish by 2024;
- **The launch of District Business Networking events** – creating networking opportunities for businesses in Oldham plus knowledge sharing in all five Oldham districts;
- **New offices for Get Oldham Working** – moving the employment and skills support services of the Council into new offices alongside First Choice Homes (Oldham) Ltd, making access easier for residents looking for work or training;
- **Tree planting scheme creating a greener Oldham** - planting 445 individual trees and nearly 4 hectares of new woodland (10,000 saplings) between April 2022 and March 2023;
- **Largest residents survey in almost a decade as part of the Big Oldham Conversation** - undertaking a survey of 1,113 residents in November 2022, the largest survey since 2013, to understand satisfaction levels, resident experiences of Council services and life in Oldham, with findings being used to help shape service design and delivery;
- **A new three-year carers' strategy in collaboration with carers** - working in partnership with unpaid carers in Oldham to co-produce the new three-year carers strategy holding numerous events, focus groups and workshops to develop our new strategic priorities;
- **Stronger partnership working with mental health organisations** - providing children, young people and adults support they need by clearer signposting and understanding with providers such as Togetheral, Kooth and Qwell.

## Council Performance

As the Council's main strategy document in 2022/23, the Corporate Plan/COVID-19 Recovery Strategy initially played a key role in shaping the performance management framework for the Council. The Council presented its performance management information to align to the corporate objectives in the refreshed Corporate Plan (agreed in September 2022) - which were monitored by Performance Overview and Scrutiny Committee on a quarterly basis.

For each objective, the Council Performance Report provides a range of detailed measures with performance presented for the previous and current month together with the direction of travel and supporting explanatory notes. Also presented is information which highlights the performance against Directorate Business Plan objectives. In order to provide effective scrutiny and challenge should there be any specific areas of under-performance, these can be called in for review by members of the Performance Overview and Scrutiny Committee.

At the time of finalising the draft Statement of Accounts, the 2022/23 full year Council Performance Report was still being prepared but the quarter 3 data presented to the Performance Overview and Scrutiny Committee on 23 March 2023 advised that;

- 89% (164/184) of actions were on track or completed;
- 71% (103/145) of risks were low, very low or closed; less than 2% (2/145) were high;
- 77% (40/52) of targeted measures were on or within target;
- 77% (36/47) of measures with end of year targets were predicted to achieve them.

The final performance outturn for 2022/23 will be presented for Member scrutiny in June 2023.

## Oldham Councils Response to CIPFA Initiatives

The Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Management Code was first issued in 2019/20 with full guidance following in 2020. The objectives of this code are "to support good practice in financial management and to assist Local Authorities in demonstrating their financial sustainability". The Code is based upon a series of principles which are supported by specific standards of practice which CIPFA considers necessary for a strong foundation and builds upon the success of the CIPFA Prudential Code. The initial implementation date of 1 April 2020 was revised to 1 April 2021.

The Finance Service undertook work throughout 2021/22 to ensure its compliance with this Code. This was reported by the Director of Finance to the Audit Committee on 17 January 2022 and advised Members that that the Council complied with the key requirements of the Code in the financial year 2021/22. However, several improvements were recommended, and during 2022/23 opportunities were taken to work towards implementing appropriate changes.

The overall position has been monitored during 2022/23 and there have been no substantial changes that would highlight any concerns, but a further detailed exercise to map compliance is planned for the first half of 2023/24. The findings will be reported to the Audit Committee.

In response to the challenges being experienced by a number of Local Authorities and to act as an early warning indicator to prompt discussion and action, CIPFA introduced its Financial Resilience Index, the first publication being in December 2019. The level of reserves and balances are a key element in the CIPFA Financial Resilience Index. On 21 December 2022, an updated Financial Resilience Index based on 2021/22 data was issued (the fourth publication of the Index).

The December 2022 Index, based upon 2021/22 data, highlighted that the indicator for change in Earmarked Reserves moved to high risk on the indicator of financial stress scale when compared to our nearest neighbour Local Authority comparator group and since the release of the Financial Resilience Index based on 2020/21 data. Alongside this, the indicator for Unallocated Reserves

moved from lower risk to medium risk. These increases are due to the use of reserves to support the revenue budget which is set to continue over the medium term. However, a number of indicators decreased in risk i.e., the Children's Social Care Ratio which moved to low risk and indicates the percentage of spend for this area against the Council's Net Revenue Expenditure is at an acceptable level. The remaining Oldham indicators were not considered to be extremely high risk or a cause for immediate concern.

The Index has provided some useful information and confirmed the position that, leading into 2022/23 the Council was financially resilient although it did highlight the reliance on Earmarked Reserves to support the budget.

### Financial Planning for 2023/24 and Future Years.

Having considered the outturn for 2022/23, it is important to consider this in the context of 2023/24, for which all the financial planning work was undertaken during 2022/23 informed by the budget monitoring information and the changing Government funding position.

The 2023/24 budget process began with an assessment of the Council's future spending plans balanced against the expected funding from Government, Council Tax and Business Rates.

The Finance Service forecast the future financial position having regard to:



Relevant international, national and regional influences on Oldham Council.



Local factors which influence policy within the Council including the Administration's priorities of regenerating the borough and creating jobs.



The impact of Government policy, finance legislation and associated announcements.



Key Council policy initiatives.

The budget reduction requirement for future years is presented to Council as part of the budget setting process. For 2023/24, an initial budget reduction requirement of £29.528m (reduced to £16.711m once approved budget reductions and use of reserves were taken into account) was presented at the 2022/23 Budget Council meeting on 2 March 2022.

During 2022/23 the budget forecasts for future financial year were constantly reviewed. In addition to the Government policy and grant information, the issues that impacted on the Council from a local perspective during 2022/23 also influenced the forecasts for 2023/24. COVID-19 no longer had a significant impact on most Council activities, the exceptions being Adult Social Care and Children's Social Care where demand reflected the legacy of the pandemic. All unringfenced COVID-19 Government grant funding ceased at the end of 2021/22; therefore, the Council had to address on-going pressures from its own resources with additional funding being built into the budgets of Adults and Children's Social Care for 2023/24 and future years.

In addition to the pressures that were anticipated when the initial estimates for 2023/24 and future years were prepared, together with increased cost of the provision of Adults and Children's Social Care, significant international and national turbulence presented some unexpected challenges for the Council, every other Local Authority and the country as a whole. The challenges experienced during 2022 which influenced 2023/24 budget setting included the:

- Legacy of COVID-19 which disrupted international trade, particularly as China remained in partial lockdown much longer than other countries and this had the impact of reducing the supply of goods and materials;

- Impact of Brexit which affected trade arrangements with countries which remain within the EU;
- Conflict between Russia and Ukraine which had an impact on energy and the general supply of goods and materials including grain;
- Inflationary pressures impacting on energy and general commodity prices. This had a knock on effect to the general cost of living and has sparked wage inflation;
- Significant increases in interest rates and the cost of borrowing;
- Response from Central Government to the economic turbulence; and
- Revisions to Government policy and expenditure plans.

Members received regular budget forecast updates and the challenge seemed significant, especially as there was initially no clarity about Government funding intentions. However, once the Government issued the Autumn Statement (AS22) on 17 November 2022, estimates could be revised with greater certainty. The AS22 set out indicative funding intentions for 2023/24 and 2024/25 and was more positive than had been anticipated.

Based on AS22 and other relevant information including economic forecasts and the Council's 2022/23 financial performance up to month 6, on 12 December 2022, Cabinet received an update report which advised that the 2023/24 budget reduction requirement was £43.130m reducing to £27.975m after adjusting for already approved budget reductions, the flexible use capital receipt of £2.600m and the use of £8.900m of reserves (£6.000m in accordance with plans approved when the 2022/23 budget was set and £2.900m to support additional investment in Children's Social Care).

However, given the lack of detail in AS22, it was not until the Provisional Local Government Finance Settlement (PLGFS) was issued on 19 December 2022 that the detailed impact could be determined.

The PLGFS was a one-year settlement. Indeed, it was the fifth consecutive one-year Local Government Finance Settlement. However, it was clear that the emphasis was on providing stability and certainty by providing indications of policy direction for 2024/25 to assist with financial planning, alongside providing extra resources for priority areas, such as social care. The Settlement confirmed:

- The maximum Council Tax for general purposes could be increased by a maximum of 3% rather than 2% with the maximum ASCP increase moving from 1% to 2% per year from April 2023/24. A Council Tax increase of 3.99% was therefore proposed rather than the previously forecast 1.99%
- Confirmation of the continuation of the Business Rates Retention Pilot Scheme for 2023/24 allowing the Council to benefit from an anticipated increase in resources of £3.626m.
- The deferral of the introduction of the social care cap and the Fair Cost of Care reform until 1 October 2025, although Councils were expected to continue work on this area in advance of this introduction.

The Final Local Government Finance Settlement was issued on 6 February 2023 which in the main, confirmed the information in the Provisional Settlement.

As a result of Settlement information, confirmed Government grant funding levels, a revision to Council Tax policy with a proposed increase of 3.99%, and the Council's 2022/23 financial performance up to month 8, the budget reduction requirement was recalculated at £34.145m, a decrease of £8.985m compared to the December 2022 estimate. The Budget Council meeting of 1 March 2023 approved a balanced budget and an indicative budget for 2024/25. The budget was balanced by the approval of:

- A total of 45 budget reductions with a value of £16.313m;
- £3.655m of budget reductions approved in previous budget rounds;

- The flexible use of capital receipts of £2.600m;
- Net use specific and corporate Earmarked Reserves of £12.786m offset by a contribution to reserves of £1.209m, totalling £11.577m.

The following table shows the balancing of the 2023/24 budget and the potential budget reduction target remaining for the MTFS period 2024/25 through to 2027/28. The targets reflect the one-off measures used to balance 2023/24 and expected for 2024/25 to 2026/27.

<b>Initial Forecast Budget Reduction Requirement 2023/24 to 2027/28</b>	<b>2023/24 £000</b>	<b>2024/25 £000</b>	<b>2025/26 £000</b>	<b>2026/27 £000</b>	<b>2026/27 £000</b>
<b>Budget Reduction Requirement</b>	<b>34,145</b>	<b>29,425</b>	<b>19,440</b>	<b>13,852</b>	<b>11,110</b>
<b>Approved Actions to Balance the Budget/Reduce the Budget Reduction Requirement</b>					
Budget Reductions approved in 2021/22	(1,872)	(300)	(303)	-	-
Budget Reductions approved in 2022/23	(1,783)	(1,150)	-	-	-
Reprofiled Approved Budget Reductions	-	(4,250)	(747)	(100)	-
Budget Reductions Approved for 2023/24	(16,313)	(6,969)	(1,135)	-	-
Return on Children's Social Care Investment	-	-	(2,186)	(1,293)	(998)
Flexible Use of Capital Receipts	(2,600)	(2,600)	-	-	-
Transfer to Reserves - GMCA 100% Business Rates Pilot Scheme Gain	1,209	-	-	-	-
Use of Specific Earmarked Reserves	(3,944)	(1,432)	-	-	-
Use of Corporate Earmarked Reserves	(8,842)	(2,500)	-	-	-
<b>Forecast Budget Reduction Requirement</b>	<b>-</b>	<b>10,224</b>	<b>15,069</b>	<b>12,459</b>	<b>10,112</b>

The 2022/23 to 2026/27 MTFS set out the Council's previously agreed programme of transformational activity based on four main themes plus a Cross Cutting programme of change along with a number of saving targets for each theme. The Transformation Programme was re-engineered during 2022/23 based on the development of an updated Corporate Plan and the Council's approach to delivery of its new corporate objectives. The themes of the Transformation Programme reflect changes to improve efficiency and at the same time deliver both better services and future savings. It is expected that there will be further savings from the transformation programmes above those already included in the 2023/24 budget; these will be developed with Services and will feed into future iterations of the MTFS.

The programme of change is based around three main objectives:

- Demand management - an essential element of controlling and reducing costs;
- Income Maximisation – taking forward the objectives of the income strategy, not only to increase the Council's income base, but to ensure improved income collection;
- Service Review – all services reviewing their budgets to identify potential savings and efficiencies including policy changes.

The programme is managed through the Change and Transformation Board which is chaired by the Deputy Chief Executive and comprised of Senior Council officers. The programme is based around six core themes and each of these is led by a Sponsor and a Senior Responsible Officer (SRO) with the Deputy Chief Executive taking overall responsibility for the initiative.

The core themes are focused around the areas set out below:

- Children's Change Programme including Social Care Demand Management;
- Adult Social Care Change and Improvement Programme and Integration with the NHS;
- The Creating a Better Place (CaBP) Programme;
- Place Based Integration to create stronger communities;
- Commissioning, Procurement and Contract Management;
- Income Maximisation.

Where possible the budget reduction targets to which services were already working have been retained within the financial strategy. In addition to core themes there is an Enabling Programme to support more efficient and effective service delivery and drive budget reductions across all service areas as outlined in the following paragraphs.

Clearly the Council still has much to do to balance its budgets in future years made more difficult by the uncertainty around the future funding for the sector, the legacy impact of COVID-19 on service provision and the inflationary pressures impacting upon wages, energy and supplies of services to the Council. However, the operating arrangements that have been established to drive change and monitor performance will support the delivery of budget reductions in line with plans.

### Corporate Risks

The Council has an embedded process to manage risks and assist in the achievement of its objectives, alongside national and local performance targets. The Council refreshed its Risk Management Strategy and Framework in July 2022 and updated the approach to support the production of service business plans. Risk Management is incorporated into the Business Planning Process with all risks reviewed and monitored quarterly.

The Corporate Risk Register, which is refreshed quarterly, plays an integral role in supporting production of the Corporate Plan and is subject to regular review by the Audit Committee.

Key corporate risks are detailed in the Annual Governance Statement. They encompass:

- The internal control environment on Adult Social Care systems which did not sustain the improvements in the financial year 2022/23 for the fifth successive year compared to 2017/18. Issues identified in the 2022/23 internal audits will need to be implemented as a priority to improve internal control;
- Future changes to the Council's financial resilience due to uncertainty and matters outside of the Council's control such as the future level of Government support for areas of high deprivation identified through the Levelling Up Agenda not progressing until the next Spending Review, planned reforms to Adult Social Care being deferred, the capacity in the wider Local Government sector to obtain audited opinions on the Statement of Accounts and the cost of living pressures which impact on the Council's plans for change. An added pressure is that the Council's previous plans to deliver savings by transformation may continue to be constrained by the events outside its direct control. Also, the final outturn for the financial year indicates an overspend of £1.147m reducing the level of general balances to £18.865m which is below the level recommended at the 1 March 2023 Budget Council meeting;
- The key regeneration projects planned for the future as detailed in the CaBP programme. Should one of these high-profile projects not be delivered as planned it is likely to result in future loss of budgeted grant income, reputational damage and/ or an increase the financial financing of current plans. This is more challenging in 2023/24 due to the continued impact of inflationary pressures on construction contracts plus the time constraints on key grant programmes. In addition, the market conditions continuing in some instances making it difficult to obtain insurance;

- The audit opinion of the internal control environment for the operation of payroll including pension's administration failed to sustain the improvements made as of 31 March 2022 with the opinion downgraded to "inadequate" at the year-end. The system requires improvements to be delivered in the financial year 2023/24;
- The continued compliance with the National Transparency Agenda which has increased the risk to the Council of a future fraud enhanced by the general digital expertise of the population. Information included in the public domain and obtained under Freedom of Information Requests may be used to exploit the Council;
- The future reforms to health integration not resulting in the efficiencies anticipated due to increased demand caused by a number of factors including the residual impact of the recent increases in the cost of delivering services;
- The present contractual arrangements with a number of key suppliers linked into the administration of Framework contracts need to be reviewed and better detailed within Contract Procedure Rules. This would enable transformational savings required per the agreed programme to be maximised;
- There are outstanding legal matters linked into ongoing action against other Local Authorities which have the potential to impact on past custom and practice within the Authority which could have a significant future financial impact.

### **Main Changes to the Statements and Significant Transactions in 2022/23**

The actuarial valuation of the Council's pension scheme shown on the Balance Sheet has moved from a deficit to surplus position during the year and created a Pension Asset of £4.908m held under Long Term Assets. This is a result of the changes in the financial assumptions used by the GMPF Actuary (Hymans-Robertson). These assumptions are determined by the Actuary and represent the market conditions at the reporting date. The Council relies and places assurance on the professional judgement of the Actuary and the assumptions used to calculate this actuarial valuation.

The Council has followed the guidance in the CIPFA Code of Practice on Local Authority Accounting 2022/23 and the CIPFA Bulletin 14 Closure of the 2022/23 Financial Statements issued in March 2023 to produce its 2022/23 Statement of Accounts. However, the Council has continued its policy of diverging from the Code in relation to the accounting treatment for the depreciation charge against Housing Revenue Account (HRA) dwellings. Details are provided in Section 4.1 of the Accounts. The Council's management believes that this alternative treatment is required in order to present a true and fair view of the financial position of the Council's HRA.

In accordance with the temporary relief offered by the update to the CIPFA Code Of Practice on Infrastructure Assets following the statutory override created by the coming into force of Statutory Instrument 2022 No. 1232, the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 introduced Regulation 30M as an amendment of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003. The Council's financial statements were updated to incorporate the changes with a new Infrastructure Assets Note (Note 18) added to the Statement of Accounts.

### **Basis of Preparation and Presentation of the Accounts**

The Council prepares its Statement of Accounts on a going concern basis, on the assumption that it will continue in existence into the foreseeable future. Disclosures are included within the Statement of Accounts based on an assessment of their materiality. A disclosure is considered material if through an omission or a misstatement, the decisions made by users of the accounts would be influenced. This could be due to the value or the nature of the disclosure.

The Council considers disclosures against an internally calculated materiality threshold which is reviewed each year. However individual items of income and expenditure over £6.000m which are not disclosed on the face of the Comprehensive Income and Expenditure Statement (CIES) are



considered to be significant and are disclosed in Note 8. Some disclosures are included due to their nature even if the value of transactions is not over the materiality threshold, an example of this is Note 9 Officers' Remuneration.

The assessment of materiality also influences the Council's decision to produce Group Accounts. Each year the Council assesses the entities it exerts control or significant influence over to identify which fall within the group boundary. If the value of transactions for the group as a whole is material, Group Accounts are produced. The accounts for 2022/23 therefore consolidate the MioCare Community Interest Company.

### Explanation of the Statements to the Accounts

The Accounts and Audit (Amendment) Regulations 2022 require the Council to produce a Statement of Accounts for each financial year. These statements contain several different elements which are explained below:

**Statement of Responsibilities for the Statement of Accounts** sets out the respective responsibilities of the Authority and the Chief Financial Officer (Director of Finance).

**Auditor's Report** gives the auditor's opinion of the financial statements and of the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources (this Report is not included in the draft accounts).

### **Financial Statements**

- **Comprehensive Income and Expenditure Statement (CIES)** shows the cost of providing services in the year in accordance with International Financial Reporting Standards. The top part of the CIES provides an analysis by Portfolio and reflects the Council's local reporting format. The bottom half of the statement deals with corporate transactions and funding.
- **Movement in Reserves Statement** is a summary of the changes to the Council's reserves over the course of the year. Reserves are divided into "useable", which can be invested in capital projects or service improvements, and "unusable" which must be set aside for specific purposes.
- **Balance Sheet** shows the value of the Council's assets, liabilities and reserves at a point in time.
- **Cash Flow Statement** shows the changes in the Council's cash and cash equivalents during the year and quantifies the movements in balances attributable to day to day running of the Council (operating activities), investing activities or financing activities.
- **Housing Revenue Account (HRA)** shows the in-year economic cost of providing housing services in accordance with generally accepted accounting practices.
- **Collection Fund Statement** shows the transactions of the Billing Authority in relation to the collection from taxpayers of Council Tax and Business Rates and its distribution to precepting bodies. For Oldham, the Council Tax precepts payable are for the Mayoral Police and Crime Commissioner precept and the Mayoral General precept (including Fire & Rescue Services).
- **Group Accounts** show the group position of the Council and its material subsidiaries. The Council considers the Group Statements to be of equal prominence to the single entity statements.

### Receipt of Further Information

If you would like to receive further information about these accounts, please do not hesitate to contact Anne Ryans at the Finance Department, Oldham Council, West Street, Oldham, OL1 1UG.

### Acknowledgements

The production of the Statement of Accounts would not have been possible without the exceptionally hard work and dedication of staff across the Council. I would like to express my gratitude to all colleagues, from the Finance team and other services, who have assisted in the preparation of this document. I would also like to thank them for all their support during the financial year.

A handwritten signature in black ink that reads "A. T. Ryans". The signature is written in a cursive style with a prominent flourish at the end of the name.

**Anne Ryans BA (Hons) FCPFA**

Director of Finance, Section 151 Officer (during 2022/23)

## 2.0 Statements to the Accounts

### 2.1 Statement of Responsibilities for the Statement of Accounts

#### 2.1.1 The Council's Responsibilities

The Council is required to:

- i. 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 Oldham Council, that officer is the Director of Finance.
- ii. Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- iii. Approve the Statement of Accounts.

#### 2.1.2 The Director of Finance Responsibilities

The Director of Finance is responsible for the preparation of Oldham Council's Statement of Accounts in accordance with proper practices as set out in the Chartered Institute of Public Finance and Accountancy 2022/23 Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Director of Finance has:

- i. Selected suitable accounting policies and then applied them consistently.
- ii. Made judgements and estimates that were reasonable and prudent.
- iii. Complied with the Code of Practice on Local Authority Accounting.
- iv. Kept proper accounting records which were up to date.
- v. Taken reasonable steps for the prevention and detection of fraud and other irregularities.

#### 2.1.3 Certification of Accounts

I certify that the Statement of Accounts gives a true and fair view of the financial position of Oldham Council at 31 March 2023 and its income and expenditure for the year then ended.



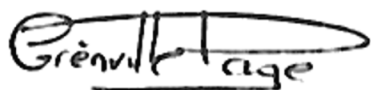
**Sarah Johnston, BA (Hons), MSC (BSC), FCPFA**

Director of Finance, Section 151 Officer.

Dated: 28/03/2024

#### Approval of Accounts

In accordance with the Accounts and Audit (Amendment) Regulations 2022, I certify that the Statement of Accounts was approved by the Audit Committee on 26/03/2024.



Chair of Audit Committee

Dated: 28/03/2024

## 2.2 Auditors Report

To be provided by the Council's External Auditors, Mazars LLP, on completion of the 2022/23 audit process.

# Independent auditor's report to the members of Oldham Metropolitan Borough Council

## Report on the audit of the financial statements

### Opinion on the financial statements

We have audited the financial statements of Oldham Borough Metropolitan Borough Council ('the Council') and its subsidiaries ('the Group') for the year ended 31 March 2023, which comprise the Comprehensive Income and Expenditure Statement (CIES), the Movement in Reserves Statement, the Balance Sheet, the Cashflow Statement, the Housing Revenue Account Income and Expenditure Statement, the Statement of Movement in the Housing Revenue Account, the Collection Fund Statement, the Group Comprehensive Income and Expenditure Statement (CIES), the Group Movement in Reserves Statement, the Group Balance Sheet, the Group Cashflow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets ("the Code Update"), published in November 2022.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Council and the Group as at 31<sup>st</sup> March 2023 and of the Council's and the Group's expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Code Update.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applicable to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Director of Finance's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Note 35 of the financial statements explains how the Director of Finance formed their judgement that it is appropriate to adopt the going concern basis of preparation for the Council and the Group.

In accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, our review of management's assessment of going concern was focused on the extent to which there are any indications that the functions of the Council and Group will not continue in operational existence for the foreseeable future.

Our audit procedures to evaluate the Director of Finance's assessment of the Council's and the Group's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- undertaking an initial assessment at the planning stage of our audit to identify events or conditions that may cast significant doubt on the Council's and the Group's ability to continue as a going concern in the context of the guidance in Practice Note 10;
- obtaining an understanding of the relevant controls relating to the Director of Finance's going concern assessment;
- making enquiries of the Director of Finance to understand the period of assessment considered by them, the assumptions they considered and the implication of those when assessing the Council's and the Group's continuation of service;
- obtaining and reviewing the Director of Finance's written going concern assessment, as approved by the Audit Committee, as those charged with governance;
- considering whether the Director of Finance's assessment is proportionate to the risks associated with going concern for the local government sector; and
- evaluating the appropriateness of the Director of Finance's disclosures in the financial statements on going concern

Based on the work we have performed, and taking into account the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Code Update, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Council's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Director of Finance with respect to going concern are described in the relevant sections of this report.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We summarise below the key audit matters in forming our audit opinion above, together with an overview of the principal audit procedures performed to address each matter and, where relevant, key observations arising from those procedures. These matters, together with our findings, were communicated to those charged with governance through our Audit Completion Report.

Key audit matter	How our scope addressed this matter
<p><b>Valuation of Council Property, Plant and Equipment (land and buildings)</b></p> <p><i>Note 17 to the financial statements discloses information on the Council's holding of property, plant and equipment (PP&amp;E) which includes £78.9m of Council Dwellings and £615.7m of Other Land &amp; Buildings held at current value at 31 March 2023.</i></p> <p>The CIPFA Code of Practice requires that where assets are subject to revaluation, their year-end</p>	<p>Our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of the skills, experience and qualifications of the valuer, and considering the appropriateness of the instructions to the valuer from the Council.</li> <li>• Obtaining an understanding of the basis of valuation applied by the valuer in the year.</li> </ul>

carrying value should reflect the current value at that date. The Council has adopted a rolling revaluation model which sees all such property, plant & equipment revalued in a five-year cycle. The valuation of property, plant & equipment involves the use of a management expert (the valuer) and incorporates assumptions and estimates which impact materially on the reported value. There are risks relating to the valuation process. The Council employs a valuation expert to provide valuations, however there remains a high degree of estimation uncertainty associated with the valuations of property, plant and equipment due to the significant judgements and number of variables involved. As a result of the rolling programme of revaluations, there is a risk that individual assets which have not been revalued for up to four years are not valued at the current value at the balance sheet date. In addition, as the valuations are undertaken through the year there is a risk that the current value of the assets could be materially different at the year end.

Council Dwelling valuations are based on Existing Use Value, discounted by a factor to reflect that the assets are used for Social Housing (EUUV-SH). The Social Housing adjustment factor is prescribed in DLUHC guidance, but this guidance indicates that where a valuer has evidence that this factor is different in the Council's area they can use their more accurate local factor. There is a risk that the Council's application of the valuer's assumptions is not in line with the statutory requirements and that the valuation is not supported by detailed evidence.

- Critically assessing the Council's approach to ensure that assets not subject to revaluation in 2022/23 are materially fairly stated by reviewing movements are in line with our independently sourced indices.
- Critically assessing the Council's approach by challenging and corroborating the assumptions applied by the valuer to ensure that assets revalued through 2022/23 are materially fairly stated at the year end.
- Sample testing the completeness and accuracy of underlying data provided by the Council and used by the valuer as part of their valuations.
- Using relevant market and cost data to assess the reasonableness of the valuation as at 31 March 2023.
- Substantively testing for a sample of assets how valuation movements were presented and disclosed in the financial statements.

#### **Our observations**

We obtained sufficient appropriate evidence to conclude that the valuation of land & buildings included in the financial statements is materially stated.

#### **Valuation of Council Investment Property**

*The Council's Balance Sheet discloses their Investment Properties to be valued at £20.8m at 31 March 2023.*

The CIPFA Code requires that where Investment Property assets are subject to revaluation, their year-end carrying value should reflect the fair value at that date.

The valuation of Investment Property involves the use of a management expert (the valuer) and incorporates assumptions and estimates which impact materially on the reported value. There are risks relating to the valuation process.

The Council employs valuation experts to provide valuations, however there remains a high degree of estimation uncertainty associated with the valuations of property, plant and equipment due to the significant judgements and number of variables involved.

Our audit procedures included, but were not limited to:

- Obtaining an understanding of the skills, experience and qualifications of the valuer, and considering the appropriateness of the instructions to the valuer from the Council.
- Critically assessing the basis of valuation applied by the Authority's valuer in the year. This is obtained by an independent review via our Internal valuers and auditors expert, of the airport land valuation. We tested and corroborated the underlying assumptions and methodology.
- Critically assessing the appropriateness of the methodology and assumptions adopted by the Council's valuer by challenging and

	<p>corroborating the assumptions used in the process.</p> <ul style="list-style-type: none"> <li>• Comparing the valuations to our valuation expert's estimate of the valuations for a sample of assets.</li> </ul> <p><b>Our observations</b></p> <p>We obtained sufficient appropriate evidence to conclude that the valuation of investment properties included in the financial statements is materially stated.</p>
<p><b>Valuation of the Council's and the Group's Defined Benefit Net Pension Asset</b></p> <p><i>The Council's balance sheet discloses the Council net pension asset to be valued at £70.2m at 31 March 2023 and comprises assets of £1,336.0m, funded and unfunded liabilities of £1,163.7m. and asset ceiling adjustment of £102.0m.</i></p> <p><i>The Group Balance Sheet discloses the group net pension asset to be valued at £91.6m at 31 March 2023 and comprises assets of £1,399.7m and funded and unfunded liabilities of £1,206.1m and the asset ceiling adjustment of £102.0m.</i></p> <p>The net pension asset represents a material element of the Council and the Group balance sheet. The Council and its consolidated subsidiaries are admitted bodies of Greater Manchester Pension Fund, which had its last triennial valuation completed as at 31 March 2022. The valuation of the Local Government Pension Scheme relies on a number of assumptions, most notably around the actuarial assumptions, and actuarial methodology which results in the Council's and the subsidiaries' overall valuations. There are financial assumptions and demographic assumptions used in the calculation of the valuation, such as the discount rate, inflation rates and mortality rates. The assumptions should also reflect the profile of the Council's and the subsidiaries' employees, and should be based on appropriate data. The basis of the assumptions is derived on a consistent basis year to year, or updated to reflect any changes.</p>	<p>Our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• Evaluating the skills, experience and qualifications of the actuary, by considering the findings from our consulting actuary.</li> <li>• Comparing the asset ceiling calculation included within the financial statements against the requirements of IFRIC 14. We have tested the accuracy of the calculations and inputs and challenged the assumptions to ensure they are in line with the relevant accounting standards.</li> <li>• Obtaining confirmation from the auditor of the Greater Manchester Pension Fund that the Pension Fund has designed and implemented controls to prevent and detect material misstatement. This included the controls in place to ensure data provided to the Actuary by the Pension Fund for the purposes of the IAS19 valuation of the gross asset and liability is complete and accurate.</li> <li>• Obtaining a summary of the work performed by the Pension Fund auditor on the Pension Fund investment assets, and evaluating whether the outcome of their work would affect our consideration of the council's share of Pension Fund assets. The Pension Fund auditor work included comparing the asset values used for the actuarial valuation to those subjected to audit by the Pension Fund auditor.</li> <li>• Testing the actuarial allocation of Pension Fund assets to the Council by the actuary, including comparing the Council's share of the assets to other corroborative information.</li> <li>• Challenging the appropriateness of the Pension Asset and Liability valuation</li> </ul>



	<p>methodology applied by the Pension Fund Actuary, and the key assumptions included within the valuation. This included comparing them to expected ranges provided by our expert, PWC, consulting actuary engaged by the National Audit Office.</p> <ul style="list-style-type: none"> <li>• Agreeing the data in the IAS 19 valuation report provided by the Pension Fund Actuary for accounting purposes to the pension accounting entries and disclosures in the Council's and Group's financial statements.</li> </ul> <p><b>Key observations</b> We obtained sufficient appropriate evidence to conclude that the valuation of the defined benefit pension liability included in the financial statements is materially stated.</p>
--	---

### Our application of materiality and an overview of the scope of our audit

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing, and extent of our audit procedures on the individual financial statement line items and disclosures, and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Council	Group
Overall materiality	£15.0m	£15.04m
Basis for determining materiality	Materiality has been determined as approximately 2% of gross expenditure at the surplus/deficit on provision of services level	
Rationale for benchmark applied	Gross expenditure at the surplus/deficit on provision of services level was chosen as the appropriate benchmark as this is a key measure of financial performance for the Council/Group and for users of the financial statements	
Performance materiality	£12.0m	£12.04m
Reporting threshold	£450k	£451k

As part of designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. In particular, we looked at where the Director of Finance made subjective judgements such as making assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of a risk assessment, our understanding of the Council and Group, its environment, controls, and critical business processes, to

consider qualitative factors in order to ensure that we obtained sufficient coverage across all financial statement line items.

Our approach to auditing the Group was based on our understanding of the group structure and an assessment of the significance of individual components to the group financial statements. Based on our risk assessment:

- Full scope audit procedures were carried out on the Council which represents (98.2%) of the Group's total assets, (99.7%) of the Group's total liabilities, (98.2%) of the Group's income and (97.6%) of the Group's expenditure.
- Specific audit procedures were carried out on the payroll expenditure and net defined benefit pension liabilities of Miocare Group Community Interest Company:
  - For Miocare Group Community Interest company payroll expenditure represents 2.5% of the Group's total expenditure and the net pension asset represents 1.76% of the Group's total assets.
- Analytical procedures were performed on the remaining entries in Miocare Group Community Interest Company which were included in the Group financial statements.

We also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

### **Other information**

The Director of Finance is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Responsibilities of the Director of Finance for the financial statements**

As explained more fully in the Statement of the Director of Finance's Responsibilities, the Director of Finance is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Code Update, and for being satisfied that they give a true and fair view. The Director of Finance is also responsible for such internal control as the Director of Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Director of Finance is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Code Update and prepare the financial statements on a going concern basis on the assumption that the functions of the Council will continue in operational existence for the foreseeable future. The Director of Finance is responsible for

assessing each year whether or not it is appropriate for the Council and Group to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Council, we identified that the principal risks of non-compliance with laws and regulations related to the Local Government Act 2003 (and associated regulations made under section 21), the Local Government Finance Acts of 1988, 1992 and 2012, and the Accounts and Audit Regulations 2015, the Local Government and Housing Act 1989 and we considered the extent to which non-compliance might have a material effect on the financial statements.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- gaining an understanding of the legal and regulatory framework applicable to the Group and the Council, the environment in which they operate, and the structure of the Group, and considering the risk of acts by the group and the Council which were contrary to the applicable laws and regulations, including fraud;
- inquiring with management and the Audit Committee, as to whether the Council is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit;
- considering the risk of acts by the Council which were contrary to applicable laws and regulations, including fraud;
- reviewing minutes of board meetings in the year; and
- discussing amongst the engagement team the laws and regulations listed above, and remaining alert to any indications of non-compliance.

We evaluated the Director of Finance's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of management and the Audit Committee on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and the Audit Committee. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

As a result of our procedures, we did not identify any key audit matters relating to irregularities. The risks of material misstatement that had the greatest effect on our audit, including fraud, are discussed under “Key audit matters” within this report.

We are also required to conclude on whether the Director of Finance’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in February 2023.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor’s report.

## **Report on the Council’s arrangements for securing economy, efficiency, and effectiveness in its use of resources**

### **Matter on which we are required to report by exception**

We are required to report to you if, in our view we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

We have nothing to report in this respect.

### **Responsibilities of the Council**

The Council is responsible for putting in place proper arrangements to secure economy, efficiency, and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

## **Auditor's responsibilities for the review of arrangements for securing economy, efficiency, and effectiveness in the use of resources**

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency, and effectiveness in its use of resources are operating effectively.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in January 2023.

## **Matters on which we are required to report by exception under the Code of Audit Practice**

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

## **Other matters which we are required to address**

We were appointed as the Council's auditor by Public Sector Audit Appointments Ltd, in its role as appointing person under the Local Audit (Appointing Person) Regulations 2015, on 14 December 2017. The period of total uninterrupted engagement, including previous renewals and reappointments of the firm, is 5 years covering the audit of the financial years ending 31 March 2019 to 31 March 2023.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Council or Group and we remain independent of the Council and Group in conducting our audit.

Our audit opinion is consistent with the additional report to the Audit Committee.

## **Use of the audit report**

This report is made solely to the members of Oldham Metropolitan Borough Council, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

## **Delay in certification of completion of the audit**

We cannot formally conclude the audit and issue an audit certificate until we have completed :

- the work necessary to issue our assurance statement in respect of the Council's Whole of Government Accounts consolidation pack.

# Financial Statements and Explanatory Notes

### 3.1 Comprehensive Income and Expenditure Statement (CIES)

The Council restated the Comprehensive Income & Expenditure Statement for 2021/22. The 2021/22 Cost of Services figures are presented in the 2022/23 reporting structure to enable a comparison between the years.

Gross Expenditure £000	Restated 2021/22			Note	Gross Expenditure £000	2022/23 Gross Income £000	Net Expenditure £000
	Gross Income £000	Net Expenditure £000					
122,713	(49,183)	73,530	Community Health and Adult Social Care		136,326	(53,729)	82,597
294,337	(205,880)	88,457	Children's Services		317,428	(219,188)	98,240
36,429	(7,764)	28,665	Public Health		33,039	(5,182)	27,857
11,725	(3,021)	8,704	Communities		10,416	(1,375)	9,041
88,532	(33,345)	55,187	Place and Economic Growth		89,001	(37,005)	51,996
28,447	(11,551)	16,896	Corporate Services		26,710	(11,678)	15,032
37,705	(44,550)	(6,845)	Capital, Treasury and Technical Accounting		40,952	(44,038)	(3,086)
6,815	-	6,815	Corporate and Democratic Core		6,851	-	6,851
19,820	(28,738)	(8,918)	Housing Revenue Account		18,559	(29,108)	(10,549)
<b>646,523</b>	<b>(384,032)</b>	<b>262,491</b>	<b>Cost of Services</b>		<b>679,282</b>	<b>(401,303)</b>	<b>277,979</b>
		300	Other Operating Expenditure				
		392	Parish Council precepts				314
		33,089	Payments of Housing capital receipts to government pool				185
		(2,013)	Levies	12			33,289
			(Gains)/losses on the disposal of non-current assets				(2,094)
		<b>31,768</b>	<b>Total Other Operating Expenditure</b>				<b>31,694</b>
		27,354	Financing and Investment Income and Expenditure	3			24,898
		(313,352)	Taxation and Non-Specific Grant Income	4			(303,784)
		<b>8,259</b>	<b>(Surplus) or Deficit on Provision of Services</b>				<b>30,787</b>
		(49,920)	Other Comprehensive Income and Expenditure				
		1,260	Revaluation (gains)/losses non-current assets	16a			(73,528)
		(62)	Impairment losses on non-current assets	16a			106
		(196,835)	(Surplus) or deficit on Financial Assets measured at Fair Value through Other Comprehensive Income				(9,404)
		-	Remeasurement of net defined benefit liability	31			(509,383)
			Asset Ceiling Adjustment	31			102,092
		<b>(245,557)</b>	<b>Total Other Comprehensive Income and Expenditure</b>				<b>(490,117)</b>
		<b>(237,298)</b>	<b>Total Comprehensive Income and Expenditure</b>				<b>(459,330)</b>



### 3.2 Movement in Reserves Statement

2022/23	Note	Usable Reserves								Unusable Reserves	Total Reserves
		General Fund Balance £000	Earmarked General Fund Reserves £000	Total General Fund Balance £000	Housing Revenue Account £000	Usable Capital Receipts £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Usable Reserve £000		
<b>Balance at 1 April Brought Forward</b>		(20,012)	(120,150)	(140,161)	(21,721)	-	(884)	(15,947)	(178,714)	(98,761)	(277,475)
<b>Movement in reserves during 2022/23</b>				-					-		-
Total Comprehensive Income and Expenditure		31,018	-	31,018	(230)	-	-	-	30,787	(490,117)	(459,330)
Adjustments between accounting basis and funding basis under regulations	14	(8,872)	-	(8,872)	(634)	-	(120)	(6,351)	(15,978)	15,978	-
<b>Net (increase)/decrease before transfers to Earmarked Reserves</b>		<b>22,145</b>	<b>-</b>	<b>22,145</b>	<b>(864)</b>	<b>-</b>	<b>(120)</b>	<b>(6,351)</b>	<b>14,810</b>	<b>(474,140)</b>	<b>(459,330)</b>
Transfers to/from Earmarked Reserves	15	(20,998)	20,998	-	-	-	-	-	-	-	-
<b>(Increase)/Decrease in Year</b>		<b>1,147</b>	<b>20,998</b>	<b>22,145</b>	<b>(864)</b>	<b>-</b>	<b>(120)</b>	<b>(6,351)</b>	<b>14,810</b>	<b>(474,140)</b>	<b>(459,330)</b>
<b>Balance at 31 March carried forward</b>		<b>(18,865)</b>	<b>(99,152)</b>	<b>(118,016)</b>	<b>(22,585)</b>	<b>-</b>	<b>(1,004)</b>	<b>(22,298)</b>	<b>(163,904)</b>	<b>(572,901)</b>	<b>(736,805)</b>

2021/22	Note	Usable Reserves								Unusable Reserves	Total Reserves
		General Fund Balance £000	Earmarked General Fund Reserves £000	Total General Fund Balance £000	Housing Revenue Account £000	Usable Capital Receipts £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Usable Reserve £000		
<b>Balance at 1 April Brought Forward</b>		(17,263)	(142,964)	(160,227)	(21,371)	-	(806)	(20,651)	(203,055)	162,878	(40,177)
<b>Movement in reserves during 2021/22</b>				-					-		-
Total Comprehensive Income and Expenditure		6,830	-	6,830	1,429	-	-	-	8,259	(245,557)	(237,298)
Adjustments between accounting basis and funding basis under regulations	14	13,235	-	13,235	(1,779)	-	(78)	4,704	16,082	(16,082)	-
<b>Net (increase)/decrease before transfers to Earmarked Reserves</b>		<b>20,065</b>	<b>-</b>	<b>20,065</b>	<b>(350)</b>	<b>-</b>	<b>(78)</b>	<b>4,704</b>	<b>24,341</b>	<b>(261,639)</b>	<b>(237,298)</b>
Transfers to/from Earmarked Reserves	15	(22,814)	22,814	-	-	-	-	-	-	-	-
<b>(Increase)/Decrease in Year</b>		<b>(2,749)</b>	<b>22,814</b>	<b>20,065</b>	<b>(350)</b>	<b>-</b>	<b>(78)</b>	<b>4,704</b>	<b>24,341</b>	<b>(261,639)</b>	<b>(237,298)</b>
<b>Balance at 31 March carried forward</b>		<b>(20,012)</b>	<b>(120,150)</b>	<b>(140,161)</b>	<b>(21,721)</b>	<b>-</b>	<b>(884)</b>	<b>(15,947)</b>	<b>(178,714)</b>	<b>(98,761)</b>	<b>(277,475)</b>

### 3.3 Balance Sheet

31 March 2022 £000		Note	31 March 2023 £000
644,284	Property Plant & Equipment	17	710,436
161,587	Infrastructure Assets	18	165,298
19,770	Heritage Assets	19	21,141
19,801	Investment Property	20	20,791
5,780	Intangible Assets		5,350
43,092	Long Term Investments	22	48,246
38,235	Long Term Debtors	23	40,044
-	Net Pension Asset	31	70,217
<b>932,549</b>	<b>Long Term Assets</b>		<b>1,081,523</b>
27,676	Short Term Investments	22	20,390
533	Inventories		678
50,262	Short Term Debtors	23	58,966
57,854	Cash & Cash Equivalents	24	30,094
1,745	Assets Held For Sale (less than 1 year)		610
<b>138,070</b>	<b>Current Assets</b>		<b>110,738</b>
(8,293)	Short Term Borrowing	22	(1,690)
(91,314)	Short Term Creditors	25	(74,037)
(10,155)	Short Term Provisions	26	(5,918)
	Short Term Liabilities		
(8,959)	- Private Finance Initiatives	22,29	(10,716)
(315)	- Finance Leases	22	(262)
(6)	- Transferred Debt	22	(6)
<b>(119,042)</b>	<b>Current Liabilities</b>		<b>(92,629)</b>
(9,543)	Long Term Provisions	26	(6,864)
(161,504)	Long Term Borrowing	22	(161,494)
	Other Long Term Liabilities		
(297,767)	- Net Pension Liabilities	31	-
(203,826)	- Private Finance Initiatives	22,29	(193,110)
(303)	- Finance Leases	22	(213)
(38)	- Transferred Debt	22	(33)
(17)	- Deferred Credits		(17)
(1,104)	Capital Grants Receipts In Advance		(1,097)
<b>(674,102)</b>	<b>Long Term Liabilities</b>		<b>(362,828)</b>
<b>277,475</b>	<b>Net Assets</b>		<b>736,804</b>
(178,714)	Usable Reserves	MiRS	(163,904)
(98,761)	Unusable Reserves	MiRS,16	(572,900)
<b>(277,475)</b>	<b>Total Reserves</b>		<b>(736,804)</b>

These financial statements were authorised for issue by the Director of Finance on 26 March 2024.



Sarah Johnston  
Director of Finance

### 3.4 Cash Flow Statement

	Notes	2021/22 £000	2022/23 £000
Net deficit on the provision of services		(8,259)	(30,787)
Adjustment to surplus or deficit on the provision of services for non-cash movements	32	108,400	59,824
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	32	(70,906)	(46,603)
<b>Net cash flows from operating activities</b>		<b>29,235</b>	<b>(17,566)</b>
Net Cash flows from Investing Activities	33	20,125	5,226
Net Cash flows from Financing Activities	34	(13,103)	(15,420)
<b>Net increase or (decrease) in cash and cash equivalents</b>		<b>36,257</b>	<b>(27,760)</b>
Cash and cash equivalents at the beginning of the reporting period		21,597	57,854
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>57,854</b>	<b>30,094</b>

### 3.5 Index of Explanatory Notes to the Accounts

Note No.	Note	Page
1	Expenditure and Funding Analysis	69
2	Expenditure and Income Analysed by Nature	76
3	Financing and Investment Income and Expenditure	76
4	Taxation and Non Specific Grant Income	76
5	Grant Income credited to Services	77
6	Dedicated Schools Grant (DSG)	78
7	Material items of Income and Expenditure	81
8	Members' Allowances	81
9	Officers' Remuneration	82
10	External Audit Costs	85
11	Pooled Budget	85
12	Related Parties	87
13	Leases	90
14	Adjustments between Accounting Basis and Funding Basis under Regulations	90
15	Earmarked Reserves	95
16	Unusable Reserves	95
17	Property, Plant and Equipment	100
18	Infrastructure Assets	104
19	Heritage Assets	104
20	Investment Properties	106
21	Capital Expenditure and Capital Financing	107
22	Financial Instruments (including risks)	107
23	Debtors	119
24	Cash and Cash Equivalents	120
25	Creditors	120
26	Provisions	120
27	Contingent Assets	121
28	Contingent Liabilities	122
29	Public Finance Initiatives and Similar Contracts	122
30	Pension Schemes Accounted for as Defined Contribution Schemes	129
31	Defined Benefit Contribution Pension Schemes	129
32	Cash Flow Statement – Operating Activities	134
33	Cash Flow Statement – Investing Activities	135
34	Cash Flow Statement – Financing Activities	135
35	Accounting Policies	136
36	Accounting Standards Issued, Not Adopted	152
37	Critical Judgements in Applying Accounting Policies	152
38	Assumptions made about the Future and other major Sources of Estimation Uncertainty	155
39	Events after the Reporting Period	155
H1	Housing Revenue Account Housing Stock Numbers and Valuations	158
H2	Housing Revenue Account Depreciation and Impairment of Assets	158
C1	Collection Fund - General	161
C2	Collection Fund - Council Tax	162
C3	Collection Fund - Business Rates	162

## **3.6 Explanatory Notes to the Financial Statements**

### **Introduction**

The financial statements have been prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code) and the Accounting Policies set out in Note 35. The Notes that follow (1 to 39, C1-3 and H1-2) set out explanatory information for readers of the accounts.

### **1. Expenditure and Funding Analysis**

The Expenditure and Funding Analysis demonstrates how the funding available to the Council for the year 2022/23 (i.e. Government grants, rents, Council Tax and Business Rates) has been used to provide services in comparison with those resources consumed or earned under generally accepted accounting practice (GAAP). The Expenditure and Funding analysis also shows how this expenditure is allocated for decision making purposes between the Council's Portfolio. Income and expenditure accounted for under GAAP is presented more fully in the CIES. Following a revision to the Council's Management structure, the format of the Directorates has changed from 2021/22 thus the note has been re-aligned accordingly.

## 1a. Expenditure and Funding Analysis

2022/23					
Service Area	As reported for resource management (including HRA) £000	Adjustment to arrive at the net amount chargeable to the General Fund and HRA balances £000	Net Expenditure Chargeable to the General Fund and HRA Balances £000	Adjustments between Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
Community Health and Adult Social Care	79,398	(1,068)	78,330	4,267	82,597
Children's Services	105,417	(33,067)	72,350	25,890	98,240
Public Health	27,713	(1,163)	26,550	1,307	27,857
Communities	10,113	(3,748)	6,365	2,676	9,041
Place and Economic Growth	89,346	(56,198)	33,148	18,848	51,996
Corporate Services	12,429	(3,782)	8,647	6,385	15,032
Capital, Treasury and Technical Accounting	(8,542)	44,576	36,034	(39,120)	(3,086)
Corporate and Democratic Core	6,851	-	6,851	-	6,851
Central Services	(17,793)	17,793	-	-	-
Housing Revenue Account	-	(11,184)	(11,184)	635	(10,549)
<b>Net cost of services</b>	<b>304,932</b>	<b>(47,841)</b>	<b>257,091</b>	<b>20,888</b>	<b>277,979</b>
Other income and expenditure	(303,785)	67,972	(235,813)	(11,379)	(247,192)
<b>(Surplus) or Deficit</b>	<b>1,147</b>	<b>20,131</b>	<b>21,278</b>	<b>9,509</b>	<b>30,787</b>

The table below shows the comparative information for 2021/22

2021/22 - Restated	As reported for resource management (including HRA)	Adjustment to arrive at the net amount chargeable to the General Fund and HRA balances	Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
Portfolio	£000	£000	£000	£000	£000
Community Health and Adult Social Care	79,802	(11,712)	68,090	5,439	73,529
Children's Services	97,914	(39,114)	58,800	29,657	88,457
Public Health	27,417	(785)	26,632	2,033	28,665
Communities	9,169	(3,429)	5,740	2,965	8,705
Place and Economic Growth	93,426	(66,224)	27,201	27,985	55,187
Corporate Services	11,560	(1,798)	9,762	7,133	16,895
Capital, Treasury and Technical Accounting	26,513	35,492	62,005	(68,851)	(6,845)
Corporate and Democratic Core	6,815	-	6,815	-	6,815
Central Services	(42,012)	42,012	-	-	-
Housing Revenue Account	-	(10,697)	(10,697)	1,779	(8,918)
<b>Net cost of services</b>	<b>310,603</b>	<b>(56,254)</b>	<b>254,349</b>	<b>8,140</b>	<b>262,489</b>
Other income and expenditure	(313,352)	78,718	(234,634)	(19,596)	(254,230)
<b>(Surplus) or Deficit</b>	<b>(2,749)</b>	<b>22,464</b>	<b>19,715</b>	<b>(11,456)</b>	<b>8,259</b>



The table below reconciles between the opening and closing balances of the General Fund (including earmarked reserves) and Housing Revenue Account (HRA) balances.

Additional information on the movements in General Fund and HRA balances can be found on the Movement in Reserves Statement (MiRS).

<b>Movement in General Fund and HRA Balance</b>	<b>2021/22 £000</b>	<b>2022/23 £000</b>
Opening General Fund and HRA Balance at 1 April	(181,598)	(161,882)
Add (Surplus)/Deficit on General Fund and HRA Balance in Year	19,715	21,281
<b>Closing General Fund and HRA Balance at 31 March</b>	<b>(161,882)</b>	<b>(140,601)</b>

## 1b. Note to the Expenditure and Funding Analysis

This note provides a reconciliation of the main adjustments to net expenditure chargeable to the General Fund and HRA balances to arrive at the amounts in the CIES. The relevant transfers between reserves are explained in the MiRS.

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement				Adjustments between Accounting Basis and Funding Basis 2022/23			
	Movement in Reserves £000	Other Adjustments £000	Total to arrive at amount charged to the general fund & HRA £000	Adjustment for capital purposes (i & ii) £000	Net change for pension adjustment (iii) £000	Other Differences (iv) £000	Total Adjustments £000
Community Health and Adult Social Care	3,200	(4,268)	(1,068)	2,972	1,296	-	4,268
Children's Services	(1,521)	(31,546)	(33,067)	24,017	4,426	(2,552)	25,891
Public Health	1,744	(2,907)	(1,163)	1,499	544	(737)	1,306
Communities	(485)	(3,263)	(3,748)	2,462	335	(121)	2,676
Place and Economic Growth	2,549	(58,747)	(56,198)	16,673	4,024	(1,849)	18,848
Corporate Services	496	(4,278)	(3,782)	3,342	3,043	-	6,385
Capital, Treasury and Technical Accounting	(2,780)	47,356	44,576	323	10,062	(49,505)	(39,120)
Corporate and Democratic Core	-	-	-	-	-	-	-
Central Services	17,793	-	17,793	-	-	-	-
Housing Revenue Account	(865)	(10,319)	(11,184)	5,570	-	(4,936)	634
<b>Net cost of services</b>	<b>20,131</b>	<b>(67,972)</b>	<b>(47,841)</b>	<b>56,858</b>	<b>23,730</b>	<b>(59,700)</b>	<b>20,888</b>
Other income and expenditure from the Expenditure and Funding Analysis	-	67,972	67,972	-	-	(11,379)	(11,379)
<b>Difference between General Fund surplus/deficit and Comprehensive Income and Expenditure Statement (surplus)/deficit</b>	<b>20,131</b>	<b>-</b>	<b>20,131</b>	<b>56,858</b>	<b>23,732</b>	<b>(71,079)</b>	<b>9,509</b>

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement				Adjustments between Accounting Basis and Funding Basis 2021/22 - Restated			
	Movement in Reserves £000	Other Adjustments £000	Total to arrive at amount charged to the general fund & HRA £000	Adjustment for capital purposes (i & ii) £000	Net change for pension adjustment (iii) £000	Other Differences (iv) £000	Total Adjustments £000
Community Health and Adult Social Care	(6,273)	(5,439)	(11,712)	2,549	2,890	-	5,439
Children's Services	(1,727)	(37,387)	(39,114)	23,648	9,351	(3,342)	29,657
Public Health	2,772	(3,556)	(785)	1,311	1,326	(604)	2,033
Communities	24	(3,452)	(3,429)	2,315	806	(156)	2,965
Place and Economic Growth	1,126	(67,351)	(66,224)	21,932	7,962	(1,909)	27,985
Corporate Services	4,868	(6,666)	(1,798)	2,953	4,180	-	7,133
Capital, Treasury and Technical Accounting	(19,988)	55,481	35,492	(4,893)	8,223	(72,182)	(68,851)
Corporate and Democratic Core	-	-	-	-	-	-	-
Central Services	42,012	-	42,012	-	-	-	-
Housing Revenue Account	(350)	(10,348)	(10,697)	7,576	-	(5,796)	1,779
<b>Net cost of services</b>	<b>22,464</b>	<b>(78,718)</b>	<b>(56,254)</b>	<b>57,391</b>	<b>34,739</b>	<b>(83,989)</b>	<b>8,140</b>
Other income and expenditure from the Expenditure and Funding Analysis	-	78,718	78,718	-	-	(19,596)	(19,596)
<b>Difference between General Fund (surplus)/deficit and Comprehensive Income and Expenditure Statement (surplus)/deficit</b>	<b>22,464</b>	<b>-</b>	<b>22,464</b>	<b>57,391</b>	<b>34,739</b>	<b>(103,585)</b>	<b>(11,456)</b>

### (i) Adjustments for Depreciation/Rental Income

For resource management purposes, the Council includes depreciation in its reporting at Portfolio level. However, these charges are removed as they are not included in the net expenditure chargeable to the General Fund and HRA balances. Also, the Council includes rental income from investment properties in the Place and Economic Growth Portfolio. However, this is reported in the financial statements below the cost of services line and, therefore the table above shows the item being reallocated.

### (ii) Adjustments for Capital Purposes

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

- **Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- **Finance and investment income and expenditure** – the statutory charges for capital financing, i.e. Minimum Revenue Provision (MRP) and other revenue contributions, are deducted from other income and expenditure as these are not chargeable under GAAP.
- **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under GAAP. Revenue grants are adjusted from those receivable during the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied within the year.

### (iii) Net Change for Pension Adjustments

The removal of pension contributions and the addition of the International Accounting Standard (IAS) 19 Employee Benefits pension related expenditure and income are reflected as follows:

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

### (iv) Other Differences

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

- **For financing and investment income and expenditure** - the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts for Long Term Borrowing.
- **For taxation and non-specific grant income** - the charge represents the difference between what is chargeable under statute for Council Tax and Business Rates to that which was forecast to be received at the start of the year, and the income recognised under GAAP. This is a timing difference as any difference is brought forward in the surpluses or deficits on the Collection Fund.

## 2. Expenditure and Income Analysed by Nature

	2021/22 £000	2022/23 £000
<b>Expenditure</b>		
Employee benefit expenses	223,590	248,843
Other services expenses	372,412	382,915
Asset revaluations, depreciation, amortisation and impairment	51,245	44,429
Interest payments	35,974	34,547
Precepts and levies	33,389	33,603
Payments to the housing capital receipts pool	392	185
(Gain)/Loss on the disposal of assets	(2,013)	(2,094)
Movement on Pooled Investment Funding	(2,485)	2,743
<b>Total expenditure</b>	<b>712,504</b>	<b>745,171</b>
<b>Income</b>		
Fees, charges and other service income	(83,752)	(94,530)
Interest and investment income	(3,967)	(6,734)
Income from Council Tax and Business Rates	(143,526)	(158,949)
Government grants and contributions	(440,085)	(421,013)
Other revenue receipts	(32,914)	(33,158)
<b>Total income</b>	<b>(704,245)</b>	<b>(714,384)</b>
<b>(Surplus)/Deficit on the Provision of Services</b>	<b>8,259</b>	<b>30,787</b>

## 3. Financing and Investment Income and Expenditure

	2021/22 £000	2022/23 £000
Interest payable and similar charges	26,677	26,154
Net interest on the net defined benefit liability	9,297	8,392
Interest receivable and similar income	(3,417)	(5,260)
Income and expenditure in relation to investment properties and changes in their fair value	(2,839)	(2,556)
Other investment income	(550)	(1,474)
Expected Credit Loss	671	(3,101)
Fair Value movement on Pooled Investment Funds	(2,485)	2,743
<b>Total</b>	<b>27,354</b>	<b>24,898</b>

## 4. Taxation and Non-Specific Grant Income

The Council raises Council Tax, Business Rates and receives non-specific unringfenced grants from Central Government each year to finance revenue expenditure. This income is not attributable to specific services. The Council Tax, locally generated and retained Business Rates income together with non-specific unringfenced Government Grants underpin the overall expenditure of the Council. The Grants are set out below:

	2021/22 £000	2022/23 £000
Council Tax Income - General Purposes	(87,625)	(90,423)
Council Tax Income - Adult Social Care Precept	(10,523)	(12,549)
Retained Business Rates	(45,378)	(55,977)
Business Rates Top Up Grant	(41,912)	(42,922)
Grants in Lieu of Business Rates	(19,889)	(19,348)
COVID-19 General Unringfenced Grants	(8,088)	-
COVID-19 Other Unringfenced Grants	(1,591)	-
COVID-19 Local Council Tax Support Grant	(3,185)	-
Other Capital Grants and Contributions	(59,458)	(38,762)
Private Finance Initiative (PFI) Grant	(8,091)	(7,621)
Improved Better Care Fund Grant	(10,859)	(11,188)
Social Care Support Grant	(8,947)	(12,132)
Independent Living Fund Grant	(2,580)	(2,580)
Housing and Council Tax Benefit Administration Grants	(1,189)	(1,185)
New Homes Bonus Grant	(171)	(562)
Opportunity Area Grant	(1,799)	-
Lower Tier Services Support Grant	(407)	(437)
2022/23 Services Grant	-	(4,467)
Homes for Ukraine Grant	-	(1,018)
Family Hubs and Start for Life Programme Grant	-	(845)
Other Non-Ringfenced Government Grants	(1,661)	(1,768)
<b>Total</b>	<b>(313,352)</b>	<b>(303,784)</b>

## 5. Grant Income Credited to Services

The Council credited the following grants and contributions to the CIES:

	2021/22 £000	2022/23 £000
<b>Government Grants</b>		
Dedicated Schools Grant (DSG)	(161,361)	(168,686)
Housing Benefit Subsidy - Rent Allowances	(37,160)	(35,633)
Housing Benefit Subsidy - Rent Rebates	(5,759)	(5,341)
Private Finance Initiative (PFI) Credit	(23,978)	(24,447)
COVID-19 Support Grants	(13,764)	(2,297)
Household Support Fund	-	(4,839)
Pupil Premium	(8,980)	(9,635)
Discretionary Housing Payments	(605)	(427)
Education and Skills Funding Agency (ESFA) - Adult and Community Learning Income	(2,807)	(2,722)
Holiday Activities and Food Grant	-	(1,435)
Other Government Grants	(14,177)	(17,784)
Other Grants	(1,668)	(2,929)
<b>Total</b>	<b>(270,259)</b>	<b>(276,177)</b>

## 6. Dedicated School's Grant (DSG)

The Council's expenditure on schools is financed primarily by Dedicated Schools Grant (DSG) provided by the Education and Skills Funding Agency (ESFA). DSG is ring-fenced and can only be used to finance expenditure that is included in the School's Budget, as defined in the School Finance and Early Years (England) Regulations 2022. The School's 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 Council maintained school.

Details of the deployment of the DSG receivable for 2022/23 are as follows:

		2022/23		
		Central Expenditure	Individual Schools Budget	Total
Note		£000	£000	£000
A	Final DSG for 2022/23 before academy and high needs recoupment			300,473
B	Academy and high needs figure recouped for 2022/23			(131,787)
C	Total DSG after academy and high needs recoupment for 2022/23			<b>168,686</b>
D	Plus: Brought forward from 2021/22			-
E	Less: Carry-forward to 2023/24 agreed in advance			(439)
F	Agreed initial budgeted distribution in 2022/23	24,367	143,880	<b>168,247</b>
G	In year adjustments	23	79	102
<b>H</b>	<b>Final budget distribution for 2022/23</b>	<b>24,390</b>	<b>143,959</b>	<b>168,349</b>
I	Less: Actual central expenditure	(24,415)		(24,415)
J	Less: Actual ISB deployed to schools		(140,701)	(140,701)
K	Plus: Local Authority contribution for 2022/23			-
<b>L</b>	<b>In Year Carry-forward to 2023/24</b>	<b>(25)</b>	<b>3,258</b>	<b>3,233</b>
M	Plus: Carry-forward to 2023/24 agreed in advance			439
N	Carry-forward to 2023/24			3,672
O	DSG unusable reserve at the end of 2021/22			(2,773)
P	Addition to DSG unusable reserve at the end of 2022/23			-
Q	Total of DSG unusable reserve at the end of 2022/23			(2,773)
<b>R</b>	<b>Net DSG position at the end of 2022/23</b>			<b>899</b>

- A Final DSG figure before any amount has been recouped from the Authority as published in March 2023, excluding an Early Years Block adjustment to be made based on January 2023 pupil numbers.
- B Figure recouped from the Authority in 2022/23 by the DfE for the conversion of maintained schools into academies and for high needs payments made by the ESFA.
- C Total DSG figure after academy and high needs recoupment for 2022/23, as published March 2023.
- D Balance brought forward (where in surplus) from 2021/22. As the DSG balance from 2021/22 was in deficit this will be shown against the unusable reserve.
- E The amount which the Authority decided after consultation with the School's Forum to carry forward to 2023/24 rather than distribute in 2022/23 (£0.439m).
- F Budgeted distribution of DSG as agreed with the School's Forum.
- G Changes to the initial distribution, for the final Early years Block adjustment re 2021/22.
- H Budgeted distribution of DSG as at the end of the financial year.
- I Actual amount of central expenditure items in 2022/23.
- J Amount of ISB distributed to schools in 2022/23.
- K Any Local Authority contribution for 2022/23 - there was no contribution from Oldham Council in 2022/23.
- L In year carry-forward to 2023/24.
- M Carry-forward to 2022/23 already agreed (£0.439m).
- N Carry-forward to 2022/23 (before any unusable reserve brought forward).
- O DSG unusable reserve at the end of 2021/22
- P Addition to DSG unusable reserve at the end of 2022/23
- Q Total of DSG unusable reserve at the end of 2022/23
- R Net DSG position at the end of 2022/23

At the end of 2022/23 the DSG had moved from a cumulative deficit of £2.773m to a surplus of £0.899m.



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

		2021/22		
		Central Expenditure	Individual Schools Budget	Total
		£000	£000	£000
	Final DSG for 2021/22 before academy and high needs recoupment			283,256
	Academy and high needs figure recouped for 2021/22			(121,895)
	Total DSG after academy and high needs recoupment for 2021/22			<b>161,361</b>
	Less: Carry-forward to 2022/23 agreed in advance			(803)
	Agreed initial budgeted distribution in 2021/22			<b>160,558</b>
	In year adjustments	(367)	(138)	(505)
	<b>Final budget distribution for 2021/22</b>	<b>23,838</b>	<b>136,215</b>	<b>160,053</b>
	Less: Actual central expenditure	(24,027)	-	(24,027)
	Less: Actual ISB deployed to schools	-	(136,788)	(136,788)
	<b>In Year Carry-forward to 2022/23</b>	<b>(189)</b>	<b>(573)</b>	<b>(762)</b>
	Plus: Carry-forward to 2022/23 agreed in advance			803
	Carry-forward to 2022/23			41
	DSG unusable reserve (adjusted) at the end of 2020/21			(2,814)
	Total of DSG unusable reserve at the end of 2021/22			(2,814)
	<b>Net DSG position at the end of 2021/22</b>			<b>(2,773)</b>

## 7. Material Items of Income and Expenditure

This note identifies material items of income and expenditure that are not disclosed on the face of the CIES. For the purposes of this note the Council considers material items to be those greater than £6.000m. For 2022/23 there were no material items of income and expenditure which are not disclosed elsewhere in the financial statements.

## 8. Members' Allowances

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

	2021/22 £000	2022/23 £000
Allowances	1,139	1,166
Expenses	0	0

## 9. Officers' Remuneration

The remuneration of senior employees is detailed below.

	2021/22				2022/23			Note
	Fees, Salary and Allowances	Compensation for Loss of Office	Pension Contribution	Total	Salary, Fees and Allowances	Pension Contribution	Total	
	£000	£000	£000	£000	£000	£000	£000	
H Catherall, Chief Executive Oldham Council, Head of Paid Service	97	-	-	<b>97</b>	164	-	<b>164</b>	<b>A</b>
C Wilkins OBE, Chief Executive Oldham Council and Accountable Officer, NHS Oldham CCG, Head of Paid Service	80	93	15	<b>188</b>			-	<b>B</b>
Deputy Chief Executive: People Services	11	-	2	<b>13</b>	139	29	<b>168</b>	<b>C</b>
Executive Director: Place and Economic Growth	10	-	2	<b>12</b>	124	25	<b>149</b>	<b>D</b>
Assistant Chief Executive	41	-	8	<b>49</b>	98	20	<b>118</b>	<b>E</b>
Deputy Chief Executive	81	26	15	<b>122</b>	-	-	-	<b>F</b>
Strategic Director: Communities and Reform	95	59	-	<b>154</b>	-	-	-	<b>G</b>
Managing Director Children and Young People (Director of Children's Services)	130	-	27	<b>157</b>	132	27	<b>159</b>	
Managing Director Community Health and Adults Social Care Services (Director of Adult Social Services)	115	-	24	<b>139</b>	29	6	<b>35</b>	<b>H</b>
Director of Adult Social Care Services (Director of Adult Social Services)	-	-	-	-	84	17	<b>101</b>	<b>I</b>
Director of Finance and Chief Financial Officer (Section 151 Officer)	103	-	25	<b>128</b>	105	8	<b>113</b>	
Director of Legal Services and Monitoring Officer	103	-	21	<b>124</b>	105	22	<b>127</b>	
Director of Public Health	96	-	20	<b>116</b>	98	20	<b>118</b>	
Director of Education, Skills and Early Years (Chief Education Officer)	95	-	20	<b>115</b>	98	20	<b>118</b>	

Senior Officers served for the whole of 2021/22 and 2022/23 unless stated below:

- A The Chief Executive and Head of Paid Services: the appointment to the post of Chief Executive was confirmed at the Council meeting of 25 August 2021 with effect from 26 August 2021.
- B The Chief Executive and Accountable Officer for Oldham Clinical Commissioning Group (CCG): left the Council 23 August 2021.  
  
The contribution to the salary and pension cost paid by the CCG was £49,031.
- C The Deputy Chief Executive: People Services: was appointed on 1 March 2022.
- D The Executive Director: Place and Economic Growth: was appointed on 1 March 2022.
- E The Assistant Chief Executive: was appointed on 1 November 2021.
- F The Deputy Chief Executive: left the Council on 31 December 2021.
- G The Strategic Director: Communities and Reform: left the Council on 31 December 2021.
- H The Managing Director Community Health and Adult Social Care (Director of Adult Social Services): left the Council on 30 June 2022.
- I The Director of Adult Social Care Services (Director of Adult Social Services): was appointed 1 July 2022.

All of the Council's employees (excluding the Chief Executive, other Executive Management Team members and Statutory Officers) receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

	2021/22 Number of Employees Including Severance or Other Related Payments	2022/23 Number of Employees Including Severance or Other Related Payments
£50,000 - £55,000	124	149
£55,001 - £60,000	61	87
£60,001 - £65,000	27	46
£65,001 - £70,000	31	25
£70,001 - £75,000	18	20
£75,001 - £80,000	13	18
£80,001 - £85,000	13	16
£85,001 - £90,000	5	6
£90,001 - £95,000	4	4
£95,001 - £100,000	4	3
£100,001 - £105,000	2	3
£105,001 - £110,000	2	-
£110,001 - £115,000	-	2
£115,001 - £120,000	-	-
£120,001 - £125,000	-	1
<b>Total</b>	<b>304</b>	<b>380</b>

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below.

Exit Package Cost band (including special payments)	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
	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	
	£	£	£	£	£	£	£	£
£0 - £20,000	-	13	24	16	24	29	181,967	197,365
£20,001 - £40,000	1	3	4	6	5	9	134,900	249,890
£40,001 - £60,000	-	-	2	2	2	2	108,323	100,446
£60,001 - £80,000	-	-	1	-	1	-	78,030	-
£80,001 - £100,000	-	-	2	-	2	-	181,377	-
£100,001 - £150,000	-	-	2	-	2	-	223,279	-
<b>Total</b>	<b>1</b>	<b>16</b>	<b>35</b>	<b>24</b>	<b>36</b>	<b>40</b>	<b>907,876</b>	<b>547,701</b>

## 10. External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts by the Council's External Auditors, which for both 2021/22 and 2022/23 was Mazars LLP.

	2021/22 £000	2022/23 £000
Fees payable to Mazars LLP with regard to external audit services carried out by the appointed auditor for the year.	104	126

## 11. Pooled Budget

### Section 75 Agreement

Since April 2016, Greater Manchester has been working to deliver its own sustainable Health and Social Care system. Oldham Council and Oldham CCG jointly developed a Locality Plan for Health and Social Care transformation initially covering the period 2016/17 to 2020/21 with a subsequent extension to 2023/24. The two organisations have worked closely together and for a number of years have entered into a pooled funding agreement under the powers of the NHS Act 2006 to facilitate a whole system approach to delivering care to the citizens of Oldham.

The aims and benefits of the Partners in entering into the Section 75 Agreement are to;

- improve the quality and efficiency of service provision;
- meet the national conditions of funding streams, such as the Better Care Fund and local objectives;
- make more effective use of resources through the establishment and maintenance of an aligned fund for revenue expenditure on services;
- ensure that people in Oldham will be independent, resilient and self-caring so fewer people reach crisis point; and
- develop an integrated health and care system, for those that need it that enables people to proactively manage their own care with the support of their family, community and the right professionals at the right time in a properly joined up system.

On 11 February 2021, the Secretary of State for Health and Social Care presented to Parliament, Integration and Innovation: Working Together to Improve Health and Social Care for All, setting out legislative proposals for Health and Care reform. The proposals received Royal Assent on 28 April 2022 and this meant that CCG's ceased to exist with effect from 30 June 2022. The functions of NHS Oldham CCG continue to be carried out by the NHS, and a new body; NHS Greater Manchester Integrated Care Board (NHS Greater Manchester) came into operation with effect from 1 July 2022 and is now undertaking these functions, both in Oldham and in the other localities across Greater Manchester. At a locality level, the Oldham Integrated Care Partnership (ICP) has been established, building on progress already made to deliver efficiencies, more effective services and to contribute to budget savings through collaboration, networks and alliances within the framework of a new strategic plan: The Locality Plan, which describes the strategic ambition for Oldham's Health and Care system and how the partners will address the challenges presented. During 2022/23, governance and oversight of health and social care integration services and developments remained through the Commissioning Partnership Board.

The Section 75 Agreement for 2022/23 agreement was formally approved at the meeting of the Commissioning Partnership Board (a joint Committee of the Council and at that time Oldham CCG) on 26 May 2022. With the revised arrangements, the Agreement was with the CCG for the first quarter of the financial year and then novated to NHS Greater Manchester for the final nine

months of 2022/23, at which point the scope of services contributed by the NHS reduced. The Agreement incorporates the following:

- Better Care Fund (including the Disabled Facilities Grant, a capital grant with a value of £2.343m);
- Improved Better Care Fund ;
- Funding in relation to services commissioned by Oldham Council and services commissioned by Oldham CCG/NHS Greater Manchester; and
- Funding commissioned by Oldham Council and Oldham CCG/NHS Greater Manchester to facilitate hospital discharge and support the care provider market in response to the legacy of the COVID-19 pandemic.

The Section 75 Agreement relates to pooled funds. The pooled funds are split into two elements:

- A pooled budget that relates solely to the Integrated Community Equipment Service which is hosted by the Council but for which partners equally share the risk associated with any variance to budget; and
- A pooled aligned budget covering the majority of funding and expenditure where funds are held in the host organisation's budget.

As shown in the table below the Council spent pooled funds of £188.991m and the combined Oldham CCG and NHS Integrated Care Board - Oldham locality spent £184.052m; a total pooled fund of £373.043m. Each of the partner organisations accounts for their own contributions and details are contained within the respective organisation's annual accounts.

For the reasons outlined above the NHS contribution has decreased in 2022/23 compared to the previous year as more services are being commissioned and managed at a GM level. Conversely, the Council's contribution to the Agreement has increased as more areas of the Council's budget and expenditure were brought within the scope of the Section 75 Agreement linked to the wider determinants of health. This is to allow improved joint oversight of the collective spend, although the budget and associated expenditure remain with the Council as the host organisation.

The variance between funding provided to the pool and met from the pool by respective partners is due to funds being transferred from one partner to facilitate expenditure by the other partner.

<b>Section 75 incorporating Better Care Fund &amp; Improved Better Care Fund</b>	<b>2021/22 £000</b>	<b>2022/23 £000</b>
<b>Funding provided to the pooled budget:</b>		
Council	(83,766)	(188,991)
Oldham CCG	(381,520)	(98,049)
NHS GM Integrated Care Board – Oldham Locality	-	(86,003)
	<b>(465,286)</b>	<b>(373,043)</b>
<b>Expenditure met from the pooled budget:</b>		
Council	98,527	215,886
Oldham CCG	366,759	91,654
NHS GM Integrated Care Board – Oldham Locality	-	65,502
	<b>465,286</b>	<b>373,043</b>
<b>Net surplus arising on the pooled budget during the year</b>	-	-

## 12. Related Parties

The Council is required to disclose material transactions with related parties, bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions shows the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

### Central Government

Central Government has significant influence over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax billing, Housing Benefit administration). Grants received from Government Departments are disclosed in Notes 4 and 5.

### Elected Members of the Council

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' Allowances paid in 2022/23 is disclosed in Note 8.

The Register of Members' Interests is open to public inspection at the Civic Centre during office hours, on application, and is also available on the Council's website. The Council is compliant in this regard with the requirements of the Localism Act 2012.

Any material transactions with entities disclosed by Members have been incorporated into the Related Party Transactions table below.

### Officers

There are no material related party transactions identified between the entities disclosed by Chief Officers as interests/related parties during the 2022/23 financial year.

### Other Public Bodies (subject to common control by Central Government)

The Council has a pooled fund (Section 75) arrangement. For the first quarter of the financial year this was with Oldham CCG. Following the introduction of legislative proposals for Health and Care reform on 1 July 2022 the agreement novated to the Greater Manchester Integrated Care Partnership (GMICP) for the remainder of the financial year. The agreement encompasses a range of Council services as follows, for further detail see Note 11 Pooled Budget.

- Adult Social Care budgets and CCG and GMICP commissioned expenditure, together with expenditure funded by the Better Care Fund, the Improved Better Care Fund and the Adult Social Care Discharge Fund ;
- Children's Social Care and Preventative Services;
- Public Health;
- Youth Leisure and Communities;
- Environmental Health; and
- Economic Development.

The Council also pays levies towards the services provided by the Greater Manchester Combined Authority (GMCA) for Waste Disposal and for Transport services (plus a statutory charge for Transport) and also to the Environment Agency. The levies payable are shown in the following table.



Levying Body/Statutory Charging Body	31 March 2022 £000	31 March 2023 £000
Greater Manchester Combined Authority - Waste Disposal	16,885	17,121
Greater Manchester Combined Authority - Transport (Levy and Statutory Charge)	16,094	16,057
Environment Agency	110	111
<b>Total</b>	<b>33,089</b>	<b>33,289</b>

GMCA approved its Waste Disposal levy for 2022/23 on 11 February 2022 at a value of £17.174m. Adjustments for usage in 2021/22 resulted in a credit of £0.033m being received in 2022/23 and usage in 2022/23 was also £0.020m lower than expected. This produced a net credit of £0.053m resulting in a final annual levy of £17.121m.

GMCA also approved its 2022/23 Transport Levy payable by the Greater Manchester Districts on 11 February 2022 at a value of £8.824m.

Following the GMCA (Functions and Amendment) Order being laid before Parliament in April 2019, the GM Mayor was given further powers for transport functions. The Order gave the GM Mayor the ability to make a statutory charge to District Councils in relation to transport functions (with a corresponding reduction in the Transport Levy). This statutory charge for 2022/23 was agreed at £7.233m.

In total therefore, the sum payable to GMCA for Transport Services in 2022/23 was £16.057m.

On 9 February 2022 the Environment Agency provided the Council with a confirmed levy charge for the 2022/23 financial year at a value of £0.111m.

The following table shows the income and expenditure and balances attributable to the Council's subsidiaries, associate companies, joint ventures and non-group entities where appropriate.

Related Party Transactions	Details of Arrangement	2021/22			2022/23		
		Income	Expenditure	Outstanding Balances / Commitments	Income	Expenditure	Outstanding Balances / Commitments
		£000	£000	£000	£000	£000	£000
<b>Subsidiaries</b>							
MioCare Group Community Interest Company (formerly Oldham Care Services Limited)	MioCare Group CIC is a care and support provider and is wholly owned by the Council. It delivers services through two subsidiaries: Oldham Care and Support Ltd (OCS); and MioCare Services Ltd (formerly Oldham Care and Support at Home (OCSH)).	(1,109)	16,056	66	(1,159)	17,076	(251)
Unity Partnership Limited (Unity)	On 2 July 2018 the ownership of Unity Partnership Ltd transferred to Oldham Council and Unity Partnership became a 100% wholly owned Council subsidiary company providing a variety of services within the Council and to residents. On 1 April 2022, the staff of the Unity Partnership Ltd were transferred back into the Council and the Company's functions were taken over by the Council.	(1,483)	21,337	(2)	(2,046)	2,385	202
Oldham Economic Development Association Limited (OEDA)	OEDA is a company without share capital which is wholly owned by the Council and was set up to aid economic development and regeneration across the Borough. The company has remained inactive in the past year because of the restrictions which apply to companies wholly owned by a Local Authority.	-	-	-	-	-	-
Southlink Developments Limited	The principal activity of the company is that of a property developer. However, the development land now owned by the company is reduced to a few acres located on Southlink Business Park. The continued inactivity of the company is the result of the restrictions which apply to companies wholly owned by a Local Authority.	-	-	-	-	-	-
Meridian Group	The Meridian Group is comprised of the Meridian Development Company Ltd and its subsidiary, Interurban, was created to enable the purchase and development of key sites in Oldham. In 2021/22, the Council became the sole shareholder of the Company.	-	1,297	-	-	89	-
Northern Roots (Oldham) Ltd	Northern Roots (Oldham) Ltd is a Charity limited by shares and a wholly owned Council company incorporated to develop and operate a new Urban Park in the Snipe Clough area of Oldham. The Council is the sole shareholder.	-	-	33	-	-	(107)
<b>Associates</b>							
<b>Joint Ventures</b>							
Oldham Property LLP (OP LLP)	OP LLP is a joint venture between the Council and Brookhouse Group Ltd and was incorporated on 13 February 2013. During 2021/22, the joint venture disposed of its only key site. The Council has retained a small shareholding in the company.	(2,710)	4,850	-	-	-	-
Community 1st Oldham (Chadderton) Ltd	Community 1st Oldham (Chadderton) Ltd was incorporated on 29 March 2008 and commenced trading on 30 April 2008. The principal activity of the company is the development and property management of a Multi-Purpose Health and Wellbeing Centre in Chadderton.	-	-	-	(137)	1,636	152
FO Development LLP	This joint venture was formed to deliver the development of the Foxdenton employment area in order to create a premium business location, new jobs and housing. The Council has a 20% shareholding.	(7)	-	-	-	-	-
<b>Non-Group Entities</b>							
Positive Steps Oldham	The Council has a number of contracts with Positive Steps which is a charitable trust that delivers a range of targeted and integrated services for young people, adults and families. It is a not for profit company for which Council Members occupy 4 of the 12 Trustee positions.	(21)	2,815	-	(17)	2,437	-
	<b>Total</b>	<b>(5,330)</b>	<b>46,355</b>	<b>97</b>	<b>(3,359)</b>	<b>23,623</b>	<b>(4)</b>

### 13. Leases

#### The Council as Lessor

##### Operating Leases

The Council leases out property to third parties under operating leases, to include but not limited to, the following purposes:

- for the provision of community services, such as tourism services and community centres; and
- for economic development purposes to provide suitable affordable accommodation for local businesses.

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

	2021/22 £000	2022/23 £000
No later than 1 year	7,016	3,489
Later than 1 year and not later than 5 years	12,137	11,413
Later than 5 years	127,623	171,824
<b>Total</b>	<b>146,775</b>	<b>186,725</b>

### 14. Adjustments Between Accounting Basis and Funding Basis Under Regulations

This note details the adjustments that are made to the total Comprehensive Income and Expenditure recognised by the Council in the year, in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

	General Fund Balance £000	Housing Revenue Account (HRA) £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movements in Unusable Reserves £000	General Fund Balance £000	Housing Revenue Account (HRA) £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movements in Unusable Reserves £000
<b>Adjustments primarily involving the Capital Adjustment Account:</b>												
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>												
Charges for depreciation of non-current assets	(32,740)	(5,532)	-	-	-	38,272	(34,180)	(5,714)	-	-	-	39,894
Charges for impairment of non-current assets	(379)	(86)	-	-	-	464	(1,091)	-	-	-	-	1,091
Revaluation losses on Property, Plant and Equipment	(8,932)	(2,284)	-	-	-	11,216	(1,499)	(215)	-	-	-	1,714
Movements in the fair value of Investment Properties	983	-	-	-	-	(983)	869	-	-	-	-	(869)
Amortisation of intangible assets	(1,292)	-	-	-	-	1,292	(1,729)	-	-	-	-	1,729
Capital grants and contributions applied	50,019	-	-	-	-	(50,019)	25,340	-	-	-	-	(25,340)
Revenue expenditure funded from capital under statute	(11,507)	-	-	-	-	11,507	(12,597)	-	-	-	-	12,597
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(9,865)	(14)	-	-	-	9,879	(7,106)	(12)	-	-	-	7,118
Amounts written off on disposal of Academy Schools to the Comprehensive Income and Expenditure Statement	-	-	-	-	-	-	-	-	-	-	-	-
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>												
Statutory provision for the financing of capital investment	18,386	4,806	-	-	-	(23,192)	15,680	4,606	-	-	-	(20,286)
Capital expenditure charged against the General Fund and HRA balances	54	912	-	-	-	(966)	27	210	-	-	-	(237)
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>												
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	9,439	-	-	-	(9,439)	-	13,422	-	-	-	(13,422)	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-	14,143	(14,143)	-	-	-	-	7,071	(7,071)
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>												
Transfer of cash sales proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	11,823	340	(12,163)	-	-	-	8,978	371	(9,348)	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	11,861	-	-	(11,861)	-	-	9,271	-	-	(9,271)
Contributions to the Capital Receipts Pool	(392)	-	392	-	-	-	(185)	-	185	-	-	-
Repayment of Long Term Loans	-	-	(89)	-	-	89	-	-	(108)	-	-	108

	2021/22						2022/23					
	Usable Reserves					Movements in Unusable Reserves	Usable Reserves					Movements in Unusable Reserves
	General Fund Balance	Housing Revenue Account (HRA)	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied		General Fund Balance	Housing Revenue Account (HRA)	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
<b>Adjustments primarily involving the Major Repairs Reserve (MRR):</b>												
Transfer of Excess of Depreciation over Notional MRA to MRR	-	(5,453)	-	5,453	-	-	-	(5,594)	-	5,594	-	-
Credit MRR with a sum equal to HRA Depreciation	-	5,532	-	(5,532)	-	-	5,714	-	(5,714)	-	-	-
<b>Adjustments primarily involving the Financial Instruments Adjustment Account:</b>												
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	294	-	-	-	-	(294)	294	-	-	-	-	(294)
<b>Adjustments primarily involving the Financial Instruments Revaluation Reserve:</b>												
Amount by which Financial Instruments held under Fair Value through Profit & Loss are subject to MHCLG statutory over-ride.	2,485	-	-	-	-	(2,485)	(2,743)	-	-	-	-	2,743
<b>Adjustments primarily involving the Pensions Reserve:</b>												
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 31)	(53,896)	-	-	-	-	53,896	(52,921)	-	-	-	-	52,921
Employer's pension contributions and direct payments to pensioners payable in the year	19,157	-	-	-	-	(19,157)	29,189	-	-	-	-	(29,189)
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>												
Amount by which Council Tax and Business Rates income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	17,830	-	-	-	-	(17,830)	12,369	-	-	-	-	(12,369)
<b>Adjustments primarily involving the Accumulated Absences Account:</b>												
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from the remuneration chargeable in the year in accordance with statutory requirements	980	-	-	-	-	(980)	(991)	-	-	-	-	991
<b>Adjustments primarily involving the Dedicated Schools Grant Adjustment Account</b>												
Transfer of Dedicated Schools Grant (DSG) over/(underspend) to the DSG Adjustment Account	787	-	-	-	-	(787)	-	-	-	-	-	-
<b>Total Adjustments</b>	<b>13,235</b>	<b>(1,779)</b>	<b>0</b>	<b>(78)</b>	<b>4,704</b>	<b>(16,082)</b>	<b>(8,872)</b>	<b>(634)</b>	<b>0</b>	<b>(120)</b>	<b>(6,351)</b>	<b>15,978</b>

## 15. Earmarked Reserves

This note discloses the amounts set aside from the General Fund as Earmarked Reserves to provide financing for future expenditure plans. The note also discloses the value of transfers to or from General Fund Earmarked Reserves during 2021/22 and 2022/23. All Earmarked Reserves are managed in accordance with the Council's reserves policy.

	Balance at 1 April 2021 £000	Transfers Out 2021/22 £000	Transfers In 2021/22 £000	Balance at 31 March 2022 £000	Transfers Out 2022/23 £000	Transfers In 2022/23 £000	Balance at 31 March 2023 £000
Integrated Working Reserve	(17,380)	5,430	(6,433)	(18,383)	6,032	(600)	(12,951)
Transformation Reserve	(5,986)	590	(1,000)	(6,396)	2,643	(1,500)	(5,253)
Adverse Weather Reserve	(1,000)	-	-	(1,000)	-	-	(1,000)
Regeneration Reserve	(3,564)	1,646	(250)	(2,168)	1,061	(1,000)	(2,107)
Emergency and External Events Reserve	(2,000)	-	-	(2,000)	-	-	(2,000)
Levy Reserve	(340)	340	-	-	-	-	-
Council Initiatives Reserve	(2,891)	867	(920)	(2,944)	1,653	(700)	(1,991)
Fiscal Mitigation Reserve	(11,582)	6,933	(16,171)	(20,820)	61,397	(68,648)	(28,071)
Life Cycle Costs Reserve	(1,651)	1,680	(1,672)	(1,643)	125	-	(1,518)
Insurance Reserve	(9,985)	-	(35)	(10,020)	6,880	-	(3,140)
Directorate Reserve	(2,192)	923	(1,405)	(2,674)	1,983	(3,145)	(3,836)
Balancing Budget Reserve	(54,309)	42,012	(18,321)	(30,618)	20,686	(6,786)	(16,718)
District Partnership Reserve	(594)	247	(214)	(561)	207	(191)	(545)
Local Restrictions Support Grant Reserve	(37)	37	-	-	-	-	-
<b>Total Revenue Account Earmarked Reserves</b>	<b>(113,512)</b>	<b>60,705</b>	<b>(46,421)</b>	<b>(99,228)</b>	<b>102,667</b>	<b>(82,570)</b>	<b>(79,130)</b>
<b>Other Earmarked Reserves</b>							
Revenue Grants Reserve	(20,146)	12,208	(2,794)	(10,731)	5,545	(2,783)	(7,968)
Schools Reserve	(9,306)	9,312	(10,197)	(10,192)	10,195	(8,384)	(8,381)
Dedicated Schools Grant Surplus Reserve	-	-	-	-	-	(3,672)	(3,672)
<b>Total Other Earmarked Reserves</b>	<b>(29,452)</b>	<b>21,520</b>	<b>(12,991)</b>	<b>(20,922)</b>	<b>15,740</b>	<b>(14,839)</b>	<b>(20,022)</b>
<b>Total Earmarked Reserves</b>	<b>(142,964)</b>	<b>82,225</b>	<b>(59,412)</b>	<b>(120,150)</b>	<b>118,407</b>	<b>(97,409)</b>	<b>(99,152)</b>

## Revenue Account Earmarked Reserves

**Integrated Working Reserve** - this represents funding that has been set aside to support initiatives arising from the Greater Manchester devolution agenda and Greater Manchester Places for Everyone Framework including joint working with the Greater Manchester Integrated Care Partnership around Health and Adult Social Care, other Greater Manchester Councils and the Greater Manchester Combined Authority.

**Transformation Reserve** – this represents funding that has been set aside to provide for any exceptional costs arising from implementing the budget reductions required by the Council's revenue budget for 2023/24 and also the programme of change as the Council moves to address funding reductions in future years by the continued transformation of its services.

**Adverse Weather Reserve** – this represents funds set aside to cover the exceptional costs of the winter maintenance of Oldham's roads due to adverse weather conditions.

**Regeneration Reserve** – the Council has an extensive and ambitious regeneration agenda and resources have been set aside to support a number of regeneration projects which span more than one financial year.

**Emergency and External Events Reserve** – this reserve has been established to ensure that the Council has sufficient resources to address costs arising from events such as flooding including the requirement to undertake emergency repairs.

**Council Initiatives Reserve** – there are a number of projects and programmes of work which the Council considers to be priority initiatives and has therefore set reserve funds aside to ensure that these can be undertaken.

**Fiscal Mitigation Reserve** – this reserve has been established to fund future costs expected to arise from reforms to Central Government Funding, pressures resulting from legislative change and the potential requirement to support performance improvement in selected services. This also includes funds set aside to strengthen the Council's financial resilience over the medium-term.

**Life Cycle Costs Reserve** – the Council has a number of service areas including PFI schemes which require reserves to ensure that there is funding to provide for future costs including unitary charge inflationary increases.

**Insurance Reserve** – this has been established in order to finance costs (e.g. claims and premium payments) associated with insurable risk. The Council also has an Insurance Fund and the Insurance Reserve will also meet expenditure relating to various types of future claims which are not covered by the Insurance Fund.

**Directorate Reserve** – there are a wide range of Directorate initiatives which span more than one financial year or for which funds have been budgeted but not yet started. The Directorate Reserve will ensure that such initiatives can be completed.

**Balancing Budget Reserve** – this holds the sum of reserves required to balance the 2023/24 budget approved by Council on 1 March 2023 and the reserves required to balance the indicative 2024/25 budget (also approved on the 1 March 2023).

**District Partnership Reserve** – this represents sums set aside to fund projects already agreed by the District Executives which are programmed for a future financial year or span more than one financial year.

## Other Earmarked Reserves

In addition to the reserves detailed above there are three Earmarked Reserves held in the Council's General Fund which have to be itemised separately given the nature of the funds held. These are:

- **Revenue Grants Reserve** - this represents income from grants received which have no conditions attached or where the conditions have been met but no expenditure has yet been incurred.
- **Schools Reserve** - this includes the balances held by Schools under the scheme of delegation.
- **Dedicated Schools Grant Surplus Reserve** – this reserve contains any surpluses in the DSG and offsets the DSG unusable reserve deficit position which is shown under unusable reserves within the MiRS.

## 16. Unusable Reserves

	Note	31 March 2022	31 March 2023
		£000	£000
Revaluation Reserve	16a	(338,166)	(390,514)
Financial Instruments Revaluation Reserve	16b	(9,224)	(15,885)
Capital Adjustment Account	16c	(88,234)	(108,132)
Financial Instruments Adjustment Account	16d	7,933	7,638
Deferred Capital Receipts	16e	(523)	(523)
Pensions Reserve	16f	313,342	(70,217)
Collection Fund Adjustment Account	16g	8,622	(3,747)
DSG Adjustment Account	16h	2,773	2,773
Accumulated Absences	16i	4,715	5,706
<b>Total Unusable Reserves</b>		<b>(98,761)</b>	<b>(572,900)</b>

All unusable reserves are described below. The movements in year for all reserves with a material balance are also disclosed.

### (16a) Revaluation Reserve

The Revaluation Reserve includes the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost;
- used in the provision of services and the gains are consumed through depreciation; and
- disposed of and 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.



Revaluation Reserve	2021/22 £000	2022/23 £000
<b>Balance at 1 April</b>	<b>(307,723)</b>	<b>(338,165)</b>
Upward revaluation of assets	(63,305)	(81,118)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	14,645	7,695
Difference between fair value depreciation and historic cost depreciation	15,795	17,743
Accumulated gains on non-current assets sold or decommissioned (excluding Academies)	100	3,330
Accumulated gains on Academy school assets sold or decommissioned	2,323	-
<b>Balance at 31 March</b>	<b>(338,165)</b>	<b>(390,515)</b>

### (16b) Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the gains made by the Council arising from increases in the value of its investments that are measured at fair value through other comprehensive income. The balance is reduced when investments with accumulated gains are:

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

Financial Instruments Revaluation Reserve	31 March 2022 £000	31 March 2023 £000
<b>Balance at 1 April</b>	<b>(6,677)</b>	<b>(9,224)</b>
Revaluation of Shareholding in Manchester Airport	(62)	(992)
Reversal of Pooled Investment Funds	(845)	1,639
	<b>(907)</b>	<b>647</b>
Other movements	-	(8,412)
Financial Instruments held under Fair Value through Profit & Loss subject to DLUHC Statutory override*	(1,639)	1,104
<b>Balance at 31 March</b>	<b>(9,224)</b>	<b>(15,885)</b>

\* The Department of Levelling Up, Housing and Communities previously the Ministry for Housing, Communities and Local Government (MHCLG) introduced a statutory override to protect the General Fund balance from any fluctuations in fair value movements in quoted investment funds. In the Council's case this relates to its investments in the Churches, Charities and Local Authorities (CCLA) Property Fund. This override expired on 31 March 2023. The Government intends to extend the statutory override to 31 March 2025.

### (16c) 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 element 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 CIES (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 subsequent costs.

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 April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 14 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

Capital Adjustment Account	2021/22 £000	2022/23 £000
Balance at 1 April	(41,571)	(88,234)
<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement</b>		
Charges for depreciation of non-current assets	38,272	39,894
Charges for impairment of non-current assets	464	1,091
Revaluation (gains)/losses on Property, Plant and Equipment	11,216	1,714
Amortisation of intangible assets	1,292	1,729
Revenue expenditure funded from capital under statute	11,507	12,597
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 (excluding Academies)	6,216	7,110
Amounts written off on disposal or sale as part of the gain/loss on disposal of Academies to the Comprehensive Income and Expenditure Statement	3,663	8
Adjusting amounts written out of the Revaluation Reserve	(18,218)	(21,074)
Repayment of Long-Term Debtors	89	108
<b>Capital financing applied in the year:</b>		
Use of the Capital Receipts reserve to finance new capital expenditure	(11,861)	(9,271)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(50,019)	(25,340)
Application of grants to capital financing from the Capital Grants Unapplied Account	(14,143)	(7,071)
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(23,191)	(20,286)
Capital expenditure charged against the General Fund and HRA balances	(966)	(237)
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(983)	(869)
<b>Balance at 31 March</b>	<b>(88,234)</b>	<b>(108,131)</b>

#### (16d) Financial Instrument Adjustment Account

The Financial Instrument Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenditure relating to certain financial instruments and for bearing losses or benefitting from gains per statutory provisions. The Council uses the Account to manage premiums paid and discounts received on the early redemption of loans. Premiums are debited and discounts are credited to the CIES when they are incurred but reversed out of the General Fund Balance to the Account in the MiRS. Over time, the net expense is posted back to the General Fund balance in accordance with statutory arrangements for spreading the burden on Council Taxpayers. In the Council's case this period is the unexpired term that was outstanding on loans when they were redeemed.

<b>Financial Instrument Adjustment Account</b>	<b>2021/22 £000</b>	<b>2022/23 £000</b>
<b>Balance at 1 April</b>	8,227	7,933
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	(329)	(329)
Proportion of discounts received in previous financial years to be transferred to the General Fund Balance in accordance with statutory requirements	34	34
<b>Balance at 31 March</b>	<b>7,933</b>	<b>7,638</b>

#### **(16e) Deferred Capital Receipts Reserve**

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets 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. The balance of this reserve was £0.523m for the year end of 2021/22 and 2022/23.

#### **(16f) 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 pension for which it is directly responsible. In 2022/23, the actuarial valuation has seen a significant movement from a deficit to a surplus position. Under the International Accounting Standard (IAS 19) the Council must disclose the lower of the actuarial valuation or Asset Ceiling calculation. The Asset Ceiling calculation resulted in a lower valuation and has therefore been included within the accounts for 2022/23.

	<b>2021/22 £000</b>	<b>2022/23 £000</b>
Balance at 1 April	475,439	313,342
Remeasurement of net defined benefit liability	(196,835)	(509,383)
Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	53,896	52,921
Employer's pension contributions and direct payments to pensioners payable in the year	(19,157)	(29,189)
Asset Ceiling Adjustment	-	102,092
<b>Balance at 31 March</b>	<b>313,342</b>	<b>(70,217)</b>

#### **(16g) Collection Fund Adjustment Account**

The Collection Fund Adjustment Account is used to manage the differences arising from the recognition of Council Tax and Business Rates income in the CIES as it falls due from Council Tax and Business Rate

payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

Collection Fund Adjustment Account	2021/22 £000	2022/23 £000
<b>Balance as 1 April</b>	26,452	8,622
Amount by which Council Tax and Business Rates income credited to the CIES is different from Council Tax and Non-Domestic Rates for the year in accordance with statutory requirements	(17,830)	(12,369)
<b>Balance at 31 March</b>	<b>8,622</b>	<b>(3,747)</b>

#### (16h) Dedicated Schools Grant (DSG) Adjustment Account

On 6 November 2020, the Secretary of State for the Department of Levelling Up, Housing and Communities previously the Ministry of Housing, Communities and Local Government laid before Parliament a statutory instrument (the instrument) to amend The Local Authorities (Capital Finance and Accounting) Regulations (the 2003 Regulations). The provisions came into effect from 29 November 2020.

The instrument amends the 2003 Regulations by establishing new accounting practices in relation to the treatment of local authorities' schools budget deficits such that where the Council has a deficit on its schools budget relating to its accounts for a financial year beginning on 1 April 2020, 1 April 2021 or 1 April 2022, it must not charge the amount of that deficit to a revenue account. The Council must record any such deficit in a separate account established solely for the purpose of recording deficits relating to its school's budget. The new accounting practice has the effect of separating schools budget deficits from the Councils' General Fund for a period of three financial years.

This issue can only be fully resolved by closing the deficits. Therefore, the accounting treatment introduced by this regulation is limited to the financial reporting periods 2020/21, 2021/22 and 2022/23 to provide time for Government and the Council to look at budgetary and financial management strategies to reduce the deficit.

Dedicated Schools Grant Adjustment Account	2021/22 £000	2022/23 £000
<b>Balance as 1 April</b>	3,560	2,773
Adjustment for DSG reserve	(746)	
<b>Restated Opening Balance</b>	<b>2,814</b>	<b>2,773</b>
In year DSG over/(under) spend	(41)	
<b>Balance at 31 March</b>	<b>2,773</b>	<b>2,773</b>

#### (16i) Accumulated Absences Reserve

The Short-term Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year; e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	2021/22 £000	2022/23 £000
<b>Balance as 1 April</b>	5,695	4,715
Accumulated Absence adjustment	(980)	991
<b>Balance at 31 March</b>	<b>4,715</b>	<b>5,706</b>

## 17. Property, Plant and Equipment

### Movements on Balances

2022/23	Property, Plant and Equipment (PPE)						
	Council Dwellings	Other Land and Buildings	Vehicles, Plant and Equipment	Community Assets	Surplus Assets	PPE Under Construction	Total PPE
	£000	£000	£000	£000	£000	£000	£000
<b>Cost or Valuation</b>							
<b>At 1 April 2022</b>	83,486	551,919	41,372	3,231	10,261	3,623	693,892
Adjustments between cost/value & depreciation/impairment			(18)				(18)
Additions	390	28,371	2,663	29	256	-	31,711
Revaluation Increases/(decreases) to Revaluation Reserve	1,067	47,083	-	-	(3,861)	-	44,290
Revaluation Increases/(decreases) to Surplus/Deficit on the Provision of Services	(206)	(1,800)	-	-	71	-	(1,936)
Derecognition-Disposals	(151)	(3,988)	(174)	-	(295)	-	(4,608)
Reclassified to/from Held for Sale	-	-	-	-	-	-	-
Other Reclassifications	-	730	-	-	(850)	(15)	(135)
<b>At 31 March 2023</b>	<b>84,585</b>	<b>622,315</b>	<b>43,842</b>	<b>3,260</b>	<b>5,582</b>	<b>3,608</b>	<b>763,193</b>
<b>Accumulated Depreciation and Impairment</b>							
<b>At 1 April 2022</b>	5,799	5,959	31,007	3,231	-	3,608	49,603
Adjustments between cost/value & depreciation/impairment			(18)	-	-	-	(18)
Depreciation Charge	5,601	23,081	2,773	-	-	-	31,454
Depreciation written out on revaluation	(5,592)	(21,736)	-	-	-	-	(27,328)
Depreciation written out to (Surplus)/Deficit on the Provision of Services	-	(222)	-	-	-	-	(222)
Impairment losses/reversals to Revaluation Reserve	(180)	(1,545)	-	-	-	-	(1,726)
Impairment losses/reversals to Surplus/Deficit on the Provision of Services	-	1,091	-	-	-	-	1,091
Derecognition-Disposals	(10)	(40)	(50)	-	-	-	(100)
Eliminated on reclassification to Held for Sale	-	-	-	-	-	-	-
Other Reclassifications	-	-	-	-	-	-	-
<b>At 31 March 2023</b>	<b>5,618</b>	<b>6,588</b>	<b>33,713</b>	<b>3,231</b>	<b>-</b>	<b>3,608</b>	<b>52,756</b>
<b>Net Book Value</b>							
<b>At 31 March 2023</b>	<b>78,967</b>	<b>615,727</b>	<b>10,129</b>	<b>29</b>	<b>5,582</b>	<b>-</b>	<b>710,437</b>
<b>At 31 March 2022</b>	<b>77,687</b>	<b>545,960</b>	<b>10,365</b>	<b>-</b>	<b>10,261</b>	<b>15</b>	<b>644,286</b>

## Comparative Movements in 2021/22

2021/22	Property, Plant and Equipment (PPE)						
	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total PPE £000
<b>Cost or Valuation</b>							
<b>At 1 April 2021</b>	<b>82,607</b>	<b>504,348</b>	<b>39,800</b>	<b>3,225</b>	<b>5,636</b>	<b>5,720</b>	<b>641,336</b>
Additions	1,428	46,323	1,984	6	-	925	<b>50,666</b>
Revaluation Increases/(decreases) to Revaluation Reserve	1,806	22,253	-	-	96	-	<b>24,155</b>
Revaluation Increases/(decreases) to Surplus/Deficit on the Provision of Services	(2,205)	(9,179)	-	-	-	-	<b>(11,385)</b>
Derecognition-Disposals Reclassified to/from Held for Sale	(150)	(9,110)	(412)	-	-	-	<b>(9,672)</b>
Other Reclassifications	-	-	-	-	(1,210)	-	<b>(1,210)</b>
	-	(2,716)	-	-	5,738	(3,022)	-
<b>At 31 March 2022</b>	<b>83,486</b>	<b>551,919</b>	<b>41,372</b>	<b>3,231</b>	<b>10,261</b>	<b>3,623</b>	<b>693,889</b>
<b>Accumulated Depreciation and Impairment</b>							
<b>At 1 April 2021</b>	<b>5,410</b>	<b>3,908</b>	<b>28,585</b>	<b>3,225</b>	-	<b>3,608</b>	<b>44,735</b>
Depreciation Charge	5,460	21,406	2,800	-	-	-	<b>29,666</b>
Depreciation written out on revaluation	(5,236)	(19,834)	-	-	-	-	<b>(25,070)</b>
Depreciation written out to Surplus/Deficit on the Provision of Services	79	(247)	-	-	-	-	<b>(168)</b>
Impairment losses/reversals to Revaluation Reserve	-	564	-	-	-	-	<b>564</b>
Impairment losses/reversals to Surplus/Deficit on the Provision of Services	86	317	-	6	-	-	<b>409</b>
Derecognition-Disposals	-	(155)	(378)	-	-	-	<b>(533)</b>
<b>At 31 March 2022</b>	<b>5,799</b>	<b>5,959</b>	<b>31,007</b>	<b>3,231</b>	-	<b>3,608</b>	<b>49,604</b>
<b>Net Book Value</b>							
<b>At 31 March 2022</b>	<b>77,687</b>	<b>545,960</b>	<b>10,365</b>	-	<b>10,261</b>	<b>15</b>	<b>644,286</b>
<b>At 31 March 2021</b>	<b>77,197</b>	<b>500,440</b>	<b>11,215</b>	-	<b>5,637</b>	<b>2,112</b>	<b>596,601</b>

## Depreciation

The following asset lives have been used in the calculation of depreciation:

Council Dwellings	Up to 50 years
Other Land and Buildings	Up to 50 years
Vehicles, Plant, Furniture and Equipment	Between 3 and 20 years

## Capital Commitments

At 31 March 2023 the Council had entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment with outstanding contractual commitments of £22.852m (similar commitments were £11.197m at 31 March 2022). The major commitments are:

Scheme	Commitment £000
Creating a Better Place - Spindles	15,338
Royton Town Hall & Library	4,169
Alexandra Park Depot - Eco Centre	1,412
North Chadderton school expansion	1,188
Old Library Refurbishment	745
<b>Total</b>	<b>22,852</b>

## Effects of Changes in Estimates

In 2022/23 the Council made no material changes to its accounting estimates for Property, Plant and Equipment excluding Infrastructure Assets. The categories of assets included within Property, Plant and Equipment has been revised to remove Infrastructure Assets in accordance with the temporary relief offered by the Update to the Code on infrastructure assets and Regulation 30M of the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022.

Infrastructure Assets are now recorded in a separate note within the financial statements at Note 18.

## Revaluations

The Council undertakes a rolling programme of valuation that ensures that all Property, Plant and Equipment required to be measured at current value is revalued at least every five years. All valuations of land and buildings were carried out in accordance with the methodologies and basis for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Since 1 April 2022, valuations have been carried out internally by a team of suitably qualified professionals. Prior to 1 April 2022 the revaluations were carried out by a team of suitably qualified professionals employed by The Unity Partnership Limited, a company wholly owned by the Council.

The revaluation programme was carried out throughout the year and the effective date of each revaluation is the date that the valuation was carried out.

The significant assumptions applied in estimating current values (fair value for Surplus Assets) are that:

- good title can be shown, and all valid planning permissions and statutory approvals are in place;
- the property is connected and has a right to use mains services and that sewers, main services and roads giving access to it have been adopted;
- an inspection of those parts not inspected would not reveal defects that would affect the valuation;
- the testing of electrical or other services would not reveal defects that would cause the valuation to alter; and

- there are no deleterious or hazardous materials or existing or potential environmental factors that would affect the valuation.

In addition, the Council instructed its valuers to undertake a review of all assets held at depreciated replacement cost in the other land and buildings category to ensure that the carrying value of assets is not materially different from their current value.

The review concluded that the current value for assets valued at Depreciated Replacement Cost (DRC) experienced a significant change in values due to increases in building costs. As a result of this review, desktop valuations were conducted for all assets that are valued on a DRC basis.

Gross Valuations by Valuation Date	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Community Assets	Surplus Assets	Assets under Construction	Total
	£000	£000	£000	£000	£000	£000	£000
Carried at historical cost	-	-	43,842	3,260	-	3,608	50,710
Valued at current value at:							
31 March 2023	79,105	510,360	-	-	1,378	-	590,845
31 March 2022	5,048	30,764	-	-	3,204	-	39,015
31 March 2021	432	25,535	-	-	1,000	-	26,967
31 March 2020	-	38,177	-	-	-	-	38,177
31 March 2019	-	17,480	-	-	-	-	17,480
<b>Total Cost or Valuation</b>	<b>84,585</b>	<b>622,316</b>	<b>43,842</b>	<b>3,260</b>	<b>5,582</b>	<b>3,608</b>	<b>763,193</b>



## 18. Infrastructure Assets

### Movements on balances

Infrastructure Asset	2021/22 £000	2022/23 £000
<b>Net Book value (modified Historical Cost)</b>		
<b>Balance as 1 April</b>	<b>157,859</b>	<b>161,587</b>
Additions	12,342	12,152
Depreciation	(8,607)	(8,441)
Impairment	(7)	-
<b>Net Book Value Balance at 31 March</b>	<b>161,587</b>	<b>165,298</b>

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

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

The Council has an individual asset life for each of the components of its Highways Network. All asset life estimates have been calculated with the methodology and basis for estimation in consultation with the Council's internal Highways department and external highways partners. The following table indicate the asset life for each component of the network. Further information can be found in the Council's Accounting Policies in Note 35.

Category of the Highway Network	Useful Life Years
Carriageways	27
Footways and Cycle Tracks	45
Structures	107
Street Lighting	40
Street Furniture	40
Traffic Management Systems	15

## 19. Heritage Assets

### Tangible and Intangible Heritage Assets

The three principal collections of heritage assets held in Gallery Oldham include:

- **Natural History** - Gallery Oldham holds an extensive natural history collection, made up of over 110,000 items of invertebrate, vertebrate and geological specimens.
- **Social History** - This collection consists of around 22,000 items and is of significant value as material evidence of the social history of Oldham and its people. The collections relate to the area's industrial history, archaeology, textiles and ephemera representing the everyday life of the Borough.

- **Fine and Decorative Art** - This collection consists of over 450 oil paintings, 500 watercolours and around 1,400 prints. Of particular interest are the Charles Lees collection of oil paintings, watercolours, drawings and engravings and 55 watercolours and drawings from the S. C. Turner Collection. A valuation in 2020 (see paragraph below) identified three paintings in the collection each with a market value in excess of £1.000m. These are works by J. W. Waterhouse, Alfred Munnings and William Orpen. There are also a small number of assorted photographic prints, drawings and mixed media works, sculptures and decorative arts.

Following a flood in 2018 the Council had the Gallery Oldham collections valued by external valuer, James Glennie (Arts & Antiques Appraisals). The valuation on a market value basis and assessed at £18.295m was undertaken by James Glennie at March 2020 (the opening balance has been amended to reflect the slight change the valuation).

In addition to the above three collections, the Council also has Civic Regalia which is either stored or displayed at the Civic Centre, an art collection and statues as discussed overleaf.

- **Civic Regalia** - The Council's Civic Regalia is reported in the Balance Sheet at the insurance valuation and at 31 March 2023 the value was £1.521m.
- **Statues/Other** - The assets within this category are deemed to have indeterminate lives, hence the Council does not consider it as appropriate to charge depreciation. Council owned statues are held on the Balance Sheet at their nominal value. An addition for 2022/23 is the Gothic Clock Tower, a listed heritage building. The Gothic Clock Tower is a non-operational asset and held as Heritage Asset for its historical qualities, principally for its contribution to knowledge and culture. At 31 March 2023, the Gothic Clock Tower is held at £1.274m.

Regularly, the Council's Gallery Team use their expert knowledge and understanding to determine if a change in insurance valuation is needed. This is based on the valuations given to items when agreeing loans to other museums and galleries as required. The 2020 valuation was based on wide research into sale prices at auctions around the world. This valuation was commissioned from Arts & Antiques Appraisals for the Gallery Oldham Collection, and this has been updated accordingly. It is the view of the Council that the most recent valuation is still relevant and there are no events which would materially change the financial statements

The following table summarises balances relating to Heritage Assets and the movements during the year:

	Art Collection £000	Civic Regalia £000	Statues/ other £000	Total Assets £000
<b>Cost or Valuation</b>				
1 April 2021	18,292	1,442	36	19,770
Additions	-	-	49	49
Impairment to CIES	-	-	(49)	(49)
<b>31 March 2022</b>	<b>18,292</b>	<b>1,442</b>	<b>36</b>	<b>19,770</b>
<b>Cost or Valuation</b>				
1 April 2022	18,292	1,442	36	19,770
Amendment to Opening Balance	3	-	-	3
Revaluation Gains/(Losses) Recognised in the Revaluation Reserve	-	79	-	79
Additions	-	-	1,274	1,274
Transfer from Assets Under Construction	-	-	15	15
<b>31 March 2023</b>	<b>18,295</b>	<b>1,521</b>	<b>1,325</b>	<b>21,141</b>

## 20. Investment Properties

The following items of income and expenditure have been accounted for in the Financing and Investment Income and Expenditure line of the CIES:

	2021/22 £000	2022/23 £000
Rental Income from Investment Properties	(2,621)	(2,430)
Direct Operating Expenses (including repairs and maintenance)	1,037	877
<b>Net Gain</b>	<b>(1,584)</b>	<b>(1,553)</b>
Fair value movements on investment properties (Profit)/Loss on disposal	(983) (272)	(869) (134)
<b>Total Income and Expenditure on relation to investment properties and changes in their fair value</b>	<b>(2,839)</b>	<b>(2,556)</b>

The movement in the value of investment properties is disclosed below:

	2021/22 £000	2022/23 £000
Balance at 1 April	18,817	<b>19,801</b>
Disposals	(10)	(10)
Net (Loss)/Gain from Fair Value Adjustments	994	879
Transfers (to)/from Other Land and Buildings	-	120
<b>Balance at 31 March</b>	<b>19,801</b>	<b>20,790</b>

### Fair Value Hierarchy

All the Council's investment properties have been valued as Level 2 on the fair value hierarchy for valuation purposes (see Note 35 Accounting Policy Section 1.23 for an explanation of the fair value levels).

### Valuation Techniques Used to Determine Level 2 Fair Values for Investment Properties

The fair value of investment properties has been measured using a market approach, which considers quoted prices for similar assets in active markets, existing lease terms and rentals, research into market evidence including market rentals and yields, the covenant strength for existing tenants, and data and market knowledge gained in managing the Council's Investment Property Portfolio. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised as level 2 on the fair value hierarchy. There has been no change in the valuation techniques used during the year for investment properties.

### Highest and Best Use

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

## 21. Capital Expenditure and Capital Financing

The total value of capital expenditure incurred during the year is disclosed in the table below (including the value of assets acquired under finance leases), 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 a decrease 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	2022/23 £000
<b>Opening capital financing requirement</b>	<b>491,713</b>	<b>469,012</b>
<b>Capital Investment</b>		
Property Plant and Equipment	50,883	31,711
Infrastructure Assets	12,241	12,152
Heritage Assets	49	1,274
Revenue Expenditure Funded from Capital Under Statute	11,506	12,597
Intangible Assets	2,800	1,299
<b>Sources of Finance</b>		
Capital Receipts	(11,861)	(9,271)
Government Grants and Other Contributions	(64,162)	(32,411)
Sums Set aside from Revenue	(24,157)	(20,523)
<b>Closing Capital Financing Requirement</b>	<b>469,012</b>	<b>465,840</b>
<b>Explanation of movements in year</b>		
Decrease in Need to Borrow Supported by Government Financial Assistance	(2,742)	(2,742)
(Decrease)/Increase in Need to Borrow Unsupported by Government Financial Assistance	(20,449)	(675)
Assets Acquired Under Finance Leases	373	246
<b>Increase/(Decrease) in Capital Financing Requirement</b>	<b>(22,818)</b>	<b>(3,172)</b>

## 22. Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instruments of another entity. Non exchange transactions, such as those relating to taxes and Government Grants, do not give rise to financial instruments.

### Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Council and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to the Council.

All of the Council's financial liabilities held during the year are measured at amortised cost and comprised:

- Long-term loans from the Public Works Loan Board and commercial lenders;
- Short-term loans from other Local Authorities;
- Lease payables detailed in note 13;
- Private Finance Initiative contracts detailed in note 29; and
- Trade payables for goods and services received.

## Financial Assets

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the Council. The financial assets held by the Council during the year are accounted for under the following classifications:

- Amortised cost (where cash flows are solely payments of principal and interest and the Council's business model is to collect those cash flow) comprising:
  - cash in hand;
  - bank current and deposit accounts with banks;
  - fixed term deposits with banks and building societies;
  - loans to other Local Authorities;
  - certificates of deposit and covered bonds issued by banks and building societies;
  - treasury bills and gilts issued by the UK Government;
  - loans to strategic partners made for service purposes;
  - lease receivables detailed in note 13; and
  - trade receivables for goods and services provided.
  
- Fair value through other comprehensive income (where cash flows are solely payments of principal and interest and the Council's business model is to both collect those cash flows and sell the instrument; and equity investments that the Council has elected into this category) consisting of equity investments in Manchester Airport Group, Oldham Property Partnership, Meridian Developments and Community 1<sup>st</sup> Oldham (Chadderton) Ltd held for service and strategic purposes, and;
  
- Fair value through profit and loss (all other financial assets) consists of pooled bond, equity and property funds managed by CCLA.

Financial assets held at amortised cost and some assets held at fair value through other comprehensive income are shown net of a loss allowance reflecting the statistical likelihood that the borrower or debtor will be unable to meet their contractual commitments to the Council.

## Financial Instruments - Balances

The financial liabilities disclosed in the Balance Sheet are analysed across the following categories:

Financial Liabilities	Long Term		Short Term	
	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000
<b>Loans at Amortised Cost</b>				
Principal sum borrowed	160,742	160,742	6,855	254
Accrued Interest	-	-	1,437	1,436
Effective Interest Rate (EIR) Adjustment	762	752	-	-
<b>Total Borrowing *</b>	<b>161,504</b>	<b>161,494</b>	<b>8,292</b>	<b>1,690</b>
<b>Liabilities at Amortised Cost</b>				
Finance Leases	303	213	315	262
PFI arrangements	203,826	193,110	8,959	10,716
Transferred Debt	38	33	6	6
<b>Total Other Long-term Liabilities</b>	<b>204,167</b>	<b>193,355</b>	<b>9,280</b>	<b>10,984</b>
<b>Liabilities at Amortised Cost</b>				
Trade Payables	-	-	48,036	52,543
<b>Included in Creditors **</b>	<b>-</b>	<b>-</b>	<b>48,036</b>	<b>52,543</b>
<b>Total</b>	<b>365,671</b>	<b>354,850</b>	<b>65,608</b>	<b>65,217</b>

\* The total short-term borrowing includes £1.436m (2021/22: £8.037m) representing accrued interest [and principal repayments due within 12 months] on long-term borrowing.

\*\* The creditors lines on the Balance Sheet include £20.799m (2021/22: £43.278m) short-term creditors that do not meet the definition of a financial liability as they relate to non-exchange transactions.

The financial assets disclosed in the Balance Sheet are analysed across the following categories:

Financial Assets	Long Term		Short Term	
	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000
<b>At Amortised Cost</b>				
Principal	3,045	226	27,500	20,000
Accrued Interest	-	-	26	245
<b>At Fair Value Through Other Comprehensive Income</b>				
Equity Investments elected FVOCI	23,408	34,123	-	-
<b>At Fair Value Through Profit and Loss</b>				
Fair Value	16,639	13,896	150	145
<b>Total Investments *</b>	<b>43,092</b>	<b>48,246</b>	<b>27,676</b>	<b>20,390</b>
<b>At Amortised Cost</b>				
Principal	-	-	57,846	30,015
Accrued Interest	-	-	8	79
Loss Allowance	-	-	671	(3,101)
<b>Total Cash and Cash Equivalents</b>	<b>-</b>	<b>-</b>	<b>58,525</b>	<b>26,993</b>
<b>At Amortised Cost</b>				
Trade Receivables	-	-	15,858	25,665
Loans made for service purposes	30,906	30,795	-	-
Accrued Interest	7,329	9,249	-	-
<b>Included in Debtors **</b>	<b>38,235</b>	<b>40,044</b>	<b>15,858</b>	<b>25,665</b>
<b>Total</b>	<b>81,327</b>	<b>88,290</b>	<b>102,059</b>	<b>73,049</b>

\* The total short-term investments includes £0.145m (2021/22: £0.150m) representing accrued interest on long-term investments.

\*\* The debtors lines on the Balance Sheet include £33.301m (2021/22: £34.404m) short-term debtors that do not meet the definition of a financial asset as they relate to non-exchange transactions or payments in advance.

## Equity Instruments Elected to Fair Value through Other Comprehensive Income

The Council has elected to account for the following investments in equity instruments at fair value through other comprehensive income because they are long-term strategic holdings and changes in their fair value are not considered to be part of the Council's annual financial performance.

	Fair Value Level	Valuation technique used to measure Fair Value	Historic Cost		Fair Value	
			21/22	22/23	21/22	22/23
			£000	£000	£000	£000
Manchester Airport Shares	2	Earnings Based	-	-	18,608	20,100
Manchester Airport Car Park (1) Shares	2	Earnings Based	-	-	4,800	4,300
Oldham Property Partnership (OPP)	2	Earnings Based	-	-	-	2,256
Meridian Developments	2	Earnings Based	1,311	-	-	5,424
Community 1st Oldham (Chadderton) Ltd	2	Earnings Based	-	-	-	2,043
<b>Total</b>			<b>1,311</b>	<b>-</b>	<b>40,047</b>	<b>48,020</b>

The Council holds 3.22% shares in Manchester Airport Holdings Ltd, the shareholding is a strategic investment and not held for trading and therefore the Council has opted to designate it as fair value through Other Comprehensive Income. This means that there is no impact on the revenue budget and the decision to designate to fair value through other comprehensive income (FVOCI) is irrevocable. Any gains or losses on the valuation of the shareholding will therefore be transferred to a Financial Instruments Revaluation Reserve.

The Council along with the other nine Greater Manchester District Councils holds an equity investment in Manchester Airport Car Park (1) Limited. The Council's total original investment of £5.610m was to assist in funding the capital build of a car park in return for the issue of 3 C Shares in Manchester Airport Car Park (1) Limited. The value has decreased in year as can be seen in the above table. As in 2021/22, the shareholding is classed as a financial instrument and held at fair value on the Council's Balance Sheet. Under IFRS 9 the shareholding (investment) is designated as a strategic investment and not held for trading therefore the Council has opted to designate it as fair value through Other Comprehensive Income. This means that there is no impact on the revenue budget and the Council's decision to designate to fair value through other comprehensive income is irrevocable.

The Council also holds shares in both Oldham Property Partnership, Meridian Developments and Community 1<sup>st</sup> Oldham (Chadderton) Limited which during 2022/23 have been elected to be accounted as fair value through other comprehensive income. For further information see note 37 Critical Judgements in Applying Accounting Policies.



## Financial Instruments Gains and losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments consist of the following:

	Financial Liabilities at Amortised Cost £000	Financial Assets				2022/23 Total £000	2021/22 Total £000
		Amortised Cost £000	Fair Value through OCI £000	Elected to Fair Value through OCI £000	Fair Value through Profit & Loss £000		
Interest Expense	(26,155)	-	-	-	-	(26,155)	(26,677)
Losses on de-recognition	-	-	-	-	-	-	-
Losses from changes in fair value	-	-	-	(500)	(2,743)	(3,243)	(900)
<b>Interest Payable and similar charges</b>	<b>(26,155)</b>	-	-	<b>(500)</b>	<b>(2,743)</b>	<b>(29,398)</b>	<b>(27,577)</b>
Interest Income	-	1,687	-	3,573	-	5,260	3,417
Dividend Income	-	-	901	-	573	1,474	550
Gains from changes in fair value	-	-	-	9,904	-	9,904	3,409
<b>Interest and investment income</b>	-	<b>1,687</b>	<b>901</b>	<b>13,477</b>	<b>573</b>	<b>16,638</b>	<b>7,376</b>
<b>Expected Credit Loss</b>	-	<b>(3,101)</b>	-	-	-	-	<b>671</b>
<b>Net Impact on surplus/(deficit) on provision of services</b>	<b>(26,155)</b>	<b>(4,788)</b>	<b>(901)</b>	<b>(13,977)</b>	<b>(3,316)</b>	<b>(46,036)</b>	<b>(34,282)</b>

## Fair Value of Financial Instruments

The fair value of a financial instrument is the price that would be received when selling an asset, or the price that would be paid when transferring a liability, to another market participant in an arms'-length transaction. Where liabilities are held as an asset by another party, such as the Council's borrowing, the fair value is estimated from the holder's perspective.

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value. For most assets, including shares in money market funds and other pooled funds, the fair value is taken from the market price. The fair value of shares in Oldham Property Partnership, Meridian Developments and Community 1<sup>st</sup> Oldham (Chadderton) Limited, have been calculated from the company's balance sheet net assets.

Financial instruments classified at amortised cost are carried in the Balance Sheet at their amortised cost. Their fair values disclosed below have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2023, using the following methods and assumptions:

- Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for Local Authority loans;
- Discount rates for "Lender's Option Borrower's Option" (LOBO) loans have been reduced to reflect the value of the embedded options. The size of the reduction has been calculated using proprietary software.;
- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31 March;

- The fair values of financial guarantees have been estimated based on the likelihood of the guarantees being called and the likely payments to be made;
- The fair values of finance lease assets and liabilities and of PFI scheme liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at the appropriate AA-rated corporate bond yield;
- No early repayment or impairment is recognised for any financial instrument; and
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount given the low interest rate environment.

Fair values are shown in the table below, split by their level in the fair value hierarchy:

- Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g. bond prices;
- Level 2 – fair value is calculated from inputs that are observable for the asset or liability, other than quoted prices, e.g. interest rates or yields for similar instruments; and
- Level 3 – fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness.

The Council holds a 3.22% share in Manchester Airports Holdings Limited (MAHL) and 10% of the issued C Shares in Manchester Airport Car Park (1) Limited which represents a minority holding and does not confer any voting rights. The shares in both these companies are not traded in an active market; however, the fair value in MAHL shown above is based on a high degree of comparability to listed company data including any movement in share prices. The earnings-based method has been employed which takes as its basis the profitability of the company, assessing its historic earnings and arriving at a view of “maintainable” or “prospective” earnings.

The method involves the application of a price earnings ratio to maintainable or prospective earnings or post tax profits and draws on data from comparable quoted companies. The data is then adjusted by discount factors to allow for the fact that the shares are not publicly traded and that the Council holds a minority interest with no voting rights. These unobservable inputs have been developed using the best information about the assumptions that the market participants would use when pricing the asset.

The valuation has been made using the audited accounts of MAHL for the annual periods between 2019/20 and 2020/21 along with an interim 6-month report for the period ending 30 September 2022. These shares are subject to an annual valuation. In 2022/23 this has seen an increase in value of £1.492m.

The 10% holding in Manchester Airport Car Park (1) Limited is valued on the updated financial forecast and taking into account the Council valuation of its shareholding in MAHL. The data is then adjusted by discount factors to allow for the fact that the shares are not publicly traded and that the Council holds a minority interest with no voting rights.

The Council also holds units within the CCLA Property Fund. The fair value has been calculated using quoted share prices.

During 2022/23 the Council has changed the valuation method used for Oldham Property Partnership (OPP), Meridian Developments and Community 1<sup>st</sup> Oldham (Chadderton) Limited, to fair value and elected the investments through other comprehensive income. In line with IFRS 9 the shareholding investment is designated as a strategic investment and not held for trading, the Council’s decision to designate through FVOCI is irrevocable .

All other long-term investments are carried at historic cost, as these are the Council’s investments in subsidiaries and associates. The total value of the other long-term investments at 31 March 2023 is £0.226m.

	Fair Value Level	31 March 2022		31 March 2023	
		Balance sheet £000	Fair Value £000	Balance sheet £000	Fair Value £000
Financial Liabilities held at amortised cost:					
Long-term loans from PWLB	2	35,374	33,252	35,373	24,286
Long-term LOBO loans	2	87,165	129,734	87,153	105,869
Other long-term loans	2	47,258	67,040	40,659	35,123
Lease payables and PFI Liabilities	2	213,448	343,498	204,339	279,760
<b>Total Financial Liabilities</b>		<b>383,245</b>	<b>573,526</b>	<b>367,524</b>	<b>445,038</b>
Recorded on balance sheet as:					
Short-term creditors		48,037	-	52,543	-
Short-term borrowing		256	-	255	-
<b>Total Financial Liabilities</b>		<b>431,538</b>	<b>573,526</b>	<b>420,322</b>	<b>445,038</b>

The fair value of financial liabilities held at amortised cost is lower than their balance sheet carrying amount because the authority's portfolio of loans includes a number of loans where the interest rate payable is lower than the current rates available for similar loans as at the Balance Sheet date, where the value is higher this is due to interest rates payable on loans that are higher than current rates.

	Fair Value Level	31 March 2022		31 March 2023	
		Balance sheet £000	Fair Value £000	Balance sheet £000	Fair Value £000
Financial Assets held at Fair Value:					
Property funds ad non traded REITs	2	16,639	16,639	13,896	13,896
Strategic Partner Loans	2	36,994	40,657	38,914	52,753
<b>Total Financial Assets</b>		<b>53,633</b>	<b>57,296</b>	<b>52,811</b>	<b>66,649</b>
Recorded on balance sheet as:					
Short-term debtors		15,858	-	25,665	-
Short-term investments		27,526	-	20,245	-
Cash and cash equivalents		57,854	-	30,015	-
Long-term debtors		1,241	-	1,130	-
Long-term investments		26,453	-	34,349	-
<b>Total Financial Assets</b>		<b>128,932</b>	<b>57,296</b>	<b>111,405</b>	<b>66,649</b>

## Financial Instruments - Risks

The Council complies with CIPFA's Code of Practice on Treasury Management and Prudential Code for Capital Finance in Local Authorities, both revised in December 2021.

In line with the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year, for the year 2022/23 this was approved at full Council 2 March 2022. The Strategy sets out the parameters for the management of risks associated with financial instruments. The Council also produces Treasury Management Practices specifying the practical arrangements to be followed to manage these risks. This Strategy was set using the Treasury Advisors

Link Asset Services who were the appointed advisors at the time. This contract ended at the end of March 2023. Arlingclose Ltd. were appointed as Treasury Advisors for the financial year commencing April 2023.

The Treasury Management Strategy includes an Investment Strategy in compliance with the Department for Levelling Up, Housing and Communities, Guidance on Local Government Investments. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Council's Treasury Management Strategy and its Treasury Management Practices seek to achieve a suitable balance between risk and return or cost.

The main risks covered are:

- *Credit Risk*: The possibility that the counterparty to a financial asset will fail to meet its contractual obligations, causing a loss to the Council;
- *Liquidity Risk*: The possibility that the Council might not have the cash available to make contracted payments on time; and
- *Market Risk*: The possibility that an unplanned financial loss will materialise because of changes in market variables such as interest rates or equity prices.

### Credit Risk: Overview

The Council is exposed to credit risk on the following categories of financial assets and commitments:

Exposure Category	31 March 2022 £000	31 March 2023 £000
Treasury Investments	90,300	70,780
Treasury Loan Commitments	38,235	40,044
Trade Receivables	17,769	22,792
<b>Total Credit Risk Exposure</b>	<b>146,304</b>	<b>133,616</b>

### Credit Risk: Treasury Investments and Commitments

The Council manages credit risk by ensuring that treasury investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy. These include commercial entities, the UK Government, other Local Authorities and organisations without credit ratings upon which the Council has received independent investment advice. Recognising that credit ratings are imperfect predictors of default, the Council has regard to other measures including credit default swap and equity prices when selecting commercial entities for investment.

The Annual Investment Strategy also considers maximum amounts and time limits in respect of each financial institution. Deposits are not made unless they meet the minimum requirements of the investment criteria outlined above and detailed below.

Oldham Council used the creditworthiness service provided by Link Asset Services for the financial year ending 31 March 2023. This service used a sophisticated modelling approach with credit ratings from all three rating agencies 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;
- Credit Default Swap (CDS) spreads to give early warning of likely changes in credit ratings; and
- Sovereign ratings to select counterparties from only the most creditworthy countries.

Institutions are split into colour bandings to determine the maximum level and duration of the investment.

The table below summarises the credit risk exposures of the Council's treasury investment portfolio by credit rating and remaining time to maturity:

Credit Rating	31 March 2022	31 March 2023
	Short - term	Short - term
	£000	£000
AAA	46,300	35,780
A +	4,000	
A -	30,000	10,000
Unrated Local Authorities	10,000	10,000
<b>Total Credit Risk Investments</b>	<b>90,300</b>	<b>55,780</b>

Loss allowances on treasury investments have been calculated by reference to historic default data published by credit rating agencies, multiplied by 112% (2021/22: 67%) to adjust for current and forecast economic conditions. They are determined to be credit-impaired when awarded a "D" credit rating or equivalent. At 31 March 2023, £0.008m (2021/22: £0.004m) of loss allowances related to treasury investments.

### Credit Risk: Trade Receivables

The Council's credit risk on trade receivables is mitigated by its legal ownership of the assets leased, which can be repossessed if the debtor defaults on the lease contract.

The following analysis summarises the Council's trade and lease receivables, by due date. Only those receivables meeting the definition of a financial asset are included.

Credit Rating	31 March 2022	31 March 2023
	Trade Receivables £000	Trade Receivables £000
Neither past due nor impaired	8,879	5,649
Past due < 3 months	1,759	4,353
Past due 3 - 6 months	634	816
Past due 6 - 12 months	2,773	3,452
Past due 12 + months	7,437	8,521
<b>Total Receivables</b>	<b>21,482</b>	<b>22,792</b>

As at 31 March 2023, the Council had a balance of short-term debtors of £105.140m. A review of significant balances suggested that an expected credit loss of £46.174m was appropriate and sufficient. The calculation is based on the life-time expected credit losses for trade receivables, and they have been collectively assessed according to the groupings shown in the Note 23, for the purposes of calculating expected credit losses. Write offs occur only when all possible debt recovery procedures have been unable to secure payment. The Council's Long- Term Debtors have been reviewed and assessed for an Expected Credit Loss. This review has not identified that any impairment is required.

No credit limits were exceeded 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.

## Credit Risk: Service Loans and Loan Commitments

In furtherance of the Council's service objectives, it has lent money to a strategic partner. The amounts recognised on the balance sheet, and the Council's total exposure to credit risk from these instruments are:

Exposure Type	31 March 2022		31 March 2023	
	Balance Sheet £000	Risk Exposure £000	Balance Sheet £000	Risk Exposure £000
Loans at market rates	29,665	29,665	29,665	29,665
	<b>29,665</b>	<b>29,665</b>	<b>29,665</b>	<b>29,665</b>

## Liquidity Risk

The Council has ready access to borrowing at favourable rates from the Public Works Loan Board and other Local Authorities, and at higher rates from banks and building societies. There is no perceived risk that the Council will be unable to raise finance to meet its commitments. It is however exposed to the risk that it will need to refinance a significant proportion of its borrowing at a time of unfavourably high interest rates. This risk is managed by maintaining a spread of fixed rate loans. The Council holds £35.780m (2021/22: £46.300m) of liquid financial assets that can be withdrawn or sold at short notice if required to meet cash outflows on financial liabilities.

The maturity analysis of financial liabilities is as follows.

31 March 2023	< 1 yr	1 - 2 yrs	2 - 5 yrs	5 - 10 yrs	10 20 yrs	20 - 30 yrs	30 - 40 yrs	> 40 yrs	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Borrowing	57,190	5,000	27,500	12,741	5,000	5,000	5,000	45,001	<b>162,432</b>
Trade Payables	52,543	-	-	-	-	-	-	-	<b>52,543</b>
<b>Financial Liabilities</b>	<b>109,733</b>	<b>5,000</b>	<b>27,500</b>	<b>12,741</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>45,001</b>	<b>214,976</b>
Liquid financial assets	35,780	-	-	-	-	-	-	-	<b>35,780</b>
<b>Net Liquidity Risk</b>	<b>73,953</b>	<b>5,000</b>	<b>27,500</b>	<b>12,741</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>45,001</b>	<b>179,196</b>

31 March 2022	< 1 yr	1 - 2 yrs	2 - 5 yrs	5 - 10 yrs	10 20 yrs	20 - 30 yrs	30 - 40 yrs	> 40 yrs	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Borrowing	57,293	16,500	20,000	15,241	5,000	5,000	5,000	45,001	<b>169,035</b>
Trade Payables	48,036	-	-	-	-	-	-	-	<b>48,036</b>
<b>Financial Liabilities</b>	<b>105,329</b>	<b>16,500</b>	<b>20,000</b>	<b>15,241</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>45,001</b>	<b>217,071</b>
Liquid financial assets	46,300	-	-	-	-	-	-	-	46,300
<b>Net Liquidity Risk</b>	<b>59,029</b>	<b>16,500</b>	<b>20,000</b>	<b>15,241</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>45,001</b>	<b>170,771</b>

The Council has £85.500m (2021/22: £85.500m) of "Lender's option, borrower's option" (LOBO) loans where the lender has the option on set dates to propose an increase in the rate payable; the Council will then have the option to accept the new rate or repay the loan without penalty. The lender therefore has

the effective right to demand repayment and these loans are therefore shown in the tables above as maturing on the next option date.

### Market Risk – Interest Rate Risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council. For instance, a rise in interest rates would have the following effects:

- Borrowings at variable rates – the interest expense will rise;
- Borrowings at fixed rates – the fair value of the liabilities will fall;
- Investments at variable rates – the interest income will rise; and
- Investments at fixed rates – the fair value of the assets will fall.

Investments measured at amortised cost and loans borrowed are not carried at fair value, so changes in their fair value will have no impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services. Movements in the fair value of fixed rate investments measured at fair value will be reflected in Other Comprehensive Income or the Surplus or Deficit on the Provision of Services as appropriate.

If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	31 March 2022 £000	31 March 2023 £000
Decrease in fair value of loans and investments at amortised cost	903	558
Decrease in fair value of fixed rate borrowing	(1,690)	(1,624)

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed.

The Council has £85.500m (2021/22: £85.500m) of LOBO loans with maturity dates between 2053 and 2078 where the lender has the option to propose an increase in the rate payable; the Council will then have the option to accept the new rate or repay the loan without penalty. In the current low interest rate environment, the likelihood of the lender increasing the rate is low; however, the likelihood will increase in later years should market interest rates rise.

### Market Risks: Price Risk

The market prices of the Council's units in pooled bond funds are governed by prevailing interest rates and the price risk associated with these instruments is managed alongside interest rate risk as described above.

The Council does not generally invest in equity shares or marketable bonds but does have shareholdings to the value of £48.246m in a number of joint ventures and in local companies. Whilst these holdings are generally illiquid, the Council is consequently exposed to losses arising from movements in the prices of the shares.

As the shareholdings have arisen in the acquisition of specific interests, the Council is not in a position to limit its exposure to price movements by diversifying its portfolio. Instead, it only acquires shareholdings in return for 'open book' arrangements with the company concerned so that the Council can monitor factors that might cause a fall in the value of specific shareholdings.

Of the shares mentioned above £34.123m have been elected as Fair Value through Other Comprehensive Income, meaning that all movements in price will impact on gains and losses recognised in the Financial Instruments Revaluation Reserve. A general shift of 5% in the general price of shares (positive or negative) may occur, which would have resulted in a £1.604m gain or loss being recognised in the Financial Instrument Revaluation Reserve for 2022/23.

The Council holds investment units within the CCLA Property Fund that have been classified as Fair Value through Profit and Loss, however the Council has chosen to use the 5 year override as allowed by DLUHC that provides a statutory override which allows the Fair Value movements during the year (any gain or loss in price) to be taken to the Financial Instrument Revaluation Reserve. A loss of £2.743m was also recognised in 2022/23 in relation to the Council's holding in the CCLA Property Fund.

In 2022/23 the Council's holding in Manchester Airport, was re-valued resulting in a gain of £1.492m along with a loss of £0.500m in relation to the shareholding in Manchester Airport Car Park (1) Limited both of which were recognised in the Financial Instruments Revaluation Reserve.

The Council also holds shares in both Oldham Property Partnership, Meridian Developments and Community 1st Oldham (Chadderton) limited which during 22/23 have been elected to be accounted as fair value through other comprehensive income. Gains of £8.412m have been recognised in the Financial Instrument Revaluation Reserve.

### Market Risks: Foreign Exchange Risk

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

## 23. Debtors

The Council's short-term debtors (net of the expected credit loss) are as follows:

	31 March 2022 £000	31 March 2023 £000
Central Government Bodies	9,458	10,083
Other Local Authorities	1,750	803
NHS Bodies	5,051	3,572
Capital Debtors	4,181	8,011
Other Entities and Individuals	25,144	31,875
Payments in Advance	4,678	4,622
<b>Total</b>	<b>50,262</b>	<b>58,966</b>

The Council's long-term debtors (net of the expected credit loss) are as follows:

	31 March 2022 £000	31 March 2023 £000
Mortgages	6	6
Loans to Trusts, Community Interest Groups & Third Sector Organisations	409	301
Other Capital Loans & Advances	37,820	39,737
<b>Total</b>	<b>38,235</b>	<b>40,044</b>



## 24. Cash and Cash Equivalents

	31 March 2022 £000	31 March 2023 £000
Cash held by the Authority	126	113
Bank Current Accounts	68,506	41,414
Bank Overdraft	(10,779)	(11,433)
<b>Total</b>	<b>57,854</b>	<b>30,094</b>

## 25. Creditors

The Council's creditors are as follows:

	31 March 2022 £000	31 March 2023 £000
Central Government Bodies	(7,555)	(5,342)
Other Local Authorities	(746)	(1,510)
NHS Bodies	(2,093)	(3,009)
Capital Creditors	(4,333)	(3,867)
Other Entities and Individuals	(47,224)	(50,582)
Accumulated Absences	(4,715)	(5,706)
Receipts in Advance	(24,648)	(4,021)
<b>Total</b>	<b>(91,314)</b>	<b>(74,037)</b>

## 26. Provisions

The Council's provisions are as follows:

	Short Term		
	Insurance Provision £000	Other Provisions £000	Total £000
<b>Balance at 1 April 2022</b>	(1,533)	(8,623)	(10,155)
Provisions released in 2022/23	939	3,381	4,320
Increase in Provision 2022/23	-	(83)	(83)
<b>Balance at 31 March 2023</b>	<b>(594)</b>	<b>(5,325)</b>	<b>(5,918)</b>

	Long Term			
	Insurance Provision £000	Pay and Reward Provision £000	Other Provisions £000	Total £000
<b>Balance at 1 April 2022</b>	(5,042)	(2,001)	(2,500)	(9,543)
Provisions released in 2022/23	678	2,001	-	2,679
<b>Balance at 31 March 2023</b>	<b>(4,364)</b>	<b>-</b>	<b>(2,500)</b>	<b>(6,864)</b>

The Insurance Provision covers all historic legal liability claims including risks to employees whilst carrying out their duties, risks to the public and all other liability claims.

The Other Provisions represent amounts set aside to meet potential future liabilities; this includes a provision for Business Rates Appeals and changes in legislation.

## **27. Contingent Assets**

A contingent asset is an asset that may be received but only if a future event occurs that is not under the control of the Council. The Council has identified the following contingent assets at 31 March 2023.

### **Housing Stock Transfer**

The Housing Stock Transfer has resulted in two remaining contingent assets to the Council.

#### **a) Right to Buy Sharing Agreement**

As with other agreed housing stock transfers, the Council entered into an agreement with First Choice Homes Oldham (FCHO) and the Council's Housing PFI partners relating to the future sales under the Prescribed Right to Buy (PRTB) regulations. This relates to any future sales of the transferred stock to existing tenants.

The Council will receive capital receipts at the end of each financial year for any properties sold within the year. The value of the receipt is calculated using a formula that takes the net income forgone by FCHO/Housing PFI from the total proceeds from the sale of dwellings for that year.

#### **b) VAT Shelter Arrangements**

In normal circumstances, FCHO is not able to reclaim VAT on improvement works to dwellings. The VAT Shelter is an arrangement, used in every housing stock transfer since 2002, with HMRC's agreement, whereby FCHO can reclaim VAT on future improvement works to the transferred housing stock. Of the £229.792m of improvement works to be undertaken, an estimated £45.958m of VAT would be recoverable by FCHO over the 15 years post transfer.

The Council agreed a 50/50 share of the VAT Shelter with FCHO, after FCHO has retained its first tranche of recoverable VAT; this is a sum of £14.900m. This first tranche of VAT was utilised by FCHO during the first 4 years post transfer. FCHO also retained a second tranche of VAT shelter savings, totalling £6.000m. This second tranche was used solely for asbestos works that exceeded the amount estimated within the Stock Condition Survey of £7.200m, (net of inflation, fees, and VAT). This arrangement was agreed to mitigate the Council's overall risk of a contingent liability through an asbestos warranty. If the total amount of the second tranche is not needed, the remaining balance will be shared under the 50/50 sharing agreement.

The estimated value of VAT shelter savings for the Council is £14.900m. The amount received in any given year by the Council will be dependent on the value of works undertaken by FCHO on which VAT can be reclaimed. The Council received VAT savings totalling £5.893m up to 31 March 2023 and will continue to receive payments up to the values given above. The savings that are received by the Council will be treated as a capital receipt to support the Council's capital programme.

## **28. Contingent Liabilities**

A contingent liability is a potential liability which depends on the occurrence or non-occurrence of one or more uncertain future events. The Council has identified the following contingent liability at 31 March 2023.

### **1) Stock Transfer Warranties**

The Council agreed to a number of warranties under the stock transfer agreements with First Choice Homes Oldham (FCHO) and other housing providers. Such arrangements give rise to a possible obligation of the Council, which will be confirmed upon the occurrence or non-occurrence of the invocation of the warranties.

### **2) Historical Disputes**

There are potential liabilities arising from an education premises where a former employee has been convicted of criminal offences. As some of these actions are at an early stage there is insufficient certainty about the potential implications and the amounts being claimed.

## **29. PFI and Similar Contracts**

### **Oldham Library and Lifelong Learning Centre**

The financial year 2022/23 was the eighteenth of a 25-year PFI contract for the construction, maintenance and operation of Information Technology (IT) and Facilities Management (FM) services of the Library and Lifelong Learning Centre in the town centre. The Council has rights under the contract to specify the opening times of the facility. The contract specifies minimum standards for the services to be provided by the contractor, with deductions from the fee payable being made if the facilities are unavailable or performance is below the minimum standards. The contractor was obliged to construct the centres and to maintain them to a minimum acceptable condition, and to procure and maintain the plant and equipment needed to operate the facility. The building, and any plant and equipment installed, will transfer to the Council at the end of the contract for nil consideration. The Council only has rights to terminate the contract if it compensates the contractor in full for costs incurred including the repayment of any of the contractor's outstanding debt attributable to the contract. There have been no changes to the arrangement during the financial year.

### **Housing PFI Schemes**

#### **Sheltered Housing**

The financial year 2022/23 was the seventeenth of a 30-year PFI contract with Oldham Retirement Housing Partnership (ORHP) for the demolition and new build (or refurbishment of), and the provision of management and maintenance services to, sheltered and warden supported properties in the Housing Revenue Account (HRA).

The dwellings will transfer to the Council at the end of the contract for nil consideration.

#### **Gateways to Oldham Housing**

The financial year 2022/23 was the twelfth of a 25-year PFI contract with Inspiral Oldham Limited (Inspiral) for the demolition and new build (or refurbishment of), and the provision of management and maintenance services to management of 620 HRA dwellings with. The contract also includes minor works to the external fabric of 153 leaseholder/owner occupied properties, for which the majority of associated costs will be met by the leaseholders/owner occupiers. The management of the dwellings within the HRA will transfer back to the Council at the end of the contract for nil consideration unless a separate contract is entered into either with Inspiral or an alternative contractor.

The Council has rights under both PFI housing contracts to specify arrangements around the demolition, new build and refurbishment of the dwelling together with the tenancy management services to be supplied. The contracts specify minimum standards for the services to be provided by the contractor, with deductions from the fee payable being made if facilities are unavailable or performance is below the minimum standards. The contractors are obliged to demolish and rebuild/refurbish the dwellings and to maintain them to a minimum acceptable condition over the life of the contract.

The Council has rights to terminate the contracts in the event of non-performance but will be required to compensate the contractors, potentially including the repayment of any of the contractors' outstanding debt attributable to the contracts. There have been no changes to the arrangements during the financial year.

### **Chadderton Wellbeing Centre**

The financial year 2022/23 was the fourteenth of a 30-year Local Improvement Finance Trust (LIFT) Lease Plus Agreement to build and maintain the Chadderton Wellbeing Centre. The Centre incorporates a library, sports centre, café and community rooms. The Council has rights under the contract to specify the opening times of the facility. The contract specifies minimum standards for the services to be provided by the contractor, with deductions from the fee payable being made if the facilities are unavailable or performance is below the minimum standards. The contractor was obliged to construct the centre and to maintain it to a minimum acceptable condition and to procure and maintain the plant and equipment needed to operate the facility. The Council has the option to purchase the Wellbeing Centre at the end of the contract and the cost of the eventual purchase has been factored into the Minimum Lease Payments. The Council only has rights to terminate the contract if it compensates the contractor in full for costs incurred including the repayment of any of the contractor's outstanding debt attributable to the contract. There have been no changes to the arrangement during the financial year.

### **Street Lighting PFI Scheme**

The financial year 2022/23 was the twelfth of a 25-year joint PFI contract, with Rochdale Council, for the replacement of approximately 23,000 streetlights in Oldham in the first five years and the ongoing management and maintenance of the streetlights over the life of the contract. The Council has rights under the contract to detail the specification of the streetlights. The contract specifies minimum standards for the services to be supplied by the contractor, with deductions from the fee payable being made if performance is below the minimum standards. The contractor is obliged to replace and maintain the streetlights over the life of the contract. The streetlights will transfer to the Council at the end of the contract for nil consideration. The Council only has rights to terminate the contract if it compensates the contractor in full for costs incurred, including the repayment of any of the contractor's outstanding debt attributable to the contract. There have been no changes to the arrangement during the financial year.

### **Education Services PFI Schemes**

#### **Schools (Radclyffe and Failsworth)**

The financial year 2022/23 was the sixteenth of a 25-year PFI contract for the construction and maintenance of two secondary schools, Radclyffe and Failsworth, along with the provision of Facilities Management and IT services over the life of the contract. The schools and any plant and equipment installed in them will transfer to the Council at the end of the contract for nil consideration.

#### **Building Schools for the Future**

The financial year 2022/23 was the eleventh of a 25-year PFI contract for the construction and maintenance of a secondary school, The Blessed John Henry Newman RC Secondary School; along with provision of Facilities Management services, over the life of the contract.

The Council has rights, under both education services PFI contracts, to specify the opening times of the schools. The contracts specify minimum standards for the services to be provided by the contractors, with deductions from the fee payable being made if the facilities are unavailable or performance is below the minimum standards. The contractors were obliged to construct the schools and to maintain them to a minimum acceptable condition and to procure and maintain the plant and equipment needed to operate the facility. The Council only has rights to terminate the contract, if it compensates the contractors in full for costs incurred including the repayment of any of the contractors' outstanding debt attributable to the contract. There have been no changes to the arrangements during the financial year.

### **Analysis of Payments due to be made under PFI and similar Contracts**

The following table shows payments due to be made under PFI and similar Contracts in future financial years from 2023/24 onwards. All the payments under PFI and similar Contracts are linked in full or in part to Retail Price Index inflation and can be reduced if the contractor fails to meet availability and performance standards in any given financial year but are otherwise fixed. Lifecycle replacement costs have been included in the Service Charges element detailed in the table below.

	Library and Lifelong Learning Centre £000	Sheltered Housing £000	Gateways to Oldham Housing £000	Chadderton Wellbeing Centre £000	Street Lighting £000	Schools £000	Building Schools for the Future £000	Total £000
2023/24								
Repayment of Liability	799	3,483	1,936	34	567	2,841	1,055	10,715
Interest	795	6,822	3,480	955	1,368	2,525	2,450	18,395
Service Charges	1,526	6,877	4,316	557	2,647	3,983	2,277	22,183
<b>Total</b>	<b>3,120</b>	<b>17,182</b>	<b>9,732</b>	<b>1,546</b>	<b>4,582</b>	<b>9,349</b>	<b>5,782</b>	<b>51,293</b>
2024/25 to 2027/28								
Repayment of Liability	3,956	14,469	8,753	264	1,897	9,819	5,908	45,066
Interest	2,512	25,209	12,439	4,155	4,574	7,605	9,266	65,760
Service Charges	6,396	31,237	18,958	2,156	12,440	21,101	8,599	100,888
<b>Total</b>	<b>12,864</b>	<b>70,915</b>	<b>40,150</b>	<b>6,575</b>	<b>18,911</b>	<b>38,525</b>	<b>23,773</b>	<b>211,714</b>
2028/29 to 2032/33								
Repayment of Liability	3,836	22,352	17,933	813	6,035	18,195	9,035	78,199
Interest	1,188	27,532	14,198	6,083	5,424	4,217	7,438	66,080
Service Charges	4,476	43,890	21,048	2,292	13,541	26,741	14,820	126,810
<b>Total</b>	<b>9,501</b>	<b>93,774</b>	<b>53,179</b>	<b>9,188</b>	<b>25,000</b>	<b>49,153</b>	<b>31,294</b>	<b>271,089</b>
2033/34 to 2037/38								
Repayment of Liability	-	25,534	19,079	1,262	7,396	-	11,217	64,488
Interest	-	14,478	7,976	6,795	2,687	-	2,798	34,734
Service Charges	-	29,233	14,305	2,338	7,063	-	15,273	68,213
<b>Total</b>	<b>-</b>	<b>69,245</b>	<b>41,360</b>	<b>10,395</b>	<b>17,146</b>	<b>-</b>	<b>29,288</b>	<b>167,435</b>
2038/39 to 2040/41								
Repayment of Liability	-	-	-	5,356	-	-	-	5,356
Interest	-	-	-	2,245	-	-	-	2,245
Service Charges	-	-	-	852	-	-	-	852
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,453</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,453</b>
<b>Repayments Total</b>	<b>8,592</b>	<b>65,839</b>	<b>47,701</b>	<b>7,728</b>	<b>15,896</b>	<b>30,854</b>	<b>27,216</b>	<b>203,826</b>
<b>Interest Total</b>	<b>4,496</b>	<b>74,041</b>	<b>38,094</b>	<b>20,233</b>	<b>14,052</b>	<b>14,347</b>	<b>21,952</b>	<b>187,214</b>
<b>Service Charges Total</b>	<b>12,399</b>	<b>111,236</b>	<b>58,627</b>	<b>8,195</b>	<b>35,691</b>	<b>51,826</b>	<b>40,970</b>	<b>318,943</b>
<b>Grand total</b>	<b>25,486</b>	<b>251,116</b>	<b>144,422</b>	<b>36,156</b>	<b>65,639</b>	<b>97,027</b>	<b>90,138</b>	<b>709,983</b>

## Analysis of Liabilities as a result of PFI and Similar Contracts

The payments to the contractor are described as Unitary Charges. They have been calculated to compensate the contractor for the fair value of the services the contractor provides, the capital expenditure incurred and the interest payable whilst the capital expenditure remains to be reimbursed. The liability to pay the contractors for capital expenditure incurred is as follows:

Scheme	Liability 31 March 2021	Repayments	Liability 31 March 2022	Repayments	Liability 31 March 2023
	£000	£000	£000	£000	£000
Library and Lifelong Learning Centre	9,933	(604)	9,329	(737)	8,592
Sheltered Housing	71,636	(2,947)	68,689	(2,851)	65,838
Gateways to Oldham	51,316	(1,859)	49,457	(1,755)	47,702
Chadderton Wellbeing Centre	7,977	(129)	7,848	(121)	7,727
Street Lighting	17,705	(865)	16,840	(943)	15,897
Schools	34,706	(2,307)	32,399	(1,545)	30,854
Building Schools for the Future	29,258	(1,035)	28,223	(1,007)	27,216
<b>Total</b>	<b>222,531</b>	<b>(9,746)</b>	<b>212,785</b>	<b>(8,959)</b>	<b>203,826</b>

## Assets as a result of PFI and Similar Contracts

	Library and Lifelong Learning Centre £000	Sheltered Housing £000	Gateways to Oldham Housing £000	Chadderton Wellbeing Centre £000	Street Lighting £000	Schools £000	Building Schools for the Future £000	Total £000
<b>Cost or Valuation</b>								
At 1 April 2022	16,452	43,421	23,351	12,250	24,457	82,109	39,201	<b>241,241</b>
Additions	-	267	-	-	-	-	-	<b>267</b>
Revaluations recognised in Revaluation Reserve	1,690	853	(26)	900	-	11,823	5,662	<b>20,902</b>
Revaluations recognised in (Surplus)/Deficit on the Provision of Services	-	-	-	-	-	-	-	-
Derecognition-disposals	-	-	(139)	-	-	-	-	<b>(139)</b>
<b>At 31 March 2023</b>	<b>18,142</b>	<b>44,541</b>	<b>23,186</b>	<b>13,150</b>	<b>24,457</b>	<b>93,932</b>	<b>44,863</b>	<b>262,271</b>
<b>Accumulated Depreciation &amp; Impairment</b>								
At 1 April 2022	-	3,745	1,630	-	4,817	-	-	<b>10,192</b>
Depreciation Charge	845	3,823	1,641	585	518	4,961	2,214	<b>14,587</b>
Depreciation Written out to Revaluation Reserve	(845)	(3,727)	(1,620)	(585)	-	(4,961)	(2,214)	<b>(13,952)</b>
Derecognition - Disposals	-	-	(10)	-	-	-	-	<b>(10)</b>
<b>At 31 March 2022</b>	<b>-</b>	<b>3,841</b>	<b>1,641</b>	<b>-</b>	<b>5,335</b>	<b>-</b>	<b>-</b>	<b>10,817</b>
<b>Net Book Value at 31 March 2022</b>	<b>16,452</b>	<b>39,676</b>	<b>21,721</b>	<b>12,250</b>	<b>19,640</b>	<b>82,109</b>	<b>39,201</b>	<b>231,049</b>
<b>Net Book Value at 31 March 2023</b>	<b>18,142</b>	<b>40,700</b>	<b>21,545</b>	<b>13,150</b>	<b>19,122</b>	<b>93,932</b>	<b>44,863</b>	<b>251,454</b>



	Library and Lifelong Learning Centre £000	Sheltered Housing £000	Gateways to Oldham Housing £000	Chadderton Wellbeing Centre £000	Street Lighting £000	Schools £000	Building Schools for the Future £000	Total £000
<b>Cost or Valuation</b>								
At 1 April 2021	15,410	42,187	22,216	11,420	24,457	75,103	35,771	<b>226,564</b>
Additions	-	36	748	-	-	-	-	<b>784</b>
Revaluations recognised in Revaluation Reserve	1,042	1,198	524	830	-	7,006	3,430	<b>14,030</b>
Revaluations recognised in (Surplus)/Deficit on the Provision of Services	-	-	-	-	-	-	-	-
Derecognition-disposals	-	-	(137)	-	-	-	-	<b>(137)</b>
<b>At 31 March 2022</b>	<b>16,452</b>	<b>43,421</b>	<b>23,351</b>	<b>12,250</b>	<b>24,457</b>	<b>82,109</b>	<b>39,201</b>	<b>241,241</b>
<b>Accumulated Depreciation &amp; Impairment</b>								
At 1 April 2021	-	3,641	1,595	-	4,201	-	-	<b>9,437</b>
Depreciation Charge	731	3,745	1,630	502	616	4,107	1,851	<b>13,182</b>
Depreciation Written out to Revaluation Reserve	(731)	(3,641)	(1,595)	(502)	-	(4,107)	(1,851)	<b>(12,427)</b>
<b>At 31 March 2022</b>	<b>-</b>	<b>3,745</b>	<b>1,630</b>	<b>-</b>	<b>4,817</b>	<b>-</b>	<b>-</b>	<b>10,192</b>
<b>Net Book Value at 31 March 2021</b>	<b>15,410</b>	<b>38,540</b>	<b>20,621</b>	<b>11,420</b>	<b>20,256</b>	<b>75,103</b>	<b>35,771</b>	<b>217,121</b>
<b>Net Book Value at 31 March 2022</b>	<b>16,452</b>	<b>39,676</b>	<b>21,721</b>	<b>12,250</b>	<b>19,640</b>	<b>82,109</b>	<b>39,201</b>	<b>231,049</b>

## 30. Pension Schemes Accounted for as Defined Contribution Schemes

### Teachers' Pension Scheme

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

The Scheme is technically a defined benefit scheme; however, the scheme is unfunded. The Department for Education uses a notional fund as the basis for calculating the employer's 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.

In 2022/23, the Council paid £10.723m (£9.953m in 2021/22) to the Teachers Pensions Scheme in respect of teachers' retirement benefits, representing 22.80% (22.52% in 2021/22) of pensionable pay.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside the terms of the Teachers' Scheme. These costs are accounted for on a defined benefits basis and are detailed in Note 31.

## 31. Defined Benefit Pension Schemes

### Participation in Pension Schemes

As part of the terms and conditions of the employment of its Officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until the employees retire, the Council has a commitment to make the payments that need to be disclosed at the time the employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme (LGPS) which is administered locally by Tameside Metropolitan Borough Council. This is a funded defined benefit final salary pension scheme, meaning that the Council and employees pay contributions into a fund calculated at a level intended to balance the pension liabilities with investment assets.

### Transactions Relating to Post-employment Benefits

The cost of retirement benefits is recognised in the reported cost of services when they are earned by the employees rather than when they are eventually paid as pensions. However, the charge made against Council Tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund through the MiRS. The following transactions have been made in the CIES and the General Fund Balance through the MiRS during the year:

	2021/22 £000	2022/23 £000
<b>Service Cost</b>		
Current service cost	(43,717)	(44,230)
Past service cost (including curtailments)	(882)	(1,670)
Effect of Settlements	-	1,371
<b>Total service cost</b>	<b>(44,599)</b>	<b>(44,529)</b>
<b>Financing and Investment Income and Expenditure</b>		
Interest income on scheme assets	21,564	35,728
Interest cost on defined benefit obligation	(30,861)	(44,120)
<b>Total net interest</b>	<b>(9,297)</b>	<b>(8,392)</b>
<b>Total Post Employment Benefits Charged to the Deficit on the Provision of Services</b>	<b>(53,896)</b>	<b>(52,921)</b>
<b>Remeasurements of the Net Defined Liability Comprising:</b>		
Return on plan assets excluding amounts included in net interest	99,368	(12,094)
Changed in demographic assumptions	16,575	11,494
Actuarial Gains/(losses) arising from changes in financial assumptions	100,468	601,957
Other experience and actuarial adjustments	(19,576)	(91,974)
Asset Ceiling adjustment	-	(102,092)
<b>Total Remeasurements Recognised in Other Comprehensive Income</b>	<b>196,835</b>	<b>407,291</b>
<b>Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement</b>	<b>142,939</b>	<b>354,370</b>
<b>Movement in Reserves Statement</b>		
Reversal of net charges made to the deficit on the provision of services	53,896	52,921
<b>Employers' Contributions Payable to the Scheme</b>	<b>(19,157)</b>	<b>(29,189)</b>

### Pensions Assets and Liabilities Recognised in the Balance Sheet

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

	2021/22 £000	2022/23 £000
Fair value of plan assets	1,257,748	1,335,959
Present value of funded liabilities	(1,520,569)	(1,133,679)
Present value of unfunded liabilities	(34,946)	(29,971)
Asset Ceiling Adjustment	-	(102,092)
<b>Net Liability Arising From Defined Benefit Obligation</b>	<b>(297,767)</b>	<b>70,217</b>

### Asset Ceiling

Following the pensions valuation by the Councils actuary, Hymans Robertson LLP, the Council determined that the fair value of its pension plan assets outweighed the present value of the plan

obligations at 31 March 2023 resulting in a pension plan asset for the first time. IAS 19 Employee Benefits requires that, where a pension plan asset exists, it is measured at the lower of:

- The surplus in the defined benefit plan; and
- The asset ceiling.

The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The Council's actuary's calculated the asset ceiling as the net present value of future service costs less net present value of future contributions.

The Council has therefore limited the Pension asset recognised in its balance sheet to the asset ceiling. The adjustment has been recognised within other comprehensive income and expenditure of the CIES.

### Reconciliation of the Movements in Fair Value of Scheme Assets

	2021/22 £000	2022/23 £000
Opening fair value of scheme assets	1,094,303	1,257,748
Effect of Settlements	-	(1,275)
Effect of Business Combinations and Disposals	-	83,501
Interest income	21,564	35,728
<b>Remeasurement Gain</b>		
Return on plan assets excluding amounts included in net interest	99,368	(12,094)
Contributions from employer into the scheme	3,582	6,477
Contributions from employees into the scheme	5,499	6,563
Other Experience	72,418	-
Benefits paid	(38,986)	(40,689)
<b>Closing Fair Value of Scheme Assets</b>	<b>1,257,748</b>	<b>1,335,959</b>

The Council's share of pension fund assets is rolled forward, by the actuary, from the latest formal valuation date. The roll forward amount is then adjusted for investment returns, the effective contributions paid into and estimated benefits paid from the fund by the Council and its employees. As such this estimate may differ from the actual assets held by the Pension Fund on 31 March 2023.

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

	2021/22 £000	2022/23 £000
Opening fair value of scheme liabilities	1,538,591	1,555,515
Current service cost	43,717	44,230
Effect of Settlements	-	(2,646)
Interest cost	30,861	44,120
Effect of Business Combinations and Disposals	-	76,364
Contributions from scheme participants	5,499	6,563
<b>Remeasurement Loss</b>		
Actuarial (gains)/losses arising from changes in financial assumptions	(100,468)	(601,957)
Change to demographic assumptions	(16,575)	(11,494)
Other experience and actuarial adjustments	91,994	91,974
Past service cost	882	1,670
Benefits paid	(38,986)	(40,689)
<b>Closing Fair Value of Scheme Liabilities</b>	<b>1,555,515</b>	<b>1,163,650</b>

## Pension Scheme Assets

	Period Ended 31 March 2022				Period Ended 31 March 2023			
	Quoted prices in active markets £000	Quoted prices not in active markets £000	Total £000	Percentage Total of Asset	Quoted prices in active markets £000	Quoted prices not in active markets £000	Total £000	Percentage Total of Asset
<b>Equity Securities</b>								
Consumer	83,240		83,240	7%	80,270		80,270	6%
Manufacturing	82,122		82,122	7%	73,857		73,857	6%
Energy and Utilities	67,966		67,966	5%	65,948		65,948	5%
Financial Institutions	124,326		124,326	10%	113,980		113,980	9%
Health and Care	65,812		65,812	5%	66,911		66,911	5%
Information Technology	61,422		61,422	5%	94,291		94,291	7%
Other	14,063		14,063	1%	15,189		15,189	1%
<b>Debt Securities</b>								
Corporate Bonds (investment grade)	48,300		48,300	4%	53,242		53,242	4%
UK Government	23,433		23,433	2%	31,926		31,926	2%
Other	39,836		39,836	3%	39,766		39,766	3%
<b>Private Equity</b>								
All	-	92,006	92,006	7%		99,931	99,931	7%
<b>Real Estate</b>								
UK Property	-	57,031	57,031	5%		51,977	51,977	4%
<b>Investment Funds and Unit Trusts</b>								
Equities	78,699		78,699	6%	71,362		71,362	5%
Bonds	123,373		123,373	10%	118,554		118,554	9%
Infrastructure	-	84,251	84,251	7%		106,759	106,759	8%
Other	22,814	147,362	170,176	14%	32,568	185,539	218,107	16%
<b>Derivatives</b>								
Other	(6,994)		(6,994)	-1%				0%
<b>Cash and Cash Equivalents</b>								
All	48,687		48,687	4%	33,890		33,890	3%
<b>Totals</b>	<b>877,098</b>	<b>380,650</b>	<b>1,257,748</b>	<b>100.0%</b>	<b>891,754</b>	<b>444,206</b>	<b>1,335,959</b>	<b>100%</b>

## Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates being based on the latest valuation of the scheme as of 31 March 2023.

The significant assumptions used by the actuary have been:

	2021/22	2022/23
<b>Mortality assumptions:</b>		
<b>Longevity at 65 for current pensioners:</b>		
Men	20.3	19.8
Women	23.2	23.1
<b>Longevity at 65 for future pensioners:</b>		
Men	21.6	21.1
Women	25.1	24.9
Rate of increase in salaries	3.95%	3.75%
Rate of increase in pensions (CPI)	3.20%	2.95%
Rate for discounting scheme liabilities	2.70%	4.75%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below is based on possible changes to the assumptions occurring at the end of the reporting period. For each assumption change all other assumptions remain constant.

The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit cost method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in 2021/22.

Change in Assumptions at 31 March 2023	Approximate % Increase to Employee Liability	Approximate Monetary Amount £000
0.1% decrease in real discount rate	2%	20,022
1 Year increase in member life expectancy	4%	46,546
0.1% increase in the salary increase rate	0%	2,043
0.1% increase in the pension increase rate	2%	18,274

## Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. Funding levels are monitored on an annual basis. The contribution rate set by the current triennial valuation took effect from the financial year starting 1 April 2020.

The scheme has taken account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a

common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits.

In April 2020 the Council made an upfront payment of £46.726m to the Greater Manchester Pension Fund (GMPF) for the Council's employer contributions relating to the full triennial period 2020/21 to 2022/23.

The upfront payment allowed the Council to generate corporate savings as result of a lower employer contribution rate than would have otherwise been calculated. This reduced employer contribution rate was achievable based on the fact that upfront funds received by the GMPF were immediately being used to generate investment returns. The financial year 2022/23 was the last year covered by the upfront payment.

### 32. Cash Flow Statement - Operating Activities

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:	2021/22 £000	2022/23 £000
Depreciation	38,272	39,894
Impairment and downward valuations	11,680	2,805
Amortisation	1,292	1,729
Increase/(decrease) in creditors	12,371	(16,648)
(Increase)/decrease in debtors	(5,474)	(7,680)
(Increase)/decrease in inventories	(16)	(144)
Movement in pension liability	50,314	39,307
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	9,172	5,618
Other non-cash items charged to the net surplus or deficit on the provision of services	(9,211)	(5,057)
	<b>108,400</b>	<b>59,824</b>
The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:		
Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	(1,995)	8
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(9,453)	(7,849)
Any other items for which the cash effects are investing or financing cash flows	(59,458)	(38,762)
	<b>(70,906)</b>	<b>(46,603)</b>
The cash flows for operating activities include the following items:		
Interest received	122	3,126
Interest paid	(26,691)	(26,168)
Dividends received	550	1,474
	<b>(26,019)</b>	<b>(21,568)</b>

### 33. Cash Flow Statement - Investing Activities

	2021/22 £000	2022/23 £000
Purchase of property, plant and equipment, investment property and intangible assets	(63,560)	(46,657)
Purchase of short-term and long-term investments	(20,000)	(10,000)
Other payments for investing activities	-	-
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	9,453	7,849
Proceeds from short-term and long-term investments	35,710	18,999
Other receipts from investing activities	58,522	35,036
<b>Net cash flows from investing activities</b>	<b>20,125</b>	<b>5,227</b>

### 34. Cash Flow Statement - Financing Activities

	2021/22 £000	2022/23 £000
Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance Sheet PFI contracts	(10,151)	(9,324)
Repayments of short and long-term borrowing	(6,421)	(6,605)
Other payments for financing activities	3,469	509
<b>Net cash flows from financing activities</b>	<b>(13,103)</b>	<b>(15,420)</b>

#### 34a. Reconciliation of Liabilities Arising from Financing Activities

	1 April 2022 £000	Financing cash flows £000	Acquisition £000	Other non-cash changes £000	31 March 2023 £000
Long-term borrowings	161,504	-	-	(10)	161,494
Short-term borrowings	8,293	(6,600)	-	(3)	1,690
Lease Liabilities	618	(365)	246	(24)	475
Transferred Debt	44	(5)	-	-	39
On balance sheet PFI Liabilities	212,785	(8,959)	-	-	203,826
<b>Amounts included as part of (debtor)/creditor balances:</b>					
Amounts owed to/from Collection Fund preceptors	(225)	509	-	-	284
<b>Total Liabilities from financing activities</b>	<b>383,019</b>	<b>(15,420)</b>	<b>246</b>	<b>(37)</b>	<b>367,808</b>



	1 April 2021	Financing cash flows	Acquisition	Other non- cash changes	31 March 2022
	£000	£000	£000	£000	£000
Long-term borrowings	168,355	(241)	-	(6,610)	161,504
Short-term borrowings	6,697	(5,000)	-	6,596	8,293
Lease Liabilities	651	(405)	373	-	619
Transferred Debt	1,224	(1,180)	-	-	44
On balance sheet PFI Liabilities	222,531	(9,746)	-	-	212,785
<b>Amounts included as part of (debtor)/creditor balances:</b>					
Amounts owed to/from Collection Fund preceptors	(3,696)	3,469	-	-	(227)
<b>Total Liabilities from financing activities</b>	<b>395,762</b>	<b>(13,103)</b>	<b>373</b>	<b>(14)</b>	<b>383,018</b>

### 35. Accounting Policies

#### 1.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2022/23 financial year and its position at the year-end of 31 March 2023. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (Amendment) Regulations 2022, which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code) supported by International Financial Reporting Standards (IFRS).

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.

The accounts have been prepared on a going concern basis, under the assumption that the Council will continue in existence for the foreseeable future.

Unless otherwise stated the convention used in this document is to round to amounts the nearest thousand pounds. All totals are the rounded totals of unrounded figures and, therefore, may not be the strict sums of the figures presented in the text or tables. Throughout the Statements all credit balances are shown with parentheses e.g. (£1,234).

#### 1.2 Property, Plant and Equipment

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

##### Recognition

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 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. The Council has a £10,000 de minimis limit for the recognition of Capital Expenditure.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

## **Measurement**

Assets are initially measured at cost, comprising:

- the purchase price;
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management;
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

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.

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

- community assets, infrastructure assets and assets under construction – depreciated historical cost;
- dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH);
- surplus assets – fair value, determined by the measurement of the highest and best use value of the asset;
- all other operational 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. For 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 on 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 Surplus or Deficit on the Provision of Services 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 Portfolio line(s) in the CIES.

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.

## **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 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 Portfolio line(s) in the CIES.

Where an impairment loss is subsequently reversed, the reversal is credited to the relevant Portfolio line(s) in the CIES, 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 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 following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer;
- vehicles, plant, furniture and equipment – straight-line allocation over the useful life of the asset as estimated by a suitably qualified officer;
- infrastructure – See section below.

Revaluation gains are 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.

## **Component Accounting**

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item and/or whose life is significantly different to the life of the host (main) asset, the components are depreciated separately.

Components are recognised in the financial year where:

- there has been a revaluation of asset;
- there has been an acquisition of assets within the financial year; and
- enhancement expenditure has been incurred within the financial year.

## **Disposals**

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the CIES as part of the gain or loss on disposal. Receipts from disposals are credited to the same line in the CIES 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.

The written-off asset value of disposals is not a charge against the General Fund, as the cost of non-current 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 MiRS.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. If the disposal relates to housing assets a proportion of the capital receipt is payable to the Government (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances). For 2022/23 and 2023/24 the Council can benefit from the flexibilities in the amendment on Right to Buy (RTB) receipts. The Council for the two specified years can retain 100% RTB receipts to finance capital expenditure on housing projects. The balance of receipts is required to be credited to the Useable 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 transferred to the Useable Capital Receipts Reserve from the General Fund Balance in the MiRS.

## **Infrastructure Assets**

Infrastructure assets include carriageways, footways and cycle tracks, structures, street lighting, street furniture, traffic management systems and land which together form a single integrated system.

### **Recognition**

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

### **Measurement**

Infrastructure assets are measured at depreciated historical cost. This is, however, a modified form of historical cost. Opening balances for highways infrastructure assets were originally recorded in the balance sheet at amounts of capital undischarged for sums borrowed at 1 April 1994, which was deemed at the time to be historical cost.

### **Impairment**

Where impairment losses are identified, they are accounted for by the carrying amount of the asset being written down to the recoverable amount.

### **Depreciation**

Depreciation is provided on the parts of the highways network infrastructure assets that are subject to deterioration or depletion and by the systematic allocation of their depreciable amounts over their useful lives.

Annual depreciation is the depreciation amount allocated each year.

The useful lives of the various parts of the highways network are detailed below:

Elements of the Highway Network	Useful Life (Years)
Carriageways	27
Footways and Cycle Tracks	45
Structures	107
Street Lighting	40
Street Furniture	40
Traffic Management Systems	15

## Disposal and Derecognition

When a component of the network is disposed of or decommissioned, the carrying amount of the component in the Balance Sheet is written off the 'Other Operating Expenditure' line in the CIES as part of the gain or loss on disposal. Receipts from disposal (if any) are credited to the same line in the CIES, also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). The written off amounts of disposal are not a charge against Council Tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are transferred to the Capital Adjustment Account from the General Fund Balance in the MiRS.

### 1.3 Heritage Assets

The Council holds the Council's Heritage Assets principally for their contribution to knowledge and/or culture. They are recognised and measured, including treatment of revaluation gains and losses, in accordance with the Council's Accounting Policies on Property Plant and Equipment. However, some of the measurement rules are relaxed allowing the Council's Heritage Assets to be included on the Balance Sheet at their insured value where available. Where insurance valuations are not available and the Council has no records of the original cost of the asset, then there is a narrative disclosure of the asset.

Heritage assets are deemed to have an indefinite life, therefore are not depreciated as the charge made would be minimal and immaterial. Nevertheless, where there is evidence of physical deterioration to a Heritage Asset, or doubts arise to its authenticity, the value of the asset has to be reviewed.

### 1.4 Investment Property

Investment properties are those assets 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, based on the highest and best use value of the asset. Investment properties are not depreciated, and an annual valuation programme ensures that they are held at highest and best use value at the Balance Sheet date. Gains and losses on revaluation are charged to the Financing and Investment Income and Expenditure line in the CIES. 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 MiRS and charged to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Useable Capital Receipts Reserve.

## **1.5 Private Finance Initiative (PFI) and Similar Contracts**

PFI and similar contracts are agreements to receive services, where the responsibility for making available the Property, Plant and Equipment needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes, and as ownership of the Property, Plant and Equipment assets will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the Property, Plant and Equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment. Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as Property, Plant and Equipment owned by the Council.

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

- The value of the services received during the year – debited to the relevant service in the CIES;
- Finance cost – an interest charge is raised on the outstanding Balance Sheet liability and debited to the Financing and Investment Income and Expenditure line in the CIES. The interest rate is calculated for each scheme so that the Balance Sheet liability is zero at the end of each contract;
- Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the CIES;
- Payment towards liability – applied to write down the Balance Sheet liability;
- Lifecycle replacement costs – are split between revenue and capital costs. Revenue lifecycle costs are debited to the relevant service in the CIES. Capital lifecycle costs are debited to Property Plant and Equipment to reflect the enhancement of the PFI Asset.

## **1.6 Accounting for Schools**

In line with accounting standards and the Code on group accounts and consolidation, all maintained schools are considered to be entities controlled by the Council. Rather than produce group accounts the income, expenditure, assets, liabilities, reserves and cash flows of each school are recognised in the Council's single entity accounts. The Council has the following types of maintained schools under its control:

- Community;
- Voluntary Controlled;
- Voluntary Aided;
- Foundation; and,
- Foundation Trust.

Schools' non-current assets (school buildings and playing fields) are recognised on the Balance Sheet where the Council directly owns the assets, where the Council holds the balance of control of the assets or where the school or the school governing body own the assets or have had rights to use the assets transferred to them through a licence arrangement.

When a maintained school converts to an Academy, the school's non-current assets held on the Council's Balance Sheet are treated as a disposal. The carrying value of the asset is written off to Other Operating Expenditure in the CIES. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

The written-off asset value is not a charge against the General Fund, as the cost of non-current asset disposals resulting from schools transferring to an Academy status 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 MiRS.

### **1.7 Revenue Expenditure Funded from Capital under Statute (REFCUS)**

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the CIES 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 MiRS 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.

### **1.8 Capital Charges to Revenue for Non-Current Assets**

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

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

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

### **1.9 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 CIES for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

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

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the CIES in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified

loan and the write-down to the CIES is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the CIES, regulations allow the impact on the General Fund Balance to be spread over future years. The 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. When a premium or discount has been incurred and paid in full by a grant from an external body it is accounted for, in full in the year that the grant is received. The reconciliation of amounts charged to the CIES to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the MiRS.

## **Financial Assets**

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. There are three main classes of financial assets measured at:

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

The Council's business model is to hold investments to collect contractual cash flows i.e. payments of interest and principal. Most of the Council's financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

### **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 CIES for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

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

### **Financial Assets Measured at Fair Value through Profit or Loss (FVPL)**

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

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

- instruments with quoted market prices – the market price; and
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the accounting policy set out in section 1.23 Fair Value Measurement.



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

IFRS 9 Financial Instruments sets out that investments in equity should be classified as fair value through profit and loss unless there is an irrevocable election to recognise changes in fair value through other comprehensive income. The Council will assess each investment on an individual basis and assign an IFRS 9 category. The assessment will be based on the underlying purpose for holding the financial instrument.

Any changes in the fair value of instruments held at fair value through profit or loss will be recognised in the net cost of service in the CIES and will have a General Fund impact.

### **Financial Assets measured at Fair Value through other Comprehensive Income (FVOCI)**

The Council has equity instruments designated at fair value through other Comprehensive Income (FVOCI).

The Council has made an irrevocable election to designate two of its equity instruments as FVOCI on the basis that it is held for non-contractual benefits, it is not held for trading but for strategic purposes. The assets are initially measured and carried at fair value. The 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.

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

Changes in fair value are posted to Other Comprehensive Income and Expenditure and are balanced by an entry in the Financial Instruments Revaluation Reserve.

When the asset is de-recognised, 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.

### **Expected Credit Loss Model**

The Council recognises expected credit losses on all of its financial assets held at amortised cost (or where relevant FVOCI), either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the 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.

### **Instruments Entered into Before 1 April 2006**

The Council entered into a number of financial guarantees that are not required to be accounted for as financial instruments. These guarantees are reflected in the Statement of Accounts to the extent that provisions might be required, or a contingent liability note is needed under the policies set out in the section on Provisions, Contingent Liabilities and Contingent Assets.

## **1.10 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, paid sick leave, flexi and time off in lieu (TOIL) as well as bonuses and non-monetary benefits (e.g. mobile phones) for current employees and are recognised as an expense for services in the year in which employees render service to the Council.

## **Employee Accumulated Absence Accrual**

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 current accounting year. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the MiRS so that holiday benefits are charged to revenue in the financial year in which the holiday entitlement 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 and are charged on an accruals basis to the relevant services lines in the CIES 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 MiRS, 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 Greater Manchester Local Government Pension Scheme - administered by Tameside Metropolitan Borough Council;
- The Teachers' Pension Scheme - administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE); and
- The NHS Pension Scheme - administered by EA Finance NHS Pensions.

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

However, the arrangements for the teachers' and NHS schemes mean that liabilities for these benefits cannot be identified specifically to the Council. These schemes are therefore accounted for as if they are a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Children's Services line in the CIES is charged with the employer's contributions payable to Teachers' Pension Scheme in the year and also charged with the employer's contributions payable to the NHS Pension Scheme in the year. The Community Health & Adult Social Care Portfolio line in the CIES Statement is charged with the employer's contributions payable to the NHS Pension Scheme in the year.

## The Greater Manchester Local Government Pension Scheme

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

The liabilities of the Greater Manchester Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method; an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates and projections of future earnings for current employees. Liabilities are discounted to their value at current prices, using a discount rate (based on the indicative rate of return on a basket of high-quality corporate bonds, Government gilts and other factors).

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

- quoted securities – current bid price;
- unquoted securities – professional estimate;
- unitised securities – current bid price; and
- property – market value.

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

- current service cost – the increase in liabilities as a result of years of service earned in the current year – allocated in the CIES 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 will be debited to the Surplus or Deficit on the Provision of Services in the CIES as part of Non-Distributed Costs; and
- net interest on the net defined benefit liability - the change during the period in the net defined benefit liability that arises from the passage of time is charged to the Financing and Investment Income and Expenditure line of the CIES. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

Remeasurement comprising:

- the return on plan assets – excluding amounts included in net interest on the net defined benefit liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure; and
- contributions paid to the Greater Manchester Pension Fund - cash paid as employer contributions to the pension scheme in settlement of liabilities; not accounted for as an expense.

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 accounting standards. In the MiRS 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. Where there is a negative balance that arises on the Pensions Reserve it 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.

### **1.11 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.

Where income and expenditure has 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 may not be collected.

### **1.12 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 mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of a change in value.

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.

### **1.13 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 CIES 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) it 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.

### **1.14 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 payment; and
- the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the CIES 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 CIES.

Where capital grants are credited to the CIES, they are reversed out of the General Fund Balance in the MiRS.

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.

Where revenue grants are credited to the CIES but have yet to be used to fund revenue expenditure, it is posted to the Revenue Grant Reserve. When eligible expenditure is incurred in future years the grant is transferred back into the General Fund Balance in the MiRS so that there is no net charge against Council Tax for the expenditure.

### **1.15 Reserves**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance in the MiRS. 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 CIES. The reserve is then appropriated back into the General Fund Balance in the MiRS so that there is no net charge against Council Tax for the expenditure.

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

### **1.16 Revenue Recognition**

Revenue is defined as income arising as a result of the Council's normal operating activities and where income arises from contracts with service recipients it is recognised when or as the Council has satisfied a performance obligation by transferring a promised good or service to the service recipient.

Revenue is measured as the amount of the transaction price which is allocated to that performance obligation. Where the Council is acting as an agent of another organisation the amounts collected for that organisation are excluded from revenue.

### **1.17 Tax Income**

Council Tax, Retained Business Rates and Business Rates Top-up Grant income included in the CIES for the year will be treated as accrued income.

Business Rates, Business Rates Top-up Grant and Council Tax income will be recognised in the Comprehensive Income and Expenditure Statement within the Taxation and Non-Specific Grant Income line. As a Billing Authority, the difference between the Business Rates and Council Tax included in the CIES and the amount required by regulation credited to the General Fund is taken to the Collection Fund Adjustment Account and reported in the MiRS. Each major preceptor's share of the accrued Business Rates and Council Tax income is available from the information that is required to be produced in order to prepare the Collection Fund Statement.

Business Rates and Council Tax income is recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the Council, and the amount of revenue can be measured reliably.

Revenue relating to Council Tax and Business Rates is measured at the full amount receivable (net of any impairment losses) as they are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates.

### **1.18 Overheads and Support Services**

The costs of overheads and support services are charged to the relevant services in accordance with the Authority's arrangements for accountability and financial performance, with the exception of:

- Corporate and Democratic Core – costs relating to the Council's status as a multi-functional, democratic organisation;
- Non-Distributed Costs – changes in past service costs and impairment losses chargeable on Assets Held for Sale.

Corporate and Democratic Core is identified as a separate heading in the CIES. Non-Distributed Costs form part of the Capital and Treasury Portfolio in line with the Council's local reporting format.

### **1.19 Value Added Tax (VAT)**

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

#### **1.20 Interests in Companies and Other Entities**

The Council has material interests in external entities that are classified as subsidiaries and therefore group accounts have been prepared. In the Council's single entity accounts the Council's interest in companies and other entities are recorded as financial assets at cost less any impairment. Any gains or losses are recognised in the CIES.

## **1.21 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.

## **1.22 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:

- Adjusting Events - Those events that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
- Non-Adjusting Events - Those events 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 either their estimated financial effect or a statement that such an estimate cannot be made reliably.

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

## **1.23 Fair Value Measurement**

The Council measures some of its assets and liabilities at fair value at the end of the reporting period. Fair value is the amount that would be received from the sale of an asset or paid over to transfer a liability at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or;
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council uses external valuers to provide a valuation of its non-financial assets and liabilities, for recognition or disclosure as appropriate, in line with the highest and best use definition within IFRS 13 Fair Value Measurement. The highest and best use of the asset or liability being valued is considered from the perspective of a market participant. Inputs to the valuation techniques in respect of the Council's fair value measurement of its assets and liabilities are categorised within the fair value hierarchy as follows:

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



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

Level 3 – unobservable inputs for the asset or liability.

### **36. Accounting Standards Issued, Not Adopted**

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard which has been issued but is yet to be adopted by the 2022/23 Code.

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

Accounting changes that are introduced by the 2023/24 Code are:

- IFRS 16 Leases (but only for those Local Authorities that have decided to voluntarily implement IFRS 16 in the 2023/24 year);
- Where an Authority adopted IFRS 16 in 2022/23 but chose to defer implementation of IFRS 16 to PFI/PPP arrangements until 2023/24 information on that more specific accounting change will be required in its 2022/23 Statements of Accounts;
- Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021;
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021;
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021; and
- Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020.

Work on the implementation of the Code changes is still ongoing and the full impact on the Council's single entity and group accounts has not been fully assessed yet.

### **37. Critical Judgements in Applying Accounting Policies**

The following disclosure sets out critical judgements applied to the Accounting Policies of the Council that have a significant impact on the presentation of the financial statements. Critical estimation uncertainties are described in the note.

#### **Upfront Pension Payment**

The Council is liable to make contributions towards the cost of post-employment benefits. For the 3-year period 2020/21 – 2022/23, the Council agreed with the Greater Manchester Pension Fund (GMPF) that the employer contributions payable to the Local Government Pension Scheme (LGPS) could be paid as a single up-front payment. Subsequently, in April 2020 the Council paid £46.726m based on an estimated pensionable payroll of £79.874m per annum in order to make a budget saving. In line with the Council's accounting policies, in 2020/21 the amounts relating to 2021/22 and 2022/23 were offset against the pension liability on the Balance Sheet. These amounts will be reflected in the Pension Reserve in the years to which they relate.

At the close of the triennial period (2022/23) the pension reserve and the pension liability have been brought into line with each other. For further details see note 31 Defined Benefit Pension Schemes.

## Accounting for Schools – Balance Sheet Recognition of Schools

The Council recognises the land and buildings used by schools in line with the provisions of the Code of Practice. It states that property used by Local Authority maintained schools should be recognised in accordance with the asset recognition tests relevant to the arrangements that prevail for the property. The Council recognises school land and buildings on its Balance Sheet where it directly owns the assets or where the school or school Governing Body own the assets or where rights to use the assets have been transferred from another entity.

Where the land and building assets used by the school are owned by an entity other than the Council, school or school Governing Body then it is not included on the Council's Balance Sheet. The exception is where the entity has transferred the rights of use of the asset to the Council, school or school Governing Body.

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

Type of School	No. of Primary Schools	No. of Secondary Schools	No. of Special Schools	Total
Community	24	1	1	26
Voluntary Controlled (VC)	5	-	-	5
Voluntary Aided (VA)	27	1	-	28
Foundation/Foundation Trust	4	1	-	5
<b>Maintained Schools</b>	<b>60</b>	<b>3</b>	<b>1</b>	<b>64</b>
Academies	26	10	6	42
<b>Total</b>	<b>85</b>	<b>13</b>	<b>7</b>	<b>106</b>

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

The Council has entered into Private Finance Initiative (PFI) agreements to build and operate three schools in the Borough. One is a VA school; one is a Foundation Trust school and the remaining school is an Academy. Whilst the land which the buildings are sited on has been transferred to the respective Diocese, Trust and Academy, the ownership of the buildings is determined by who holds the balance of control in line with accounting standards. The Council considers the buildings associated with these schools should be included on its Balance Sheet because:

- The reversion clause within the PFI agreement results in the Council having a residual interest in the buildings at the end of the agreement;
- The services provided and the use of the building is controlled by the Council through the PFI agreement;
- The PFI agreement is between the PFI contractor and the Council.

Legal ownership of VC school land and buildings usually rests with a charity, normally a religious body. Four VC schools are owned by the Diocese which have granted a licence to the school to use the land and buildings. Under this licence arrangement, the rights of use of the land and buildings have not transferred to the school and thus are not included on the Council's Balance Sheet. The remaining VC school land and buildings are owned by the Council and included on the Balance Sheet.

Legal ownership of the VA school land and buildings rests with the relevant Diocese. The Diocese has granted a licence to the school to use the land and buildings. Under this licence arrangement, the rights of use of the land and buildings have not transferred to the school and thus are not included on the Council's Balance Sheet.

Foundation and Foundation Trust schools were created to give greater freedom to the Governing Body responsible for school staff appointments and who also set the admission criteria. There are five Foundation schools in the Borough. For one school, the Governing Body has legal ownership of the land and buildings and thus these are included on the Council's Balance Sheet. For the remaining Foundation Trust school, a separate Trust owns the land and buildings so these assets are not included on the Council's Balance Sheet.

Academies are not considered to be maintained schools in the Council's control. The land and building assets are not owned by the Council and are therefore not included on the Council's Balance Sheet.

### **Group Boundaries**

The Council carries out a complex range of activities, often in conjunction with external organisations. Where those organisations are in partnership with or under the ultimate control of the Council a judgement is made by management as to whether they are within the Council's group boundary. This judgement is made in line with the provisions set out in the Code and relevant accounting standards.

Those entities which fall within the boundary and are considered to be material are included in the Council's group accounts. Profit and loss, net worth, and the value of assets and liabilities are considered individually for each organisation against a materiality limit set by the Council. An entity could be material but still not consolidated if all of its business is with the Council and eliminated on consolidation – i.e. the consolidation would mean that the group accounts are not materially different to the single entity accounts. The assessment of materiality also considers qualitative factors such as whether the Council depends significantly on these entities for the continued provision of its statutory services or where there is concern about the level to which the Council is exposed to commercial risk.

The Council has assessed its group boundary for 2022/23. The Council has identified one subsidiary who are considered to be material and will be consolidated into its group accounts. The subsidiary included is MioCare Group Community Interest Company (CIC). Further details can be found in the group accounts in section 5.

### **Investment Properties**

Investment properties have been assessed using the identifiable criteria under the Code and are solely being held for rental income or for capital appreciation. Properties have been assessed using these criteria, which is subject to interpretation, to determine if there is an operational reason for holding the property, such as regeneration.

### **Equity Investments**

The Council has equity investments in Oldham Property Partnership, Meridian Developments and Community 1<sup>st</sup> Oldham (Chadderton) Ltd. Following a review of the Council's equity investments under the accounting standard IFRS 9 Financial Instruments, the default valuation method of the Council's equity holdings would be Fair Value through Profit and Loss. However, these equity investments are strategic investments and not held for trading, therefore the Council, has designated the investment as fair value through Other Comprehensive Income. The decision to designate to fair value through Other Comprehensive Income is irrevocable and it is the Council view that this is a reasonable and reliable accounting policy for these investments.

### **38. Assumptions Made About the Future and Other Sources of Estimation Uncertainty**

#### **Pension Liability**

The estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discounts 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.

During 2022/23 the Council's actuaries advised that the net pension liability had decreased by £470.076m to a surplus position of £172.309m. In line with the Code of Practice the Council requested an Asset Ceiling calculation from the actuary. This resulted in the creation of a Pension Asset of £70.217m to be held on the Balance Sheet under Long Term Assets.

The effect of changes in the individual assumptions can be measured. For instance, a 0.1% decrease in the real discount rate assumption would result in an increase in the pension liability of £20.022m. A 0.1% increase in the assumed salary increase rate would result in a £2.043m increase in the pension liability and an increase of 0.1% in the assumed pension increase rate would increase the pension liability by £18.274m.

#### **Property Valuations**

Property, Plant and Equipment The valuation of the Council's Property, Plant and Equipment (PPE) is a significant area of estimation uncertainty. This includes Council Dwellings, Other Land and Buildings and Surplus Assets. The Council's valuer uses a combination of methodologies to value these operational assets, including Depreciated Replacement Cost (DRC), Existing Use Value (EUV and Social Housing EUV) and market/comparable methods. These methods can cause estimation uncertainty due to the indices and inputs that must be used to applying valuations. 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 property would be £7.147m. Note 17, Property, Plant and Equipment, to the accounts sets out the Council's approach to valuation of its PPE.

### **39. Events after the Reporting Period**

The Statement of Accounts was authorised for issue by the Director of Finance on 31 May 2023. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2023, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

## 4.1 Housing Revenue Account (HRA)

### Housing Revenue Account Income and Expenditure Statement

HRA Income and Expenditure Statement	2021/22 £000	2022/23 £000
<b>Expenditure</b>		
Repairs and Maintenance	3,801	4,123
Supervision and Management	4,838	5,248
Rent, rates, taxes and other charges	3,134	3,113
Depreciation, impairment and revaluation losses of non-current assets	7,902	5,929
Debt management costs	145	145
<b>Total Expenditure</b>	<b>19,820</b>	<b>18,558</b>
<b>Income</b>		
Dwellings rents	(8,787)	(9,118)
Non-dwelling rents	(36)	(34)
Charges for services and facilities	(1,060)	(1,114)
Contributions towards expenditure	(56)	(44)
PFI Credits receivable	(18,799)	(18,799)
<b>Total Income</b>	<b>(28,738)</b>	<b>(29,109)</b>
<b>Net Surplus relating to HRA Services as included in the Comprehensive Income and Expenditure Statement</b>	<b>(8,918)</b>	<b>(10,550)</b>
<b>HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:</b>		
Gain on sale of HRA non-current assets	(326)	(359)
Movement for the allowance of bad debts	-	79
Interest payable and similar charges	10,674	10,867
HRA Interest and investment income	-	(268)
<b>Deficit/(Surplus) for the year on HRA Services</b>	<b>1,429</b>	<b>(231)</b>

### Statement of Movement in the Housing Revenue Account

Movement on the HRA Statement	2021/22 £000	2022/23 £000
Opening Balance at 1 April	(21,370)	(21,719)
Surplus for the year on the HRA Income and Expenditure Statement	1,429	(231)
Adjustments between accounting basis and funding basis under statute	(1,779)	(634)
(Increase)/Decrease in the HRA Balance at 31 March	(350)	(866)
<b>Closing Balance</b>	<b>(21,719)</b>	<b>(22,585)</b>

Note to Movement on the HRA Statement	2021/22 £000	2022/23 £000
<b>Analysis of adjustments between accounting basis and funding basis under statute</b>		
Depreciation, impairment and revaluation losses of non-current assets	(7,916)	(5,941)
Minimum Revenue Provision	4,806	4,606
Gain or loss on sale of HRA fixed assets	340	371
Capital Expenditure funded by the HRA	912	210
Transfer to Major Repairs Reserve	78	120
<b>Net Adjustment</b>	<b>(1,779)</b>	<b>(634)</b>

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 regulations; 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.

#### Note on the Preparation of the Housing Revenue Account

The Council has followed the guidance in the CIPFA Code of Practice on Local Authority Accounting 2022/23 for the production of its 2022/23 Statement of Accounts. However, there is one area where, in order to achieve a true and fair view, the Council has departed from the guidance which is explained below.

From 2017/18 the transitional arrangements which allowed for the reversal of the depreciation charge from the HRA came to an end. The new Item 8 Determination issued by the Ministry of Housing, Communities and Local Government, now DLUHC on 24 January 2017 confirmed that depreciation should be charged to the HRA in accordance with proper accounting practices. Therefore from 2017/18 a charge equal to depreciation should have been made to the HRA and passed to the Major Repairs Reserve (MRR) for the purpose of future repairs and maintenance.

However, as the majority of the Council HRA dwellings are covered by Private Finance Initiative (PFI) contracts (until 2036), any future repairs and maintenance costs are already included within the unitary charge the Council pays on PFI schemes. The Council will therefore have no need to build up the MRR and the HRA would, in effect, be charged twice for repairs and maintenance of dwellings. If the Council began to charge the HRA with depreciation (without reversal) the HRA would quickly fall into deficit and build up a significant MRR that would not be required.

Previously, the Department of Levelling Up, Housing and Communities (formerly known as MHCLG) has confirmed that depreciation need not be charged to the HRA in respect of Oldham's PFI housing stock. Therefore, the Council will continue with the accounting treatment previously permitted under the transitional arrangements and has reversed the depreciation charge from the HRA to the Capital Adjustment Account.

The financial impact of the accounting treatment prescribed by CIPFA is shown in the table below.

	Current 2022/23 Balance £000	Adjustment for the Item 8 Determination £000	Adjusted 2022/23 Balance £000
Housing Revenue Account	(22,584)	5,627	(16,957)
Major Repairs Reserve	(885)	(5,627)	(6,512)

The HRA financial statements present a true and fair view of the Council's HRA financial position, financial performance and cash flows, the Council has complied with the CIPFA Code of Practice in all areas except that which is described above.

#### 4.1.1 Explanatory Notes to the Housing Revenue Account

##### H1. Housing Stock – Numbers

At 31 March 2023, the Council had a total housing stock of 2,094 dwellings. This was comprised of 1,240 Houses and Bungalows, and 854 Flats and Maisonettes.

The balance sheet value of HRA assets was as follows:

	31 March 2022 £000	31 March 2023 £000
Dwellings	75,218	76,514
Other Operational Property	7,173	7,613
Plant and Machinery	763	946
<b>Total</b>	<b>83,154</b>	<b>85,073</b>

The Vacant Possession Dwellings valuation is £207.588m as at 31 March 2023. The difference between the vacant possession value and the Balance Sheet value of dwellings within the HRA shows the cost of providing Council housing at less than open market rents.

##### H2. Depreciation and Impairment of Assets

Depreciation and impairment of Property, Plant and Equipment is shown below.

Depreciation	Operational Assets £000
Balance at 1 April 2022	5,783
Depreciation written off during the year	(5,600)
Depreciation during the year – Dwellings	5,594
Depreciation during the year - Other land and Buildings/Plant & Machinery	120
<b>Balance at 31 March 2023</b>	<b>5,897</b>

Impairment and Revaluation Loss	Operational Assets £000
Balance at 1 April 2022	(3,980)
Revaluation loss during the year	(550)
<b>Balance at 31 March 2023</b>	<b>(4,530)</b>

The HRA assets are subject to an annual revaluation programme, as a result any impairments or revaluation losses are written off against the revised revaluation and reflected in the gross value.



## 4.2 Collection Fund

### Collection Fund Statement

2021/22 Total £000		2022/23 Council Tax £000	2022/23 Business Rates £000	2022/23 Total £000	Note
	<b>Income</b>				
(119,122)	Council Tax Payers	(125,813)		(125,813)	C2 C3
(49,114)	Income from Business Ratepayers		(49,171)	(49,171)	
<b>(168,236)</b>		<b>(125,813)</b>	<b>(49,171)</b>	<b>(174,984)</b>	
	<b>Expenditure</b>				
	<b>Precepts:</b>				
98,852	- Oldham Council	103,246	-	103,246	
12,487	- Greater Manchester Mayoral Police and Crime Commissioner Precept	13,116	-	13,116	
5,202	- Greater Manchester Mayoral General Precept (including Fire and Rescue Services)	5,914	-	5,914	
	<b>Contribution Towards Previous Year's Council Tax Deficit</b>				
(1,119)	- Oldham Council	(2,438)	-	(2,438)	
(139)	- Greater Manchester Mayoral Police and Crime Commissioner Precept	(306)	-	(306)	
(61)	- Greater Manchester Mayoral General Precept (including Fire and Rescue Services)	(130)	-	(130)	
	<b>Business Rates:</b>				
51,166	- Payments to Oldham Council	-	51,850	51,850	
517	- Greater Manchester Mayoral General Precept (including Fire and Rescue Services)	-	524	524	
	<b>Contribution Towards Previous Year's Business Rates Deficit</b>				
(23,203)	- Payments from Oldham Council	-	(10,274)	(10,274)	
(234)	- Greater Manchester Mayoral General Precept (including Fire and Rescue Services)	-	(104)	(104)	
295	Cost of Collection	-	294	294	
231	Transitional Protection Payments Due for the Year	-	45	45	
1,854	Change in Allowance for Non Collection	3,863	(236)	3,627	
2,865	Write-offs charged to Collection Fund	-	-	-	
1,444	Change in provision for alteration of lists and appeals	-	(3,230)	(3,230)	
<b>150,157</b>		<b>123,265</b>	<b>38,869</b>	<b>162,134</b>	
<b>(18,079)</b>	<b>Deficit/(Surplus) for the year</b>	<b>(2,548)</b>	<b>(10,302)</b>	<b>(12,850)</b>	
	<b>Collection Fund Balance</b>				
27,212	Balance brought forward at 1 April	2,958	6,175	9,133	
(18,079)	Deficit/(Surplus) for the year	(2,548)	(10,302)	(12,850)	
<b>9,133</b>	<b>Balance carried forward at 31 March</b>	<b>410</b>	<b>(4,127)</b>	<b>(3,717)</b>	
	<b>Allocated to:</b>				
8,622	- Oldham Council	345	(4,086)	(3,741)	
315	- Greater Manchester Police and Crime Commissioner	45	-	45	
196	- Greater Manchester Mayoral General Precept (including Fire and Rescue Services)	20	(41)	(21)	
<b>9,133</b>		<b>410</b>	<b>(4,127)</b>	<b>(3,717)</b>	

## Explanatory Notes to the Collection Fund

### C1. General

The Council is required to maintain a separate agency Collection Fund account. The Collection Fund account includes all transactions relating to collection of Business Rates and Council Tax income from taxpayers and their distribution to Local Government bodies. The Collection Fund is accounted for separately from the General Fund.

Any Collection Fund surpluses or deficits declared by Oldham Council (the Billing Authority) in relation to Council Tax are apportioned to the relevant precepting bodies in the subsequent financial year. For Oldham, the Council Tax precepting body is the Greater Manchester Combined Authority (GMCA) for both the Mayoral Police and Crime Commissioner Precept and the Mayoral General Precept (including Fire and Rescue Services).

Business Rates surpluses or deficits are distributed in accordance with the relevant proportions set out in the localised Business Rate regulations. The Council continues to be part of the Greater Manchester 100% Business Rates Retention pilot scheme, therefore for 2022/23 the Oldham Council share is 99% with the remainder paid to the GMCA for the Mayoral General Precept (including Fire Service).

The financial year 2022/23 marks the third and final year of charges relating to the spreading of the 2020/21 exceptional balances for both Council Tax and Business Rates. The intention to implement the three-year local tax collection fund deficit phasing was announced by the Secretary of State on 2 July 2020. The Local Authorities (Collection Fund: Surplus and Deficit) (Coronavirus) (England) Regulations 2020 were laid before Parliament on 5 November 2020 and came into force on 1 December 2020. The regulations amended the rules governing the apportionment of Collection Fund surpluses and deficits for Council Tax and Business Rates set out in the Local Authorities (Funds) (England) Regulations 1992 and the Non-Domestic Rating (Rates Retention) Regulations 2013. The phasing of deficits relates only to the 'exceptional amount' (i.e. relating to COVID-19), therefore does not include any amount brought forward into the Collection Fund, relating to previous years surpluses or deficits.

## C2. Council Tax

Council Tax derives from charges raised according to the value of residential properties, which have been classified into nine valuation bands (A to H) for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by the Council for the forthcoming year and dividing this by the Council Tax base (i.e. the equivalent numbers of Band D dwellings).

The Council Tax base for 2022/23 was 57,450 (57,200 in 2021/22) and was approved at the Cabinet meeting on 24 January 2022, the Tax Base was calculated as follows:

Band	Equivalent Number of Dwellings after Discounts, Exemptions and Reliefs	Proportion of Band D Tax	Equivalent Band D Dwellings
A Reduced	152.50	5/9	85
A	43,735.50	6/9	29,157
B	15,657.75	7/9	12,178
C	14,944.50	8/9	13,284
D	6,623.50	9/9	6,623
E	3,193.75	11/9	3,904
F	1,475.25	13/9	2,131
G	861.75	15/9	1,436
H	56.25	18/9	113
Net effect of Local Council Tax Support Scheme (LCTSS) and other adjustments such as assumed tax base increases in 2022/23			(9,531)
Tax Base before adjustment for collection rate			59,380
Estimated collection rate			96.75%
<b>Tax Base for the Calculation of Council Tax</b>			<b>57,450</b>

Dwellings for residents entitled to 'disabled relief reduction' are reduced to the next lowest band for the calculation of Council Tax. As band 'A' is the lowest band, 'A reduced' has been introduced to give effect to this reduction for those who reside in Band A properties. Income received from Council Tax taxpayers in 2022/23 was £125.813m (£119.122m 2021/22).

## C3. Business Rates

The Council collects Business Rates for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform business rate set nationally by Central Government.

For 2022/23, the total non-domestic rateable value at 31 March 2023 is £155.560m (£156.833m in 2021/22). The Government once again decided to freeze the business rate multipliers, therefore for 2022/23 the multipliers were set at 49.9p for qualifying Small Businesses, and the standard multiplier being 51.2p for all other businesses (49.9p and 51.2p respectively in 2021/22).

## 5.0 Group Accounts

### Introduction

The Council is a complex organisation and undertakes a broad range of activities, often in conjunction with external organisations. In some cases the Council has an interest in these organisations demonstrated through ownership or control/significant influence.

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

As a subsidiary entity, MioCare Group CIC (MioCare), has been consolidated on a line by line basis with all intra-group transactions and balances removed.

## 5.1 Group Comprehensive Income and Expenditure Statement (CIES)

The Council has restated the CIES for 2021/22. The 2021/22 Cost of Services figures are presented in the 2022/23 reporting structure to enable a comparison between the years.

2021/22 - Restated				2022/23		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
128,460	(52,880)	75,580	Community Health and Adult Social Care	137,472	(53,803)	83,669
293,238	(205,880)	87,358	Children's Services	317,428	(219,188)	98,240
35,706	(7,764)	27,942	Public Health	33,039	(5,182)	27,856
11,530	(3,021)	8,509	Communities	10,416	(1,375)	9,041
82,951	(32,408)	50,543	Place and Economic Growth	89,001	(36,730)	52,270
37,787	(13,149)	24,638	Corporate Services	26,654	(11,663)	14,992
37,642	(44,346)	(6,705)	Capital, Treasury and Technical Accounting	40,952	(44,038)	(3,086)
6,815	-	6,815	Corporate and Democratic Core	6,851	-	6,851
19,668	(28,738)	(9,070)	Housing Revenue Account	18,559	(29,108)	(10,550)
<b>653,796</b>	<b>(388,186)</b>	<b>265,611</b>	<b>Cost of Services</b>	<b>680,371</b>	<b>(401,087)</b>	<b>279,284</b>
		300	Other Operating Expenditure			
			Parish Council precepts			314
		392	Payments to Housing capital receipts to government pool			185
		33,089	Levies			33,289
		(2,013)	(Gains)/losses on the disposal of non-current assets			(2,094)
		<b>31,769</b>	<b>Total Other Operating Expenditure</b>			<b>31,694</b>
		27,923	Financing and Investment Income and Expenditure			24,909
		(313,352)	Taxation and Non-Specific Grant Income			(303,784)
		<b>11,951</b>	<b>(Surplus) or Deficit on Provision of Services</b>			<b>32,103</b>
		93	Tax expense of Subsidiaries			<b>250</b>
		<b>12,044</b>	<b>Group (Surplus)/Deficit</b>			<b>32,353</b>
		(49,920)	Other Comprehensive Income and Expenditure			
		1,260	Revaluation (gains)/losses non-current assets			(73,528)
			Impairment losses on non-current assets			106
		(62)	(Surplus) or deficit on revaluation of available for sale financial assets			(9,404)
		(243,696)	Remeasurement of net defined benefit liability			(531,803)
			Asset Ceiling Adjustment			102,092
		<b>(292,418)</b>	<b>Total Other Comprehensive Income and Expenditure</b>			<b>(512,537)</b>
		<b>(280,374)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(480,184)</b>

## 5.2 Group Movement in Reserves Statement

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

Movement in reserves during 2022/23	General Fund Balance	Earmarked General Fund Reserves	Total General Fund Balance	HRA	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Council Reserves	Restated Council's Share of Group reserves*	Total Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Restated Balance at 1 April 2022/23</b>	(20,012)	(120,150)	<b>(140,162)</b>	(21,721)	-	(884)	(15,947)	<b>(178,714)</b>	(98,762)	<b>(277,475)</b>	(450)	<b>(277,925)</b>
Total Comprehensive Income and Expenditure	15,100	-	<b>15,100</b>	(230)	-	-	-	<b>14,870</b>	(490,117)	<b>(475,247)</b>	(4,936)	<b>(480,184)</b>
Adjustments Between Accounting Basis and Funding Basis under regulations	(8,872)	-	<b>(8,872)</b>	(634)	-	(120)	(6,351)	<b>(15,978)</b>	15,978	-	-	-
Adjustments Between Group Accounts and Authority Accounts	15,918	-	<b>15,918</b>	-	-	-	-	<b>15,918</b>	-	<b>15,918</b>	(15,918)	-
<b>Net (Increase)/Decrease before transfers to Earmarked Reserves</b>	<b>22,145</b>	-	<b>22,145</b>	<b>(864)</b>	-	<b>(120)</b>	<b>(6,351)</b>	<b>14,810</b>	<b>(474,139)</b>	<b>(459,329)</b>	<b>(20,855)</b>	<b>(480,184)</b>
Transfers To/(From) Earmarked Reserves	(20,998)	20,998	-	-	-	-	-	-	-	-	-	-
<b>(Increase)/Decrease in year</b>	<b>1,147</b>	<b>20,998</b>	<b>22,145</b>	<b>(864)</b>	-	<b>(120)</b>	<b>(6,351)</b>	<b>14,810</b>	<b>(474,139)</b>	<b>(459,329)</b>	<b>(20,855)</b>	<b>(480,184)</b>
<b>Balance at 31 March</b>	<b>(18,865)</b>	<b>(99,152)</b>	<b>(118,016)</b>	<b>(22,585)</b>	-	<b>(1,004)</b>	<b>(22,298)</b>	<b>(163,904)</b>	<b>(572,901)</b>	<b>(736,804)</b>	<b>(21,305)</b>	<b>(758,109)</b>

\*The opening balance for the Council's share of group reserves has been restated in order to reflect the movements in Miocare's financial statements between the draft statements used to consolidate initially and the final published statements. Also, the balances relating to The Unity Partnership Ltd have been removed from the opening balances following the transfer of employees and services to the Council on 1 April 2022.

Movement in reserves during 2021/22	General Fund Balance	Earmarked General Fund Reserves	Total General Fund Balance	HRA	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Restated Unusable Reserves	Total Council Reserves	Council's Share of Group reserves	Total Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Balance at 1 April Brought Forward</b>	(17,263)	(142,964)	(160,227)	(21,371)	-	(806)	(20,651)	(203,055)	162,877	(40,177)	25,277	(14,900)
<b>Balance at 1 April 2021</b>	(17,263)	(142,964)	(160,227)	(21,371)	-	(806)	(20,651)	(203,055)	162,877	(40,177)	25,277	(14,900)
<b>Movement in Reserves during 2021/22</b>												
Total Comprehensive Income and Expenditure	(31,829)	-	(31,829)	1,429	-	-	-	(30,400)	(245,557)	(275,957)	11,472	(264,485)
Adjustments Between Accounting Basis and Funding Basis under regulations	13,235	-	13,235	(1,779)	-	(78)	4,704	16,082	(16,082)	-	-	-
Adjustments Between Group Accounts and Authority Accounts	38,659	-	38,659	-	-	-	-	38,659	-	38,659	(38,659)	-
<b>Net (Increase)/Decrease before transfers to Earmarked Reserves</b>	<b>20,065</b>	<b>-</b>	<b>20,065</b>	<b>(350)</b>	<b>-</b>	<b>(78)</b>	<b>4,704</b>	<b>24,341</b>	<b>(261,639)</b>	<b>(237,298)</b>	<b>(27,187)</b>	<b>(264,485)</b>
Transfers To/(From) Earmarked Reserves	(22,814)	22,814	-	-	-	-	-	-	-	-	-	-
<b>(Increase)/Decrease in year</b>	<b>(2,749)</b>	<b>22,814</b>	<b>20,065</b>	<b>(350)</b>	<b>-</b>	<b>(78)</b>	<b>4,704</b>	<b>24,341</b>	<b>(261,639)</b>	<b>(237,298)</b>	<b>(27,187)</b>	<b>(264,485)</b>
<b>Balance at 31 March</b>	<b>(20,012)</b>	<b>(120,150)</b>	<b>(140,162)</b>	<b>(21,721)</b>	<b>-</b>	<b>(884)</b>	<b>(15,947)</b>	<b>(178,714)</b>	<b>(98,762)</b>	<b>(277,475)</b>	<b>(1,910)</b>	<b>(279,385)</b>

### 5.3 Group Balance Sheet

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

31 March 2022 £000		31 March 2023 £000
644,459	Property Plant and Equipment	710,436
161,587	Infrastructure Assets	165,298
19,770	Heritage Assets	21,141
19,801	Investment Property	20,791
5,780	Intangible Assets	5,350
41,592	Long Term Investments	48,246
38,235	Long Term Debtors	40,044
-	Pension Asset	91,558
2,337	Deferred Tax Asset	(390)
<b>933,561</b>	<b>Long Term Assets</b>	<b>1,102,474</b>
27,676	Short Term Investments	20,390
533	Inventories	678
53,545	Short Term Debtors	58,771
62,342	Cash and Cash Equivalents	31,227
-	Current Tax Asset	7
1,745	Assets Held For Sale (Less than one year)	610
<b>145,841</b>	<b>Current Assets</b>	<b>111,683</b>
(8,293)	Short Term Borrowing	(1,690)
(96,288)	Short Term Creditors	(74,628)
(10,155)	Short Term Provisions	(5,918)
	Short Term Liabilities	
(8,959)	- Private Finance Initiatives	(10,716)
(315)	- Finance Leases	(262)
(6)	- Transferred Debt	(6)
<b>(124,016)</b>	<b>Current Liabilities</b>	<b>(93,220)</b>
(9,543)	Long Term Provisions	(6,864)
(161,504)	Long Term Borrowing	(161,494)
	Other Long Term Liabilities	
(283,777)	- Pension Liabilities	-
(203,826)	- Private Finance Initiatives	(193,110)
(303)	- Finance Leases	(213)
(38)	- Transferred Debt	(33)
(17)	- Deferred Credits	(17)
(1,103)	Capital Grants Receipts In Advance	(1,097)
<b>(660,111)</b>	<b>Long Term Liabilities</b>	<b>(362,828)</b>
<b>295,275</b>	<b>Net Assets</b>	<b>758,109</b>
(179,418)	Usable Reserves	(185,209)
(115,857)	Unusable Reserves	(572,900)
<b>(295,275)</b>	<b>Total Reserves</b>	<b>(758,109)</b>



## 5.4 Group Cash Flow Statement

	2021/22 £000	2022/23 £000
Net surplus or (deficit) on the provision of services	(11,022)	(33,348)
Adjustment to surplus or deficit on the provision of services for non-cash movements	111,099	62,235
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(70,907)	(46,603)
<b>Net cash flows from operating activities</b>	<b>29,170</b>	<b>(17,716)</b>
Net Cash flows from Investing Activities	20,125	5,227
Net Cash flows from Financing Activities	(13,103)	(15,420)
<b>Net increase or (decrease) in cash and cash equivalents</b>	<b>36,192</b>	<b>(27,909)</b>
Cash and cash equivalents at the beginning of the reporting period*	26,415	59,136
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>62,607</b>	<b>31,227</b>

## 5.5 Explanatory Notes to the Group Accounts

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

### G1. Group Accounting Policies

The Accounting Policies of the Council's subsidiary companies have been aligned with the Council's Accounting Policies contained in Note 35. Any statutory adjustments between accounting basis and funding basis included in the Council's Accounting Policies do not apply to the subsidiary companies.

#### Inclusion within the Group Accounts

The Council has business relationships with a number of entities over which it has varying degrees of control or influence. These are classified into the categories of subsidiaries, associates and joint ventures. The meaning of these terms are outlined below:

**Subsidiary** - "A subsidiary is an entity including an unincorporated entity such as a partnership that is controlled by another entity (the Council), known as the parent." MioCare Group CIC is classified as a subsidiary of Oldham Council and has therefore been consolidated. More detail regarding this organisation can be found in note G3.

**Associate** - "An associate is an entity over which an investor (the Council) has significant influence."

**Joint Venture** - "A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement"

The Council does not currently have any material associate or joint venture arrangements with any other entities.

A number of entities have not been included in the group accounts on the grounds of materiality, details of the Council's relationship with each of them can be found in note G2.

#### Consolidation of Subsidiaries

As a subsidiary entity, MioCare Group CIC (MioCare) has been consolidated on a line by line basis with all intra-group transactions and balances removed.

## G2. Bodies Not Consolidated

The following have not been consolidated into Group Accounts.

Entity	Reason
Oldham Economic Development Association Limited	Subsidiary although not material.
Southlink Developments Limited	Subsidiary although not material.
Meridian Group	Subsidiary although not material.
Northern Roots (Oldham Ltd.)	Subsidiary although not material.
Foxdenton LLP	Joint venture although not material.
Community 1st Oldham (Chadderton) Ltd.	Joint venture although not material.
Oldham Property LLP	Joint venture although not material.

On 1 April 2022 all employees and services provided by Unity Partnership Ltd (Unity) transferred to the Council. As a result, Unity's Accounts have not been consolidated into the 2022/23 Group Accounts.

Further details can be found in Note 12 Related Parties.

## G3. Bodies Consolidated

The Council has consolidated one Subsidiary in the 2022/23 Group Accounts, MioCare Group Community Interest Company (MioCare).

MioCare is a care and support provider and is fully owned by Oldham Council. It delivers services through two subsidiaries: Oldham Care and Support Ltd (OCS) and MioCare Services Ltd.

The draft accounts for the year to 31 March 2023 for MioCare have been summarised below, with comparator figures for the previous reporting period.

MioCare Group CIC	As at 31 March 2022 £000	As at 31 March 2023 £000
Net Assets	2,868	1,708
Deficit - before tax	(2,576)	(1,432)
Deficit - after tax	(2,576)	(1,704)

## G4. Group Defined Benefit Pension Schemes

### Transactions Relating to Post-employment Benefits

The following transactions have been made in the Group Comprehensive Income and Expenditure Statement and the General Fund Balance through the Group Movement in Reserves Statement during the year: Further details relating to the Council's pension schemes can be found in Note 30 and Note 31.

Opening balances have been amended in order to remove transactions relating to The Unity Partnership.

	2021/22 £000	2022/23 £000
<b>Service Cost</b>		
Current service cost	(49,450)	(46,661)
Past service cost (including curtailments)	(913)	(1,760)
Effect of Settlements		1,371
<b>Total service cost</b>	<b>(50,363)</b>	<b>(47,050)</b>
<b>Financing and Investment Income and Expenditure</b>		
Interest income on scheme assets	24,002	37,439
Interest cost on defined benefit obligation	(33,868)	(45,842)
<b>Total net interest</b>	<b>(9,866)</b>	<b>(8,403)</b>
<b>Total Post Employment Benefits Charged to the Deficit on the Provision of Services</b>	<b>(60,229)</b>	<b>(55,453)</b>
<b>Remeasurements of the Net Defined Liability Comprising:</b>		
Return on plan assets excluding amounts included in net interest	113,624	(12,712)
Change in demographic assumptions	17,386	11,892
Actuarial gains/(losses) arising from changes in financial assumptions	115,932	627,530
Other	(19,137)	(94,907)
Asset Ceiling Adjustment	-	(102,092)
<b>Total remeasurements recognised in other comprehensive income</b>	<b>227,805</b>	<b>429,711</b>
<b>Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement</b>	<b>167,576</b>	<b>374,258</b>
<b>Movement in Reserves Statement</b>		
Reversal of net charges made to the deficit on the provision of services	60,229	56,426
<b>Employers' Contributions Payable to the Scheme</b>	<b>(21,463)</b>	<b>(20,128)</b>

## Pensions Assets and Liabilities Recognised in the Balance Sheet

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

	2020/21 £000	2022/23 £000
Fair value of plan assets	1,399,191	1,399,736
Present value of funded liabilities	(1,663,913)	(1,176,115)
Present value of unfunded liabilities	(34,946)	(29,971)
Asset Ceiling Adjustment	-	(102,092)
<b>Net Liability Arising from Defined Benefit Obligation</b>	<b>(299,668)</b>	<b>91,558</b>

## Reconciliation of the Movements in Fair Value of Scheme Assets

	2021/22 £000	2022/23 £000
Opening fair value of scheme assets	1,224,358	1,319,572
Effect of Settlements	24,002	(1,275)
Effect of Business Combinations and Disposals		83,501
Interest Income		37,439
<b>Remeasurement loss</b>		
Return on plan assets excluding amounts included in net interest	113,624	(12,712)
Other Experience	66,262	-
Contributions from employer	5,888	7,686
Contributions from employees into the scheme	6,210	6,939
Benefits paid	(41,153)	(41,414)
<b>Closing Fair Value of Scheme Assets</b>	<b>1,399,191</b>	<b>1,399,736</b>

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

	2021/22 £000	2022/23 £000
Opening fair value of scheme liabilities	1,697,490	1,617,095
Current service cost	49,450	46,661
Interest cost	33,868	45,842
Effect of Settlements		(2,646)
Effect of Business Combinations and Disposals		76,364
Contributions from scheme participants	6,210	6,939
<b>Remeasurement gain</b>		
Actuarial losses arising from changes in financial assumptions	(115,932)	(627,530)
Change to demographic assumptions	(17,386)	(11,892)
Other	85,399	94,907
Past service cost	913	1,760
Benefits paid	(41,153)	(41,414)
<b>Closing Fair Value of Scheme Liabilities</b>	<b>1,698,859</b>	<b>1,206,086</b>

## Pension Scheme Assets

	31 March 2022 £000	31 March 2023 £000
Equities	806,468	725,108
Debt Instruments	214,730	253,054
Property	322,774	381,945
Cash	62,213	39,630
Derivatives	(6,994)	-
<b>Total</b>	<b>1,399,191</b>	<b>1,399,736</b>

## Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Both the Council and MioCare have engaged Hymans Robertson LLP, an independent firm of actuaries to assess their respective pension schemes, estimates being based on the latest full valuation of the scheme as at 31 March 2023 for Oldham Council and MioCare and 31 March 2022 for The Unity Partnership Ltd.

The significant assumptions used by the actuary have been:

Miocare Services CIC	2021/22	2022/23
<b>Mortality assumptions:</b>		
<b>Longevity at 65 for current pensioners:</b>		
men	20.3	19.1
women	23.2	22.8
<b>Longevity at 65 for future pensioners:</b>		
men	21.6	20.0
women	25.1	24.4
Rate of increase in salaries	3.90%	3.75%
Rate of increase in pensions (CPI)	3.15%	2.95%
Rate for discounting scheme liabilities	2.75%	4.75%

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

The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit cost method.

Miocare Group CIC Change in Assumptions at 31 March 2023	Approximate % Increase to Employee Liability	Approximate Monetary Amount £000
0.1% decrease in real discount rate	2%	896
1 year increase in member life expectancy	4%	1,697
0.1% increase in the salary increase rate	0%	158
0.1% increase in the pension increase rate	2%	749

The significant assumptions used to assess the Council's Pension scheme assets and liabilities can be found in Note 31, along with an associated sensitivity analysis.

#### G5. Fees Payable to the Group External Auditor

The Group has incurred the following costs in relation to the Group audit fees for the external audit of the Council's Statement of Accounts, the audit of the accounts of MioCare Group CIC by Mazars LLP.

	2021/22 £000	2022/23 £000
Fees payable to Mazars LLP with regard to external audit services carried out by the appointed auditor for the year for Oldham Council	104	141
Fees payable to Mazars LLP with regard to external audit services carried out by the appointed auditor for the year for The Unity Partnership Ltd.	26	-
Fees payable to Mazars LLP with regard to external audit services carried out by the appointed auditor for the year for MioCare Services CIC.	35	38
<b>Total</b>	<b>165</b>	<b>179</b>

### Scope of Responsibility

---

The Council (the Authority) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and provides value for money. The Authority also has a duty under the Local Government Act 1999 to plan to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness. That duty has grown in importance with the reduction in resources being made available for Local Authorities as part of the Government's on-going practice of not implementing Fair Funding reform.

In discharging this overall responsibility, the Authority must put in place proper arrangements for the governance of its affairs, which include arrangements for the management of risk, whilst facilitating the effective exercise of its functions.

The Authority has established governance arrangements which are consistent with the seven principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) Framework - Delivering Good Governance in Local Government. It has adopted a Local Code of Corporate Governance (LCCG) which has been refreshed and will be presented to the Audit Committee for acceptance at its meeting on 8 June 2023. The current LCCG is publicised on the Council's website.

The Annual Governance Statement sets out how the Authority has complied with the Code and complied with the Accounts and Audit (Amendment) Regulations 2022. This is the first full year the Council has operated under its Constitution following the pandemic which impacted on the financial years 2020/21 and 2021/22.

The Authority meets the requirements of Regulation 6 (1) b of the Accounts and Audit (Amendment) Regulations 2022 in relation to the publication of a statement on internal control. It is subject to detailed review by the Audit Committee when it considers firstly the draft Statement of Account (which will be presented to the Audit Committee on 20 June 2023) and subsequently the final Statement of Accounts before they are formally approved. The accounts are reported to Cabinet and full Council for information after the scrutiny process and formal approval by the Audit Committee.

In respect of the CIPFA Financial Management Code the Finance Service undertook work throughout 2021/22 to ensure its compliance with this Code. This was reported by the Director of Finance to the Audit Committee on 17 January 2022 and advised Members that the Council complied with the key requirements of the Code during 2021/22. In 2022/23 opportunities have been taken towards implementing appropriate changes.

The overall position has been monitored during 2022/23 and there have been no substantial changes that would highlight any concerns, but a further detailed exercise to map compliance is planned for the first half of 2023/24. The findings will be reported to the Audit Committee.

The review identified that for 2022/23, the Authority's financial management arrangements were consistent with a number of the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016). The key principles for which there was compliance were that the Chief Financial Officer (Director of Finance):

- is actively involved and is able to bring influence on the Authority's financial strategy;
- is actively involved and is able to bring influence on all material business decisions;



- leads the whole Authority in the delivery of good financial management;
- directs a fit for purpose finance function; and
- is professionally qualified and suitably experienced.

In addition, the Statement requires that the Chief Financial Officer should report directly to the Chief Executive and ideally be a member of the leadership team, with a status at least equivalent to others. Whilst the Director of Finance (the Chief Financial Officer and designated Section 151 officer) was not a member of the Executive Management Team (EMT) which is comprised of the four most senior officers of the Council, the Chief Executive, the Deputy Chief Executive, the Assistant Chief Executive and the Executive Director Place and Economic Growth alongside the Greater Manchester Integrated Commissioning Lead, the officer reported directly to the Chief Executive throughout 2022/23. Whilst not a standing member of EMT, the Director of Finance was able to attend meetings when appropriate. During 2022/23, the Director of Finance was a member of the Management Board which is comprised of all senior officers at Director level, and above which met on a fortnightly basis. All Statutory Officers had access to the Chief Executive.

The Council considered that its management arrangements were therefore appropriate in the context of the CIPFA Statement and requirements of the CIPFA Financial Management Code.

The issues identified as significant governance issues and the progress made by management throughout the financial year 2022/23 to address these issues, have been reported regularly to the Audit Committee together with an assessment made in reducing the risk as part of its Governance role within the Council.

---

## The Purpose of the Governance Framework

---

The governance framework comprises the systems and processes, culture, values, and behaviours, by which the Authority's activities are directed and controlled, which it accounts to, engages with, and leads the community, citizens and service users. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services. It also enables the Authority to demonstrate to the public that it has effective stewardship of the public funds it is entrusted to spend.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level consistent with the risk appetite of the Council. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively, and economically (i.e. so they deliver value for money – efficiently, effectively, and economically).

The financial year 2022/23 was the first full year since the pandemic when decision-making processes adopted by the Authority did not require emergency decisions other than those required in a normal operational year. in compliance with its agreed Constitution.

The governance framework which was in place at the Authority for the year ended 31 March 2023 resulted in regular reports submitted to the Audit Committee on the progress made on issues identified in the previous Annual Governance Statement and identified any issues for consideration in this Statement. This has included issues arising from the response to the pandemic which have highlighted where future practice could be improved.

---

## The Governance Framework

---

The Authority is a Metropolitan District which was set up in 1974 combining 7 Urban Districts, which provided services to the local population. Its strategic vision and Co-operative objectives are set out in the Council's Corporate Plan 2022/27. The control environment encompasses the strategies, policies, plans, procedures, processes, structures, attitudes, and behaviours required to deliver good governance to all.

The key message and values are:

---

## Communicating the Authority's Vision

---

The Authority's Vision for 2022/23 and future years was set out in both the Corporate Plan 2022/27 supplemented by the development of the Our Future Oldham Plan - Shared Vision until 2030. These plans are aligned to establish a clear link between; Local, Central Government and Greater Manchester regional priorities, including the devolution of health services and further future devolution within the Region. It establishes the Council's priorities developed in partnership with key stakeholders and the local community around the delivery of the core business of the Council.

The Council initially endorsed this vision on 7 September 2022. It is a collective action statement covering the period 2022 to 2027 for the Council and to the end of 2030 for key partnerships, setting out the areas that would add the most value to achieving the ambition that Oldham and the Region is a productive and co-operative place with healthy, prosperous, fairer with greener and cleaner communities.

The Oldham Council Corporate Plan applicable from 7 September 2022 was based around the vision for creating a future Oldham with a long term vision to deliver five key priorities. These are:

### **Healthy, safe and well supported residents**

The Council's biggest responsibility is the effective safeguarding of our most vulnerable residents.

The Council's approach to safeguarding and supporting residents has become increasingly embedded in communities, so services are based where residents need them. This "place-based" approach enables the Council to be more responsive working with partners to provide more wrap around support. Utilising procedures and processes that are regularly tested and reviewed internally and by external bodies, and through continuous improvement, the Council's priority is to keep people safe. This includes actions to intervene as early as possible before a risk can develop.

The pandemic showed public services at their best, working closely with residents to keep people safe. Recent innovations in Oldham aim to deliver future improvements. As health inequalities remain, a challenge is to take forward planned joint working to ensure residents are able to live healthier and more active lives.

### **A great start and skills for life**

Recent years have seen improvements in outcomes for young people in Oldham with progress in early years, primary education, and A-level results. New school places have been provided including a new Saddleworth School which opened in March 2022 and the new Brian Clarke Academy which will open later in 2023.

Outside schools, young people will need opportunities to gain new skills and experience. Improving mental health of young people will remain a priority.

### **Better jobs and dynamic businesses**

The link between decent work and life chances is a key objective. As an employer, the Council reflects this by ensuring all our staff and suppliers are paid at least the Living Wage Foundation National Living Wage.

There is investment in Oldham with a regeneration strategy to create town centres that are great places to live, work and spend time. This programme is moving forward in part due to the success of bidding for funding via the Future High Streets Fund, Towns Deal Fund, Levelling Up Fund, UK Shared Prosperity Fund and Public Sector Decarbonisation Fund.

The plan is to support businesses and jobs through its employment programmes, schemes for business start-ups/ expanding existing businesses, creating space for building and service provision. Working in partnership, the Council aims to improve the access of local residents to the skills they will need to progress into well paid employment.

### **Quality homes for everyone**

Oldham's Housing Strategy sets out a clear approach to deliver the homes required in the Borough. By implementing the Mills Strategy more heritage assets will be used to develop more brownfield housing and protect green spaces. The planned creation of 2,000 homes in the town centre which will revitalise the high street will remove the requirement to build on the green belt.

The Corporate Plan 2022/27 is consistent with the housing objectives set out in Places for Everyone (a spatial plan for Oldham and eight other Greater Manchester boroughs).

### **A clean and green future**

This supports the Green New Deal targets to make the Council carbon-neutral by 2025 and the wider borough by 2030. This will position Oldham as a more pleasant and healthier place to live in both the short, medium, and long term. There are also commercial opportunities arising from the green agenda with a growing technology industry and green tourism.

Through "Don't Trash Oldham" the cleaning up of streets has progressed with enhanced plans to prosecute fly-tippers and redesign streets to make them easier and more pleasant in which to spend time.

**Our Future Oldham: A shared vision for 2030** sets the direction for the Borough, based on extensive consultation with residents and partners. It sets out what key public services want to achieve overall and the minimum expectations every resident should have by 2030. The Corporate Plan 2022/27 sets out the Council's contribution.

To deliver improvements, the Council has committed to working closely and collaboratively with partners and residents. This includes supporting local leaders and regular reporting of the achievements set out in the Corporate Plan.

---

## **Co-operative Council in a Co-operative Borough**

---

Oldham has been a Co-operative Council since 2011 and the Council continues its commitment to delivering a co-operative future where everybody does their bit, and everyone benefits. This is

being achieved by a real commitment to change and working closely with residents, partners and the wider communities to create a confident and ambitious borough.

The Council is constantly looking at how we can work more effectively and efficiently in the interests of residents. Over the period of the Corporate Plan, it is planned to further embed core values and behaviours. This will enable change to be made by four transformational revisions to service delivery:

### **Residents First**

This aims to make every service a good service and every experience a good experience by working with residents to improve performance. This will include the resident's voice being at the heart of decision-making.

### **Place-based Working**

Residents want services to be delivered and available near where they live and tailored to the specific needs of the community. Place based working will be based on the five-district footprints agreed with partners integrating where possible with other public bodies.

### **Digital**

Residents expect the convenience of being able to apply for services or solve problems through their computer or phone. This requires partnership working through the Greater Manchester One Network bringing high speed networks to Oldham and the City Region. Greater support will be provided to those whose skills need developing to better access the opportunities of digital services.

### **Working with Communities to Reduce Need**

Taking a community-centred, preventative approach to public services benefits residents and the public purse. By working with key partners and residents this will focus on early help.

The ethos of the Co-operative Council supported by the Corporate Plan 2022/27 sets the framework for key Council strategies.

Like many other Local Authorities, Oldham Council has had to make significant budget reductions since the start of the Government's austerity programme and there has been a subsequent deferral of implementing Fair Funding Reform. The recent increase in inflation had a huge impact on the finances of the Council during 2022/23 and it has also influenced financial planning for future financial years. It is important to note that arising from Government announcements and the Emergency Budget, since the start of the austerity regime in May 2010, the Council has been required to balance its budget by making a significant level of budget reductions, which up to and including the recurrent budget reductions of £6.268m approved at the 2022/23 Budget Council, cumulatively totalled £204m.

Further recurrent budget reductions of £16.313m were agreed at the 2023/24 Budget Council meeting for implementation in 2023/24 plus there was confirmation of £3.655m of budget reductions with a 2023/24 impact that were initially presented for consideration at the 2021/22 and the 2022/23 Budget Council meetings. The total of budget reductions impacting on 2023/24 was £19.968m. The Medium Term Financial Strategy (MTFS) approved at the 1 March 2023 Budget Council also approved budget reductions of £6.969m that will have an impact in 2024/25 and £1.135m in 2025/26. Even after allowing for these forward commitments, there remains a significant savings target over the period covered by the current MTFS (2024/25 to 2027/28).

It is clear that the Council could not continue to deliver services in the same way it has always delivered them and a response to the financial challenge is required. The response, follows the ethos of the Co-operative Council, because it is believed that:

- a co-operative approach offers the best opportunity to do things radically differently;
- it offers a sustainable solution to the unprecedented challenges we face; and
- it offers the best opportunity to make the most of the assets/strengths that lie in its communities.

This means that, whilst the Council continues to provide its statutory services and duties, it will continue to work more closely with all partners and stakeholders in Oldham to ensure that the services delivered continue to; provide value for money, meet the specific needs of Oldham's communities, remove duplication and ensure the combined skills, resources and influence are used to improve the circumstances of every member of the Oldham community.

The ways in which the Council is doing this include:

- Implementing and embedding the Council Ethical Framework and its Social Value Procurement Framework;
- Monitoring the impact of the Social Value Portal to implement the Themes, Outcomes and Measures framework on the Creating a Better Place Programme;
- Paying the Living Wage Foundation National Living Wage to ensure that all staff are paid appropriately and introducing this for paid carers from 1 October 2022;
- Giving employees up to three days paid time away from their duties to volunteer locally.

## Key elements of the Governance Framework

The key elements of the Authority's governance framework are detailed against each principle in the CIPFA/SOLACE Framework - Delivering Good Governance in Local Government as follows:

---

### **Principle A – Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**

In order to ensure both its Members and Officers behave with integrity to lead its culture of acting in the public interest, there is appropriate training provided to safeguard all parties against conflicts of interest. Both Members and Officers record any gifts and hospitality received in accordance with the Authority's agreed procedure. To enable third party challenges to Authority operations there is a publicised Complaints Procedure. There is also a Whistleblowing Policy, last updated and approved by full Council in July 2020. This enables concerns to be raised in a confidential manner and dealt with in a proportionate manner.

The Scrutiny process as detailed in the Constitution enables those who are not Cabinet Members to call in key decisions should this be required. The Scrutiny process was subject to a detailed review during 2022/23 and a revised approach is to be implemented following the Annual Council meeting in May 2023. When required, issues of governance/ scrutiny which highlight where improvements could be made in processes arising from lessons learned from other Local Authorities (based on information reported in the public domain), are reported to appropriate Committees to enable them to better discharge their roles. This included the continual review of partnership governance within the Council, which in 2022/23 was reported to the both the Audit Committee (on two occasions) and also to the Performance Overview and Scrutiny Committee when required.

Members take the lead in establishing this culture by completing an annual register of their interests which is published on the Council's website. There is also a Standards Committee in place to consider any allegations of inappropriate behaviour, which meets when required to discuss appropriate matters. Any matters for investigation are assigned to an independent

investigator and supported by reports, which are considered by the Committee. Staff behaviour is covered by the Officers' Code of Conduct, which places duties on Officers to declare their standing interests or interests relating to matters as they arise to their Head of Service. These declarations are maintained in an E-Register by the Director of Legal Services to the Council in his role as Monitoring Officer.

The Council is managed by a Cabinet system as set out in the agreed Council Constitution. This sets out the scheme of delegation between elected Members and Officers. In the financial year 2022/23 in accordance with Government guidelines, all formally constituted meetings (Executive and Regulatory) were held in person.

In order to encourage the community to engage in more co-operative activities, Members in their role as Community Champions often, either individually or in partnership with the District Elected Lead Member, network with key community groups and individuals to deliver local priorities. In order to demonstrate their achievements, each Councillor is encouraged to produce an annual report which is then published on the Council's website and included in a report to full Council.

The Council has a clear set of values and behaviours which are shared borough-wide with residents, partners and the business community. Internally these values and behaviours have been converted into five co-operative behaviours which outline the priority focus for staff at all levels. Living these values and behaviours has enabled real change to be delivered so that the Council can meet its vision of building a co-operative borough. The response to the recent increases in inflation impacting on residents living standards gave staff the opportunity to demonstrate these values.

Staff have been assisted in this aspect by the embedding of Let's Talk which replaced the Corporate Personal Performance Framework in the later part of 2021. Let's Talk is based on open two-way conversations which focus on wellbeing, performance, and development. The employer supported volunteering (ESV) programme helps Council employees to volunteer with organisations in Oldham. From using existing skills to taking on a new challenge, the scheme gives staff the time and support to volunteer to do their bit.

The agreed Procurement Policy focuses on procurement activity, which has the aim of ensuring the optimum balance between cost, quality, social value and local service value, whilst also ensuring that any significant commercial risks are identified and mitigated at the commissioning stage.

The Procurement Policy ensures value for money and social value outputs via the agreed Social Value portal are measured in an integrated and independent way, in order to support the Council's co-operative agenda. In this way, the Council ensures it secures the greatest social, economic and environmental benefit from the Council's purchasing power with accountability from key suppliers.

Member and Officer relationships are mutually supportive and based on openness, honesty, trust and appropriate challenge. The latter is essential in ensuring the Authority maintains its leading position as a Cooperative Council and will be vital in making a reality of both service changes and improvements to the borough.

The Corporate Peer Review findings formally received in March 2020, indicated this relationship works well in taking forward improvements within the Borough. Whilst the Authority hoped to take forward the recommendations over the past three financial years, it has not been possible to make the significant progress that was originally planned due to initially the pandemic and more recently the response to the increases in the cost of living. Now that the Council has returned to working practices developed pre-pandemic, it will be possible to introduce any remaining changes/improvements in 2023/24.

In July 2018 the “Big Green Survey” – Oldham’s biggest ever environmental survey of residents – gave people a say on key green issues such as wildlife, parks, food growing, clean energy and air quality. Cabinet approved a strategy to work towards becoming a single-use plastic free borough promoting the use of non-plastic recyclable alternatives. This was supplemented in 2020/21 by the Council, at its meeting on 9 September 2020, supporting the United Nations Sustainable Development Goals.

The Authority has also demonstrated its support of sustainability by appropriate self-financing of capital investment in renewable energy. In previous financial years it has supported the creation of an independent Community Interest Company which is now operating in a sustained and independent manner (with the potential to expand), administered the warm homes project to alleviate fuel poverty and provided oversight to the Greater Manchester Green Grants Scheme including overseeing energy improvements for social housing within Oldham. In 2018/19 approval was given to develop a new eco-centre at Alexandra Park with construction beginning in 2021/22 immediately following the completion of a Gateway Review. This is further supported by a project financed from the Government’s Decarbonisation Fund which has installed an eco-friendly/ carbon efficient heating system including heat source pumps. This project has continued with construction during 2022/23 with an expected completion date of October 2023. In the financial year 2022/23 the Council was successful in securing Public Sector Decarbonisation Funding to support the development of reducing carbon emissions from the Spindles Shopping Centre which is currently under development. Further energy baseline information has been obtained to enable the Council to access future rounds of Public Sector Decarbonisation Funds as and when future bidding rounds are announced.

At its meeting on 11 September 2019, the Council agreed to declare a Carbon Emergency and set itself the challenging target of becoming Carbon Neutral by 2025 with an aspiration of Carbon Neutrality for the Borough by 2030. In addition, the Council supported specific green projects with a successful bid to the Levelling Up Fund to further develop the concept of Northern Roots which is a future eco-friendly sustainable development of an urban space consistent with the green aspirations of the Council. This project was on-going throughout 2022/23 with the Council creating a charitable company to further develop the concept and utilise Towns Fund and external funding from a number of sources to support future development works. In addition, a bid to the Levelling Up Fund for three projects linked into the Green Agenda was successful which will enable their future development. These projects are the Jubilee Park, the Green Shoots development centre and Education Centre at Northern Roots

The planned development of a Solar Farm at the Wrigley Head site progressed during 2022/23 due to energy prices being at a level which supports the scheme and the Council’s desire to facilitate the construction. The consideration to progress the scheme was agreed by Cabinet at its meeting on 23 January 2023.

The Green Agenda is a key element of the Creating a Better Place Initiative. To this end, funding was also secured during 2021/22 to undertake a feasibility study in 2022/23 into whether a District Heating Network using underwater mine heating sources could be developed for the town centre and associated residences. This work is on-going, and the project is working towards submitting a bid to the Government for construction should it be supported by the feasibility study.

The Council is also working on the Innovate Project in partnership with the GMCA. The intention is to implement the vision for the Green New Deal in Oldham via a partnership.

The Chief Executive of Oldham Council is the Head of Paid Service. When the Council recruited a new Chief Executive in 2021/22, the joint appointment as the Accountable Officer for Oldham Clinical Commissioning Group (CCG) ceased with the role of Accountable Officer for Oldham CCG being performed by an officer of the NHS. The two organisations have however, continued to work collaboratively throughout 2022/23 under the oversight of the Commissioning Partnership Board (CPB). Following proposals for Health and Social Care reform receiving Royal Assent on

28 April the CCG ceased to exist on 30 June 2022. The functions of the CCG were carried out by a new body Greater Manchester Integrated Care (GMIC). At a locality level an Oldham Integrated Health and Care System has been established with oversight by the CPB. GMIC has four goals and six missions set out in a five year Strategy. In response to this at a locality level the Oldham Integrated Care Partnership has agreed a new strategic plan. Financially in 2022/23 this impacted on the value of Services included in the Oldham 2022/23 Section 75 Agreement. The close working relationship is evidenced by the Place Lead for Oldham (an NHS officer) having membership of the Executive Management Team during 2022/23.

Cabinet portfolios are assigned on a functional basis rather than by operational management responsibilities but are subject to appropriate officer support. Shadow Cabinet Members from both of the main Opposition Parties also met with support officers on a regular basis throughout 2022/23 to ensure appropriate political scrutiny. As part of the budget process, Opposition Parties have the facility to prepare alternative proposals. During the latter part of 2022/23 both the Liberal Democrats and Conservative Opposition Parties presented alternative budgets for 2022/23 which were subject to scrutiny and Council consideration.

The Director of Finance is the nominated Chief Financial Officer in accordance with Section 151 of the Local Government Act 1972. Internal Audit Services are provided in-house, supported by a partnership with Salford Council for Computer Audit. The Internal Audit team achieved compliance with Public Sector Internal Audit Standards as evidenced by the Independent External Review of the service, undertaken in 2022/23. The Assistant Director of Corporate Governance and Strategic Financial Management at Oldham Council has direct access to all members of EMT and the Management Board as well as all Members and has utilised this discretion when appropriate. CIPFA's guidance on the Role of the Head of Internal Audit was issued in early April 2019 and a compliance review identifying the Council followed best practice was reported to the Audit Committee on 25 June 2019.

The system of internal financial control is based upon a framework of comprehensive financial regulations and procedures, which are incorporated within the Council's Constitution, and comply with Good Practice. A substantial update of the Finance Procedure Rules was agreed by full Council at its meeting on 13 July 2022 after a detailed review during 2021/22. Control is based on regular management information, management supervision, and a structure of delegation and accountability. If there are fundamental failures in internal control these are subject to investigation.

The Director of Legal Services is the Monitoring Officer and is responsible for ensuring the Authority acts in accordance with the Constitution. Senior Officers have the primary responsibility for ensuring decisions are properly made within a scheme of delegation at appropriate levels of responsibility. The Constitution contains Codes of Conduct and protocols for Members and Officers.

In order to have appropriate scrutiny of the Authority the Audit Committee has the capacity to appoint three Independent Members. The Council has struggled to recruit to these roles. The recruitment of an Independent Chair was successful in 2022/23. The Audit Committee meeting on 28 March 2023 was chaired by the Independent Chair for the first time.

The Audit Committee members receive appropriate briefings supported by training from key officers and third parties to enhance the Governance Framework. and specific training was provided in two tailored sessions delivered by the Chartered Institute of Public Finance and Accountancy with more general financial skills training in 2022 delivered by an officer of the Local Government Information Unit.

The Standards Committee utilise independent investigators from outside the organisation to supplement in-house resources where appropriate to investigate any serious allegations into



Member misconduct. There were a number of matters referred to the Standards Committee throughout 2022/23.

---

## **Principle B. Ensuring openness and comprehensive stakeholder engagement**

The Authority, at the Council meeting on 7 September 2022 agreed its long-term Corporate Plan which set out the Authority's Co-operative vision and values, assimilating them into its strategic objectives for the period 2022/27. This linked the objectives through to outcomes, identifying the service areas responsible and performance indicators. The Authority works closely with other local public partners, community and voluntary groups via a partnership approach as set in the Our Future Oldham Plan 2030 to ensure effective delivery of its services. The operation of the Oldham Leadership Board recognises that the Council is a body that champions Oldham.

The Council Leader, on an annual basis presents to full Council, the forthcoming priorities of the administration. This is used to influence and shape the policies and strategies produced by the Authority. Council meetings are streamed live giving every citizen of the borough the chance to review and challenge these priorities.

In addition to the above, the Council is a constituent District of the GMCA which exercises a number of new powers devolved from Central Government. The GMCA meetings are also held in the public domain and streamed live. The Leader of the Council is a constituent member of the GMCA. During 2022/23, the Leader of the Council was the GMCA lead for Equalities, Inclusion and Cohesion across the region. The Leader of the Council also led the GMCA response to the cost of living crisis.

Progress on delivering the Corporate Plan 2022/27 is communicated through a performance management framework. During 2022/23, the Performance Overview Scrutiny Committee received quarterly reports on both performance against the Corporate Plan/ Objectives and budget monitoring. These quarterly reports focus by exception and set out corrective measures where key performance indicators or the agreed budget reductions have not been met or where there is overspending against budget.

The Policy Overview and Scrutiny Committee received reports on specific matters and policy initiatives to be considered by Cabinet at future meetings. The Health Scrutiny Committee reviewed initiatives involving Health and Adult Social Care whilst overall scrutiny around governance matters was provided by both the Audit & Standards Committees.

During the financial year 2022/23 the Council embedded its scrutiny arrangements which were reviewed in 2021/22 as recommended by the Peer Review Process. This continued the requirement for scrutiny of the overall budget to be undertaken by the Policy Overview and Scrutiny Committee whilst budget monitoring was undertaken by the Performance Overview and Scrutiny Committee. A review of the revised scrutiny arrangements was undertaken in the final quarter of 2022/23 with a revised structure approved by Council at its meeting on 24 May 2023.

In order to demonstrate its openness, the Authority also publishes its:

- Pay Policy Statement to support the Annual Budget;
- Constitution;
- Council, Cabinet and Committee Reports;
- Scheme of delegation reports; and
- Information on payments over £500.

The Council operates a system of a District Lead Elected Member supported by a system whereby individual ward members have a specific budget (£0.005m in 2022/23) to spend on local

priorities. Working through their local contacts, these local representatives utilising their budgets were able to support in partnership a number of community groups during the financial year.

All reports taken as “closed reports” benefit from Monitoring/ Deputy Monitoring Officer and Director of Finance sign off and appropriate advice before the matter receives due consideration including training where appropriate.

Those Members of the Authority undertaking the role as a District Lead Member receive regular training to support them discharge the role and bring challenge to Officers. This training programme is overseen by the Organisational Development Team.

There is regular contact with the other nine constituent Districts through the meetings of the GMCA. Lead Members and Officers feedback issues to the constituent Districts on pertinent matters. Separately the Statutory Regulatory Officers for Finance and Legal Services meet regularly to consider matters of common concern and agree a common approach on shared issues.

In order to ensure its message is effectively communicated to its citizens the Council’s Communications function proactively prepares appropriate press releases to support the Co-operative vision of the Council. A user friendly and well-designed Oldham Council website ensures all citizens are aware of the co-operative vision, strategies, policies and initiatives available. This website which was redesigned in the 2019/20 financial year is subject to consistent review and ensures the communication medium with the Council and its residents remains up to date. This was an important means of communication with citizens and source of information as the Council set new priorities as detailed in its Corporate Plan 2022/27.

To enable the public to highlight concerns in an appropriate manner the Authority and selected key contractors of high-profile services have complaints procedures which enables issues to be linked into future contract performance.

The Authority has spent its resources within the overall agreed budget for the financial year 2022/23 with a small overspend of £1.147m. Initially, the Council was forecasting a significant overspend linked into the budgetary pressures within both Children’s and Adult Social Care. Measures introduced by the Council during the financial year to control expenditure have been effective in reducing the overall level of the overspend.

Consideration and approval by the Authority of its budget for 2023/24 took place at its 1 March 2023 full Council meeting. Due to increasing cost pressures on Adult Social Care, the Council Tax recommendation resulted in a specific 2% Council Tax increase for the Adult Social Care Precept (ringfenced for use on Adult Social Care) and a 1.99% Council Tax increase for general purposes.

The 2023/24 budget was set having regard to the anticipated financial pressures linked into the current high level of inflation, the deferral of reforms to Adult Social Care and the impact on future financial resilience together with having regard to the continued deferral of Central Government undertaking their Fair Funding Review. The Council prepared its budget and its longer term financial forecasts on the basis that the national public finances were stretched and that the support from national Government would remain static until 2027/28.

The Council’s Four-Year Efficiency Plan was initially prepared to give certainty over the level of Central Government funding from 2016/17 to 2019/20, and effectively planned for year on year reductions to budgets. This was initially agreed by Cabinet on 5 September 2016 and the period the plan covered is now complete. This underpinned the MTFS of the Council at the time and supported the budget process until the end of the financial year 2019/20. It supported the financial resilience of the Authority enabling it to withstand unforeseen events and pressures by maintaining an appropriate level of reserves and balances to support on-going resilience and

allow for the future development of efficiencies. Since then, the Government has provided single year financial settlements.

The principles of the 2023/24 financial settlement were set out in the Autumn Statement 2022. This was confirmed by the Local Government Finance Policy Statement and subsequent provisional/ final Local Government Finance Settlement. This confirmed funding and the deferring of planned Adult Social Care reforms which enabled the preparation of the MTFs including a range of key assumptions about future Government grant support. Whilst there is a national commitment to Levelling Up (although given recent changes around the national projections about overall Government spending and receipts there is little additional flexibility to increase spending), the present MTFs takes a prudent approach with no expectation of a significant increase in resources. It is expected that the Levelling Up agenda will take time to implement and therefore will not substantially benefit the Council over the MTFs period. An added pressure is that nationally the overall public finances based on current projections have very limited flexibility to increase overall Government expenditure particularly as inflation remains high increasing the cost of repaying national debt.

The Council's reserves are managed by reference to the approved Reserves Policy which is regularly reviewed by the Audit Committee. The level of balances is informed by the budget process.

The availability of reserves during the 2023/24 budget process facilitated planned one-off financial support (over 2 financial years) to enable the efficient transformation of both the Council and the Locality with a plan of change and improved efficiency implemented in a managed manner. It supports the continued pooling of resources with NHS partners to deliver future efficiencies and greater effectiveness in the use of resources.

With the pandemic and its residual impact occurring over three financial years, it impacted in the short-term on the plans for transformation for 2020/21, 2021/22 and 2022/23. It is the principle of one-off reserves which supports short-term to medium term financial resilience so the Council can continue service provision, the managing of increased financial pressures linked into high inflationary increases in cost and allow further time for the transformational activity to be embedded.

The overall financial strategy following recent pressures enabled Council Tax rises to be set at a level, which balanced the needs of the Council in relation to on-going financial resilience with affordability to residents. It has also enabled the Council to manage continued pressures of demand around Adults and Children's Social Care within its overall 2022/23 budget.

The 2023/24 budget was set having regard to the inflationary pressures which the country is facing which are continuing and not reducing as quickly as national policymakers envisaged. The specific challenge to the Council of price rises for goods and services, energy and potentially pay awards have been addressed in the budget. However, the position will need to be monitored closely to ensure that the budgetary provision is sufficient, and the pressures don't continue longer than presently assumed. The Council has set aside specific reserves at the end of 2022/23 to address any inflationary pressures that arise. The impact of the cost of living pressures on Oldham citizens and hence potential increased demand for support from the Council will also be closely monitored.

Appropriate consultation was considered in the production and design of the detailed Authority Strategies which aim to deliver appropriate co-operative solutions to benefit both present and future generations.

The Get Oldham Working Initiative embedded in the Council has helped to create year on year work-related opportunities for our citizens. This led to the development of the Oldham Work and Skills Strategy which has 4 strategic goals to support the Council's co-operative vision. Already it

is clear that this type of support will have to continue to adapt due to a significant number of Oldham residents facing real challenges due to the inflationary pressures and the disproportionate way this impacts a resident with a low income.

---

### **Principle C – Defining outcomes in terms of sustainable economic, social and environmental benefits**

The Corporate Plan 2022/27, Our Oldham Plan supported by individual Service Business Plans, the work of the GMCA and the Oldham Locality Plan set out the immediate and long-term vision of the Council. The 2022/23 budget delivered with a modest overspend supported this vision.

The 2022/23 budget was set before the scale of cost inflation in part linked into the on-going conflict in Ukraine was fully apparent. The resources available to the Council reflected the changing operating environment linked into the continued increases in costs and the uncertainty as to how long inflationary pressures would remain until it returned to normal levels. Nonetheless, the business as usual objectives remained, and resources were deployed to continue to improve performance and reflect the agreed vision of a Co-operative Council in a Co-operative Borough as set out in the Corporate Plan 2022/27. These principles and aspirations of the Council have not changed but the implementation of the vision will require review as the full impact from the inflationary increases to both service provision and on-going financial resilience.

Risk management is integral to the governance arrangements in the Authority and the key risks are considered by the Audit Committee. During the financial year 2019/20 the Risk Management Framework was refreshed. This revised approach was becoming embedded in the Council pre pandemic and was incorporated into the production of Service Plans from 2021/22 with the Corporate Risk Register reported to the Audit Committee on a regular basis. There was a refresh of the Risk Management Framework on 29 July 2021 and then again in July 2022 via a report to Management Board which updated the approach to support the production of service business plans.

Regular updates on Corporate Governance are reported to the Audit Committee. In advance of each meeting of the Audit Committee there is the opportunity for the External Auditor to hold an informal meeting with the Head of Paid Service and the Statutory Finance Officer to determine if any matters need highlighting to the Audit Committee. The risks are predominantly managed by members the Management Board.

The Authority's risk management framework consists of:

- A risk management policy statement;
- An Authority Risk Register and specific Risk Registers on key initiatives;
- Ensuring that risk management is integral to the planning process and linked to key Authority and contract objectives within business plans;
- Regular updates of the Annual Governance Statement produced for the Audit Committee;
- Allocated responsibilities;
- Systems for mitigating and controlling risks; and
- Systems for monitoring and reviewing risks and controls assurance

Controls Assurance is an important part of the process to assure the Authority that the identified risks are being properly managed. This is carried out during the financial year by the:

- Audit Committee;
- Standards Committee;
- Chief Executive;

- Deputy Chief Executive, Assistant Chief Executive, the Executive Director, Managing Directors and Directors;
- Directors of Finance and Legal Services;
- Statutory Officers for Children’s Services, Education, Adults Social Services and Public Health Services;
- Internal/External Audit; and
- Appropriate scrutiny arrangements which hold the Cabinet to account.

In 2022/23 the reports produced by the Authority to support key decisions included appropriate risk comments.

The Council’s Constitution defines and documents the roles and responsibilities of Officers and Members with clear delegation arrangements, protocols for decision making and Codes of Conduct for Members and staff. It is supported by an extended Members’ training package which has received positive feedback.

Member and Officer relationships are mutually supportive and based on openness, honesty, trust and appropriate challenge. The latter is essential in ensuring the Authority maintains its leading position as a Co-operative Borough and is vital in making service changes to turn its ‘Co-operative’ vision into a reality, with its citizens more able to self-serve.

All changes to Service are supported by an Equality Impact Assessment (EIA). The EIA process was refreshed during 2022/23. This results in alternative access arrangements being made where necessary, with information provided in multiple formats including on the website. This reflects the diverse nature of the wards that make-up the Authority. This is demonstrated in the Council budget meeting with high risk budget proposals being supported by an Equality Impact Assessment. It is also demonstrated in standard reports produced to support key decisions.

## **Principle D – Determining the interventions necessary to optimise the achievement of the intended outcome**

The management structure continued to be realigned during 2022/23 to take account of both the Co-operative Vision, continual challenging financial targets of the Authority, the continuing joint working of health and social care services, the appointment of a new Executive Management Team for the Council and realignment of the Council’s relationship to the GMIC and Oldham Integrated Care Partnership which was created on 1 July 2022 following the abolition of Oldham CCG. This meant a shift in certain areas of management responsibility during the year.

The decision making process for a full year has now reverted back to those in place prior to the pandemic which were based on rigorous and transparent scrutiny and an excellent relationship between Officers and Members based on mutual trust. That trust is maintained by openness and appropriate arrangements which ensure the involvement of all relevant parties at the right level of responsibility ensuring all strategic decisions are led by Members.

The implementation of the agreed policies at officer level during the first part of 2022/23 was overseen by EMT supported by the Management Board.

In order to achieve the long-term financial targets, the Authority at its 2 March 2022 meeting set a budget for the financial year 2023/24 supported by an appropriate assessment of risk by the Director of Finance. All the expected risks including those occurring as a result of inflationary pressures as at 2 March 2022 were considered in the budget report. The future savings required by the Council with the planned achievement from future transformational activity were also

presented. At this meeting the assessment of risk reflected the situation before the residual pressure of inflation remaining at a higher level for longer than forecast in part linked into the continued conflict in Ukraine became apparent. Since the March 2022 budget meeting, inflation has not reduced as quickly as forecast so the MTFs for 2023/24 to 2027/28 approved at the 1 March 2023 Budget meeting, reflected the updated position for these issues. The financial position will be closely monitored, and any on-going impact will be included within the future review of the MTFs forecast.

Financial resilience for 2022/23 demonstrated by the Section 25 Statement which accompanies the budget report was supplemented by an agreed Reserves Policy. This is subject to regular review underpinning the long-term financial resilience of the Council and supporting the vision of a Co-operative Council in a Co-operative Borough as set out in the Corporate Plan.

At the expiry of the 2016/17 to 2019/20 Government approved Efficiency Plan (which provided some certainty about Government funding intentions), the financial years 2020/21, 2021/22 and 2022/23 were all single year financial settlements. The Spending Review of October 2021 initially provided indicative high level funding allocations for three financial years 2022/23 to 2024/25 but was superseded by the Autumn Statement of 2022. This Statement confirmed in principle the level of expected grant funding for two financial years and confirmed the deferral of elements of Adult Social Care reform. This was supplemented by the Local Government Finance Settlement Policy Statement which set out more detail which was then presented at Local Authority level in the Local Government Finance Settlement. This provided funding certainty for only one year with a strong indication of funding in year 2 (2024/25). Without the detail for future years covering the period of the MTFs and with the potential for some significant changes to the Local Government Finance system and funding allocations, as well as deferring elements of reform impacting on Adult Social Care, the preparation of the MTFs was challenging. The financial projections that have been prepared and agreed by Members may require considerable revision when the Government provides the detailed information. However, given external factors such as the Ukraine conflict, the focus on the cost of living increases, potential turbulence linked into the United States around the debt ceiling and other changes such as increases in interest rates, economic predictions about the overall pace of economic growth worldwide, it is becoming increasingly unlikely that the Government will make Parliamentary time available for Local Government funding reform before the next General Election.

The reserves and balances available to the Council supporting its immediate financial resilience are therefore important in the context of managing a period of potential significant financial turbulence. The overspend at the year-end of £1.147m has reduced the overall level of General Balances as at 1 April 2023 to £18.865m which is below the risk assessed level of recommended balances reported to 1 March 2023 Budget Council of £20.012m. Going forward the Council has less general balances but this is not considered to present a significant challenge to the Council in the short to medium term.

As part of the MTFs it is recognised that income maximisation is a key theme within the Transformational Programme. In addition, within the Creating a Better Place Programme the future rationalisation of assets is key to deliver future savings on the on-going costs related to its Corporate Estate. These are key to ensure that the Council makes the most efficient and effective use of resources and its property assets and can also deliver approved budget reductions. The Council complies with the recent reforms introduced to Treasury Management and Capital Expenditure practices and to minimise the loss to Council Taxpayers from investments designed to deliver a purely commercial return which are now impacting on the financial resilience of a few authorities.

All meetings of the Cabinet and key Committees are publicised and are open to public scrutiny. Since the beginning of the financial year 2021/22, all meetings have been held in-person with all decisions formally recorded. In addition, decisions taken under delegated powers are recorded electronically and reported via the Council's Electronic Decision Recording System. With the

Council operating under its normal Constituted Procedures there were no special ad hoc meetings of Cabinet required to consider emergency items in 2022/23. This was a contrast to the previous years when several urgent decisions were required due to the pandemic.

The Audit Committee is an essential part of good governance. It reviewed the control environment for all the Council during 2022/23 and considered the progress made on issues highlighted in the Annual Governance Statement. The recruitment of an appropriately qualified Independent Chair whose role commenced on 1 March 2023 was a significant development to support elected Members undertake this vital scrutiny.

Internal and External Audit both have direct access to and support the Committee including the ability of the External Auditor to have direct contact, without Officers of the Authority being present. To support the Committee, specific training was provided in 2022 and as the Committee membership changed at the start of the municipal year, it was therefore important to ensure that new Members were appropriately skilled to carry out their functions. All meetings in 2022/23 were held in person.

The detailed matters reviewed by the Audit Committee during 2022/23 were:

- Treasury Management matters including Council borrowing including investment and loans;
- The Reserves Policy;
- Future Internal and External Audit Work;
- The findings of both External and Internal Audit on control matters, including both adult social care and payroll;
- Key developments impacting on financial resilience of other local authorities due to poor governance such as partnership governance;
- The 2021/22 Statement and Accounts and associated external audit findings;
- Progress on the 2020/21 Whole of Government Accounts audit;
- Issues linked into data protection and cyber security;
- The Local Code of Corporate Governance; and
- The Internal Audit Charter

The Council, in order to discharge its statutory functions in relation to overseeing all health matters in the Borough, operates a dedicated Scrutiny Committee which met throughout the year. Partnership working in the Borough between the Council, Health Services and other key partners is supported by the Health and Wellbeing Board which met on a number of occasions during 2022/23. This Committee has an objective to improve the public health in the area and to oversee integration of health and Local Authority service provision under the both the GMIC Strategic Plan and the Oldham Locality Plan (which was revised in 2022/23) both of which are produced under the Greater Manchester devolution remit. To improve scrutiny a specific Committee to review health matters was created during 2019/20. Its role on Health Scrutiny was unchanged after the wider scrutiny review was implemented in 2021/22. Going forward in 2023/24 after the Scrutiny review approved by Council on 24 May 2023, this role will be undertaken by the Adult Social Care and Health Scrutiny Board.

The Standards Committee reviews Members' conduct following the receipt of any complaints about official conduct on Council business by commissioning independent investigations. Where appropriate matters are reported and considered by full Council. The Standards Committee operated as expected throughout 2022/23 with a number of complaints received and outcomes determined where appropriate.

All Directors prepare Business Plans that contain key actions and performance targets necessary to deliver the co-operative objectives of the Council. Performance against targets is reported through the Councils performance framework.

Independent service reviews are carried out under the performance management framework which results in formal quarterly reports to both the Cabinet and the Performance and Overview Scrutiny Committee. Where performance is perceived to be below corporate standards, specific reports are presented to the Scrutiny Committee. In addition, in 2022/23 the Performance Overview and Scrutiny Committee reviewed budget monitoring reports on a quarterly basis.

Educational attainment in the Borough is acknowledged as a particular priority and the Oldham Opportunity Area ceased on 31 March 2022. The replacement initiative was that Oldham was identified as a Priority Education Investment Area (PEIA). The aim of the PEIA is to improve attainment at Key Stages 2 and 4. As part of the PEIA, the Council is participating in the Family Hubs and Start for Life programme over the period 2022 to 2025. This invests in services in the Start for Life period and supports parents to better care and interact with their children.

Following the most recent Ofsted Inspections which found the service had improved, during the financial year 2022/23 the Service instigated an improvement programme which has three phases of targeted service improvements.

Scrutiny of budget matters including those of the administration and alternative budget proposals from the two main opposition parties were, during 2022/23, carried out by the Policy Overview and Scrutiny Committee. This ensures openness and transparency in the way in which Officers/Members engage and had ownership in the budget challenge process. The versions of the MTFS and Capital Strategy approved for 2022/23 to 2026/27 reflected the estimated resources available to the Authority in the context of the projected level of Government grants supported by locally generated income (primarily Council Tax and Business Rates). The ability to collect these local funding streams was impacted by the pandemic (and the introduction of Business Rate Reliefs), thus making future budget setting, including the production of updated MTFS, more challenging.

An initiative which has helped support the Councils long-term financial sustainability, is the Greater Manchester Business Rates Retention pilot scheme. In preparation for the reform of Business Rates and in support of the Greater Manchester devolution agenda, the Government piloted 100% Business Rates Retention in Greater Manchester (GM) which has enabled the ten Greater Manchester Authorities to test and shape the potential new financing regime whilst at the same time benefitting from funding gains offered to pilot Authorities. Recent announcements on the devolution deal within Greater Manchester indicate this arrangement will continue for another 10 years after 2023/24 giving some certainty in financial planning. The introduction of a new national Business Rates regime has been expected for several financial years and has been continually deferred. It is now becoming clearer that the fundamental reform of Business Rates will not be implemented in the immediate future. The only change implemented has been Business Rates revaluation which was introduced from 1 April 2023.

The Contract Procedure Rules (CPR) within the Constitution alongside the Co-operative Values and Behaviours set out in the Corporate Plan, clearly establish the Authority's requirements on social value. The CPRs were subject to revision in 2022/23 with Council agreeing the revisions on 13 July 2022.

---

## **Principle E – Developing the entity's capacity including the capability of its leadership and the individuals within it.**

To support the achievement of its strategic priorities, the Authority reviews the organisational framework annually to ensure it has the right people with the right skills. The Authority has an agreed Workforce Strategy, working in partnership with NHS partners. Recognising that staff are its greatest asset, the Council refreshed this Strategy in 2020. This is supported within a



performance framework covering all officers including an appraisal system recently refreshed to the “Let’s Talk” programme with targeted, relevant training.

The Human Resources Policy and Procedures applicable to the appointments process is transparent, and available to staff via the Council’s intranet site.

There are targeted programmes - often utilising E-Learning - with the Organisational Development Team supporting these policies ensuring appropriate consideration is given to the future capacity of the organisation. These training courses are aligned to the co-operative ambition and underpinned by the Council’s co-operative values and behaviours. There are regular team meetings, and one to ones (1:1s).

The Authority implemented the national agreement on pay and conditions of service. The Authority has achieved its commitment to pay the Living Wage Foundation National Living Wage (LWFNLW) for its entire staff and took a targeted approach to achieve that through its contractual arrangements (the budget confirmed during 2022/23 the commitment to provide resources which enabled Adult Social Care providers to pay the LWFNLW from 1 October 2022 using an increase in the Adult Social Care Precept).

A full training programme for both established and recently elected Members (the Local Leaders’ Programme) continued to be delivered in 2022/23 to support the vision of a Co-operative Council. This is included an Introduction To Local Government Finance module that was available to all Members. The content of the programme changes annually but the emphasis remains on all Members demonstrating community leadership. The planned programme is supported by ad hoc training for Members who have specific Committee responsibilities. Individual Members produce information published on the website which outlines their role in the Authority and achievements.

To ensure an independent review of its systems, the Council operates an Internal Audit Service which complies with best practice as set out by Public Sector Internal Audit Standards. The findings of Internal Audit are reported to the Audit Committee which includes an annual opinion on the internal control environment. The overall opinion, based on the work undertaken for 2022/23 is assessed as adequate, indicating the continuation of a well-managed Council.

Delegated decisions are recorded and are publicly available on the internet. Certain key partners who provide essential Council Services are subject to independent oversight by the Performance Overview and Scrutiny Committee.

To support decision making the Authority works with its Partners to maintain accurate and timely data to ensure decisions are based on a comprehensive understanding of financial costs and performance. Monthly data reported through the agreed partnership monitoring process is used to assess performance against the Corporate objectives.

The Constitution is reviewed on an annual basis and key updates including Finance and Contract Procedure Rules were undertaken in 2022/23.

Arrangements and processes are in place to safeguard Members and employees against conflicts of interest. An annual reminder to complete declarations of interest is sent to all Members and followed up as needed. A gift/hospitality register, and complaints procedures are also in place and are actively used. Appropriate matters identified are investigated with regard to due Council process.

---

## **Principle F – Managing risks and performance through robust internal control and strong public management**

The Council's Risk Management Framework which was refreshed during 2019/20 and updated in both 2021 and 2022 has been set out under Principle C of this Annual Governance Statement. This ensures there is continuous monitoring and reporting of risk.

Each year in the electoral cycle, new Members of the Council are inducted prior to the Authority's Annual General Meeting (AGM). This is of vital importance, given the technical complexity of the Council's core operations, the decision-making structure and the financial value of the transactions controlled by the Authority. There were elections in 2022/23 which resulted in the new members requiring specific training.

All Statutory Officers are appropriately skilled and experienced, undertake training and support to carry out their duties effectively and, as appropriate, participate in continuous professional development.

The Cabinet meets on a monthly basis at set times to consider key matters including those on performance and risk. Items for decision are published in the Key Decision Document to enable the public to be aware of future decisions. All reports include reference to the corporate objectives of the Council. In the event of an urgent item requiring a decision not published in the Key Decision Document, the agreement of the Chair of the Policy Overview and Scrutiny Committee must be obtained to exempt the decision from agreed scrutiny protocols.

In addition to the quarterly performance reports, Cabinet receives financial monitoring reports. From 2021/22 and in 2022/23, with the impact of the pandemic subsiding, reporting reverted back to more traditional timelines with reports presented to Cabinet and for scrutiny presenting the financial position at the end of months 3, 6, 8 and 9. The reports present the estimated outturn against the approved budget. The 2022/23 month 9 budget monitoring report highlighted that the Council outturn was expected to reflect an overspend of £1.280m compared to the agreed budget. The final outturn showed a marginally reduced overspend compared to the month 9 projection.

During 2022/23, management of the use of reserves was in accordance with the agreed Reserves Policy and prudent financial stewardship has ensured that the final outturn, whilst showing an adverse variance, was reduced from the levels estimated during the course of the financial year. One impact of this overspend will be a modest reduction in general balances which has minimal impact on the short to medium-term financial resilience of the Council. Overall, there has also been a modest reduction in earmarked reserves which has no significant impact on the long term financial resilience of the Council. The level of reserves therefore remains appropriate to support the present budget strategy as set out at the meeting on 1 March 2023.

The annual budget is supported by the Director of Finance commenting upon its deliverability and the availability of an appropriate reserves policy. The final accounts, of which this Statement is an integral part, outline the outturn of the Authority and are prepared in accordance with professional standards and have been subject to external audit review.

In order to demonstrate robust internal control, the Authority has:

- A Risk Management Framework linked into the Authority Structure;
- An appropriate suite of Anti-Fraud and Corruption Policies;
- A balanced budget supported by appropriate reserves to underpin financial resilience;

- Audit and Standards Committees, which are supported by independent Members; and
- Targeted exercises undertaken where appropriate such as improving present debt collection processes overseen by the appropriate staff.

The Council undertook a survey of all its staff in 2021/22 to assess their views on a range of issues including management, staff engagement and wellbeing. The findings have been made available to all staff and actions are in train to address areas of concern.

The findings were considered in the context of the refreshed Corporate Plan 2022/27 and incorporated into the production of service plans and priorities from 2023/24 onwards.

Going forward, the Council anticipates it will be subject to an Ofsted inspection. Work is on-going to improve on the previous judgement of 'Requires Improvement'. There is a risk that the improvements within Children's Services are not recognised in the inspection.

---

### **Principle G – Implementing good practices in transparency, reporting and audit to deliver effective accountability**

The Authority is proactive in engaging with citizens and other key stakeholders, building on the ever closer working relationships with the NHS and accelerated integrated working developed during the pandemic.

The Authority in 2022/23 has demonstrated it was proactive in engaging and communicating with key stakeholders to boost and support the public. This has included working in partnership with the Towns Board to facilitate the delivery of the four projects agreed in the successful Towns Fund bid approved by the Department of Levelling Up, Housing and Communities.

The Council has a key role in taking forward the Greater Manchester Agenda including devolution initiatives by:

- Taking part in the monthly meetings of the Combined Authority with the Leader representing the Council;
- Agreeing to both innovation and risk by piloting new initiatives at a regional level such as 100% Business Rates Retention;
- Locality working with the NHS at both a Greater Manchester wide level and Oldham area; and
- Supporting new initiatives such as increased devolution of Adult Education

As part of the Transparency Agenda the Authority publishes on its website information on Senior Officer Salaries over £50,000 and payments for works, goods and services over £500. As part of this process, improvements have been made to internal control procedures on procurement, which ensure Commissioning and Procurement is fair, transparent, ethical and based on the needs of the community and an understanding of the marketplace. The Authority is attentive to the need to meet wider social and economic objectives whilst achieving value for money (VfM). Consistent decisions are sustained through an e-procurement system (the Chest), supported by internal Policies and Procedures.

The Authority, as part of the 2011 Localism Act and accountability in local pay, agreed its annually updated Pay Policy Statement at the Budget Council meeting prior to the start of 2022/23 to further support the Authority's preference for openness and transparency.

Apart from regular liaison with key Government bodies the Authority is also fully engaged with the Local Government Association (LGA), Greater Manchester Association of Municipal

Treasurers and specialist region wide initiatives such as the Association of Greater Manchester Authorities (AGMA) Low Carbon Hub.

Internally there are well established and clear routes for consultation with staff and their representatives and involvement in decision making. These includes programmed staff surveys, regular staff briefings, internal briefings, and team meetings and staff appraisals.

Mazars LLP has been the Councils External Auditor since 2018/19 and will undertake the 2022/23 audit. The audit of the Housing Benefit subsidy claims, and Teachers Pension Service Return are undertaken via arrangements agreed as a collaborative procurement across all Greater Manchester Councils and are currently undertaken by KPMG LLP.

All external audit work is conducted in accordance with the Code of Practice produced by the National Audit Office. Going forward certain changes are expected to external oversight as the recommendations from the Redmond Review are considered and are now in the process of being implemented. This includes the appointment within the Financial Reporting Council (FRC), of a local lead for Public Audit who will, via a signed Memorandum of Understanding with DLUHC, prioritise improvements within the oversight of external audit. For 2022/23, following the approval of the Audit and Accounts (Amendment) Regulations 2022, the deadline for the completion of the audit of the accounts has reverted from 30 November to 30 September. Given the Council has so far only received a draft audit opinion on the 2021/22 accounts, it is envisaged this deadline will be challenging to achieve.

---

## Partnership Arrangements

---

The Authority currently delivers a wide range of services, which often involve working in partnership with others, many of which involve considerable levels of funding. In the financial year 2022/23 the Council transferred the staff and provision of services provided by the wholly owned Unity Partnership Ltd. (UPL) back in-house from 1 April 2022. No significant governance issues have been reported from this major change to Council working arrangements. The services previously operated by UPL were either transferred to an existing Directorate or were based in the Customer, Digital and Transformation Directorate which was created 1 April 2022.

The Council has another wholly owned Company, MioCare Community Interest Company (CIC), to assist it to provide key Adult Social Care Services. This Company has existed for a number of years since becoming operational on 1 December 2013.

In the previous financial year 2021/22 the Council acquired the remaining equity stake in a company (previously a joint venture with private investors) and voting shares in the company (Interurban Limited). Work has begun to integrate the company's assets into the Council's corporate estate and assess the work required to improve the condition of the assets. Going forward, the Council has the control of the site of the assets for future regeneration opportunities.

The Council has an equity stake in Oldham Property Partnerships linked into two other Regeneration Companies (Oldham Economic Development Association and Southlink. It also has an equity stake in Community First (Chadderton) which operates the Leisure Centre and Library in Chadderton. There is a further minority stake holding in Oldham Education Partnership. No specific risks are envisaged at 31 March 2023 from these equity shareholdings.

The Council's vision to set up an urban farm has been reflected by a successful bid for funding from three separate grant funding sources (Town's Fund, Sport England, and the Levelling Up Fund). In order to enable this development to progress it has set up a wholly owned Charitable Company Northern Roots (Oldham Ltd) which will oversee the development of an Eco Park as set out in the present Masterplan. The Council will oversee the construction of a Visitors Centre

and Educational Centre as per the grant funding obtained. In order to assess the risks, the Audit Committee reviewed the risks linked into the creation of this company at its meeting on 16 January 2023.

The Authority has continued its plans to integrate with NHS services to improve the efficiency of health related public services. Following the introduction of the revised devolution arrangements, CCG's ceased to exist with effect from 30 June 2022. The functions of NHS Oldham CCG continue to be carried out by the NHS, and a new body, GMIC came into operation with effect from 1 July 2022. At a locality level, the Oldham Integrated Health Partnership (ICP), was established on the same date. Joint working within a Section 75 Agreement continues, building on the progress already made to deliver efficiencies, more effective services and to contribute to budget savings through collaboration, networks and alliances. In 2022/23, partnership working was enhanced with a separate Section 75 Agreement being prepared for 0-19 services.

In response to governance failures reported elsewhere in the public domain the Audit Committee continued to receive a six-monthly review of risks associated with the governance of wider partnerships linked into the Council. This review reported on the risk from the Council's involvement in all partnerships with a further report produced on the perceived risks should the Council set up a Housing Company. The conclusion was that risk is currently being well managed.

It is a requirement of the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 that, "Where an authority is in a group relationship with other entities and undertakes significant activities through the group, the review of the effectiveness of the system of internal control should include its group activities". This has been undertaken via the continued development of the partnership dashboard with two reports submitted to the Audit Committee and one to the Performance Overview and Scrutiny Committee highlighting the risks. These reports were supplemented by specific reports to the Audit Committee detailing the risks on the setting up of Northern Roots and the possible creation of a Housing Company. This has been incorporated into the production of this Statement of Accounts and issues for consideration in the Annual Governance Statement.

---

## Risks on Current Significant Projects

---

The Authority has completed some significant projects, over the last 3 years, which were included in the capital programme. An on-going strategy, "Creating a Better Place", is a complex initiative which will involve working in partnership with others. Some elements of partnership working require considerable levels of one-off and recurrent funding from the Council. The Reserves Policy, which was subject to review by the Audit Committee, supports the resilience of the Council to deliver its aspirations as set out in the capital programme. A feature of the national system for providing support to regeneration has been for the Council to bid for grant funding.

Given the complexity of some projects, the need to deliver the projects within the timescales specified in the grant conditions and changes in the construction market (including increases in the level of inflation and obtaining appropriate construction insurance) there remains an on-going risk to manage in relation to the oversight of the long-term financial commitments arising from these projects. The Director of Finance has considered the latest position on this financial risk in both the Statement of Accounts and Reserves Policy. Individual reports to support investment in projects have been prepared for consideration by Cabinet in 2022/23 with appropriate comments by key officers to enable appropriate review of the issues including risks before a decision is made. This analysis of risk reflects the expenditure incurred on Creating a Better Place Projects and other significant capital projects.

The issues on both partnership risk and current project risk have been incorporated into this Annual Governance Statement as an identified issue where necessary.

---

## Review of Effectiveness

---

The Authority annually reviews the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the Authority who have responsibility for the development and maintenance of the governance environment; The Annual Report of the Head of Internal Audit and comments made by the External Auditors and other review agencies and inspectorates.

The Authority's strategy and objectives are established and embedded through an annual refined Business Planning process, which also sets out the framework for the work programme focusing predominantly on achieving efficiencies, managing risk and the transformation of services where the most significant savings may be made. This is developed in tandem with the Annual Budget Cycle, and the MTFs, underpinned by the Reserves Policy to evidence and support financial resilience.

An internal audit programme is undertaken, which in 2022/23 has focused on key items in the Audit Plan such as financial systems, systems assurance, grant audit and providing data for the National Fraud Initiative. This is reported to the Audit Committee in relation to the Governance, Treasury Management, Fundamental Financial Systems, and operational controls. There were no specific matters brought to the attention of Internal Audit that required investigation in accordance with the Policies of the Council. An added assurance on placing reliance on the work of Internal Audit is that in the financial year an independent review of the Service was undertaken against compliance with Public Sector International Auditing Standards. This review identified that the Service complied with these Standards.

An external audit of the accounts for the year ending 31 March 2022 was undertaken by Mazars LLP and was reported to the Audit Committee on several occasions. At the time of the production of this Statement there remains the issue of the audit of the 2020/21 Whole of Government Accounts which still remains outstanding from an external audit perspective. This is a technical issue not under the control of the Council. Despite the challenges in finalising sign off of the 2020/21 accounts, the Auditor commented positively about the standard of the accounts and high quality working papers.

The 2021/22 draft accounts were submitted for audit within the Councils deadline of 31 May 2022 and were presented to the Audit Committee for consideration at its meeting on 21 June 2022. At the time of the production of this Statement the completion of the audit for 2021/22 remains outstanding. This audit completion delay is due to two issues relating to pensions (one national and one local) not under the control of the Council. Despite the challenges in finalising sign off of the 2021/22 accounts, the Auditor commented positively about the standard of the accounts and high quality working papers.

The inability of the Council to have its accounts signed off is part of a national issue whereby the Public Sector Audit Appointments (the body overseeing the procurement of External Auditors for Local Government) reported to the DLUHC Select Committee in March 2023, that over 500 audits relating to Local Authorities, as at 31 March 2023, had not been signed off by External Auditors. This is linked into capacity issues nationally within both Local Authorities and External Audit firms where a lack of capacity is delaying the process of both producing accounts to the required quality for an audit to be undertaken, and then the undertaking of the audit. This situation is not expected to improve with bringing forward of the date for the completion of the accounts to 31 May and the completion of the audit to 30 September. The recently appointed Head of Local Audit at the FRC has stated it is possible that there could be 1,000 outstanding audit opinions at 30 September 2023.

## Significant Governance Issues

The Annual Governance Statement identifies the following governance issues and major risks for the Authority. These are:

2022/23 Issues	Planned Management Action to Reduce Risk
<p>The internal control environment on Adult Social Care systems did not sustain the improvements in the financial year 2022/23 for the fifth successive year compared to 2017/18. Issues identified in the 2022/23 internal audits as in previous financial years need to be implemented as a priority to improve internal control.</p>	<p>Added impetus is being given to strengthen the financial processes linked into the Mosaic system as the services pressures related to the COVID-19 pandemic are receding. This will involve regular meetings of key staff responsible for the implementation of improvements identified. This will include a regular report to the Director of Finance on the progress made on emerging issues. An Annual Report on the Control Environment within the Service will be submitted to the Audit Committee with key improvements identified throughout the year.</p>
<p>There are future changes to the Council's financial resilience due to uncertainty and matters outside of the Council's Control such as the future level of Government support for areas of high deprivation identified in the Levelling Up Agenda not progressing until the next Spending Review, planned reforms to Adult Social Care being deferred, the capacity in the wider Local Government sector to obtain audited opinions on the Statement of Final Accounts and the cost of living pressures which impact on the Council's plans for change. An added pressure is that the Council's previous plans to deliver savings by transformation may continue to be constrained by the events outside its direct control.</p> <p>In addition, the final outturn for the financial year indicates an overspend of £1.147m reducing the level of general balances to £18.865m which is below the level recommended at the 1 March 2023 budget Council meeting.</p>	<p>During 2023/24, despite continuing to deal with the ongoing day to day pressures and statutory change, there are targeted plans to improve efficiency around:</p> <ul style="list-style-type: none"> <li>• Delivering future transformation across targeted areas of the Authority via the plans to deliver budget savings.</li> <li>• Continued integration and co-operation with the NHS and key partners as per Our Future Oldham Plan.</li> <li>• Collection of revenues due to the Council.</li> <li>• Managing capital resources and expenditure and taking forward the regeneration programme within the Creating a Better Place initiative.</li> <li>• Realising the value of entities in which the Council has a financial interest.</li> </ul> <p>This will be supported by:</p> <ul style="list-style-type: none"> <li>• The Policy Team reviewing on-going updates of national and local policy.</li> <li>• An agreed Reserves Policy subject to regular review.</li> <li>• Joint working with key partners such as the NHS in line with Our Future Oldham to better align resources.</li> <li>• Regular financial and performance monitoring which will highlight the achievement of budget reductions and efficiencies delivered by transformation.</li> </ul> <p>The Director of Finance considered the risks as part of the closure of the 2022/23 accounts. Future financial monitoring arrangements for 2023/24 will also consider the risks.</p>
<p>The Council has a number of key regeneration projects planned for the future as detailed in the Creating A</p>	<p>The Capital Investment Programme Board receives bi-monthly reports on the high value projects once construction is underway.</p>

<b>2022/23 Issues</b>	<b>Planned Management Action to Reduce Risk</b>
<p>Better Place Programme. Should one of these high-profile projects not be delivered as planned it is likely to result in future loss of budgeted grant income, reputational damage and/or an increase in the overall financing of current plans from the Council's own resources. This is more challenging in 2023/24 due to the continued impact of inflationary pressure on the construction market as the cost of construction contracts are increasing plus the time constraints on key grant programmes. In addition, the market conditions are continuing in some instances, making it difficult to obtain insurance.</p>	<p>From month 3 there is detailed monitoring of the capital programme and specific schemes which will provide early warnings of pressures.</p> <p>The Council's Reserves Policy is reviewed on a regular basis by the Director of Finance to reflect the agreed risks linked into the capital strategy.</p> <p>An annual review of major Regeneration Projects included within the agreed Capital Programme will be undertaken by the Council during 2023/24 to assess the affordability of the capital programme in light of the inflationary increases and continued uncertainty over long-term funding.</p> <p>There will be early engagement with the Department of Levelling Up, Housing and Communities who administer key grant programmes whereby there is considered a risk of slippage to discuss re-profiling expenditure to later financial years.</p> <p>The Director of Finance considered the risks as part of the closure of the 2022/23 accounts. Future financial monitoring arrangements for 2023/24 will also consider the risks.</p>
<p>The audit opinion of the internal control environment for the operation of payroll including pension's administration failed to sustain the improvements made as of 31 March 2022 with the opinion being downgraded to "inadequate" at the year-end. The system requires improvements to be delivered in the financial year 2023/24.</p>	<p>The administration of the payroll system will be subject to regular review by the Internal Audit Service.</p> <p>A report will be prepared for the Audit Committee at its meeting in January 2024 outlining the progress made in improving internal control informed by the half year Internal Audit Fundamental Financial System review of the system. The full year review completed at the end of 2023/24 will inform the completion of the 2023/24 AGS.</p>
<p>The continued compliance with the National Transparency Agenda has increased the risk to the Council of a future fraud and this has been enhanced by the improved general digital expertise of the population. Information included in the public domain and obtained under Freedom of Information requests is used to exploit the Council.</p>	<p>There are regular reviews of the internal control mechanism including documenting changes to procedures operated due to home working to ensuring adequate controls are in place to prevent third parties receiving inappropriate payments.</p> <p>On-going reviews of the published information which is a legislative requirement under the Transparency Agenda are undertaken to balance whether the wider public interest test is served by publication of the data.</p>



2022/23 Issues	Planned Management Action to Reduce Risk
<p>The future reforms to Health Integration do not result in the efficiencies anticipated due to increased demand caused by a number of factors including the residual impact of the recent increases in the cost of delivering services.</p>	<p>The Council can with its current Decision Making Processes increase its flexibility to increase/ decrease the contribution to the pooled budget managed under a Section 75 Agreement with Oldham NHS partners in the locality (using the powers of the NHS Act 2006). This is on the assumption this flexibility will enable the whole health and care system to implement future efficiencies to generate overall savings/ improved service. This flexibility will be kept under continued review to maximise future opportunities for efficiency in Adult Social Care</p> <p>The Director of Finance considered the emerging risks arising from the transformation plans as part of the closure of accounts for 2022/23. This will be considered as part of the review of the Council's reserves/ financial resilience and on-going budget monitoring for 2023/24.</p>
<p>The present contractual arrangements with a number of key suppliers linked into the administration of Framework contracts needs to be reviewed and better detailed within Contract Procedure Rules. This would enable transformation savings required as per the agreed programme to be maximised.</p>	<p>A group of key officers led by the Director of Finance meets as and when required throughout 2023/24 to review the present Framework documentation in place for contracted suppliers. This will ensure that appropriate revisions are made to ensure future improvements are made.</p> <p>Should the Director of Finance require it, a report will be prepared by a Service Area to be presented to the Audit Committee outlining plans to contract and commission future services including the administration of Frameworks.</p>
<p>There are outstanding legal matters linked into on-going action against other Local Authorities which have the potential to impact on past custom and practice within the Authority which could have a significant future financial impact.</p>	<p>Key cases will be subject to regular review by Statutory Officers within the Council to assess the risk of an adverse financial impact.</p> <p>Regular reports which monitor the risk to the Council of issues highlighted in the Annual Governance Statement will be presented to the Audit Committee. The reports will advise of developments and any action taken or required.</p>

---

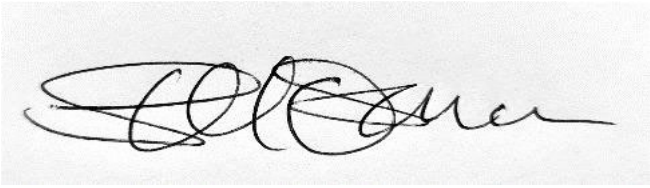
## Summary

---

The Authority has in place strong governance arrangements which we are confident protect its interests and provide necessary assurances to our citizens and stakeholders. However, like all organisations we cannot stand still and thus we propose to continue to take steps to address the above matters to enhance further our governance arrangements. We are satisfied that the steps described address the need for improvement identified in the Authority's review of effectiveness and will monitor their implementation and operation, not only as part of our next annual review, but also continuously throughout the year.

A handwritten signature in black ink, appearing to read 'Arooj Shah'.

Councillor Arooj Shah  
Leader of Oldham Council

A handwritten signature in black ink, appearing to read 'Sayyed Osman'.

Sayyed Osman  
Deputy Chief Executive Oldham Council

## 7.0 Glossary of Terms

### **Accruals Basis**

The accruals principle is that income is recorded when it is earned rather than when it is received, and expenses are recorded when goods or services are received rather than when the payment is made.

### **Actuarial Gains and Losses**

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses) or the actuarial assumptions have changed.

### **Agency Services/Agencies**

These are services that are performed by or for another Authority or public body, where the principal (the Authority responsible for the service) reimburses the agent (the Authority carrying out the work) for the costs of the work.

### **Amortisation**

A charge to the comprehensive income and expenditure statement which spreads the cost of an intangible asset over a number of years in line with the Council's accounting policies.

### **Appointed Auditors**

The appointment of External Auditors to Local Authorities is undertaken by the Public Sector Audit Appointments Limited (PSAA), an independent company limited by guarantee and incorporated by the Local Government Association in August 2014. Mazars LLP is the Council's appointed auditor.

### **Asset**

Items of worth that are measurable in terms of value. Current assets may change daily, but the Council is expected to yield the benefit within the one financial year (e.g. short-term debtors). Non-current assets yield benefit to the Council for a period of more than one year (e.g. land).

### **Associate Companies**

An associate is an entity over which the Council has significant influence.

### **Association of Greater Manchester Authorities (AGMA)**

AGMA represents the ten local authorities in Greater Manchester and works in partnership with Central Government, regional bodies and other Greater Manchester public sector bodies.

### **Balances**

The balances of the Authority represent the accumulated surplus of income over expenditure on any of the Funds.

### **Better Care Fund (BCF)**

The BCF was announced by Government in the June 2013 spending round to ensure a transformation in health and social care.

### **Capital Adjustment Account**

The Account accumulates (on the debit side) the write-down of the historical cost of non-current assets as they are consumed by depreciation and impairments or written off on disposal. It accumulates (on the credit side) the resources that have been set aside to finance capital expenditure. The same process applies to capital expenditure that is only capital by statutory definition (revenue expenditure funded by capital under statute). The balance on the account thus represents timing differences between the amount of the historical cost of non-current assets that has been consumed and the amount that has been financed in accordance with statutory requirements.

**Capital Expenditure**

This is 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.

**Capital Financing Charges**

This is the annual charge to the revenue account in respect of interest and principal repayments and payments of borrowed money, together with leasing rentals.

**Capital Receipts**

Income received from the sale of land or other capital assets, a proportion of which may be used to finance new capital expenditure, subject to the provisions contained within the Local Government Act 2003.

**Carrying Amount**

The Balance Sheet value recorded of either an asset or a liability.

**Central Services**

Central support services which are recharged to frontline services as overheads to measure total cost.

**Chartered Institute of Public Finance and Accountancy (CIPFA)**

CIPFA is the leading professional accountancy body for public services.

**CIPFA LASAAC Local Authority Code Board**

This board is responsible for preparing, maintaining, developing and issuing the Code of Practice on Local Authority Accounting for the United Kingdom (the Code). The board is a partnership between CIPFA (England, Northern Ireland and Wales) and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC).

**Collection Fund**

The Council as a billing authority has a statutory obligation to maintain a separate Collection Fund. This shows the transactions relating to the collection of Council Tax and Business Rates and its distribution to Local Government bodies.

**Community Assets**

These are non-current assets that the Council intends to hold in perpetuity which have no determinable finite useful life and, in addition, may have restrictions on their disposal. Examples include parks and historical buildings not used for operational purposes.

**Contingency**

This is money set aside in the budget to meet the cost of unforeseen items of expenditure, or shortfalls in income, and to provide for inflation where this is not included in individual budgets.

**Contingent Liabilities or Assets**

These are amounts potentially due to or from individuals or organisations which may arise in the future but which at this time cannot be determined accurately, and for which provision has not been made in the Council's accounts.

**Contract Procedure Rules**

The Council's Contract Procedure Rules form part of the Council's Constitution. They are in place to ensure that any procurement processes for goods and services achieve best value and are transparent, open and fair making it possible for all decisions to be audited satisfactorily.

**Co-operative Council**

This is the ethos of the Council embodied by the desire that citizens, partners and staff work together to improve the borough and create a confident and ambitious place.

## **Council Tax Requirement**

This is the estimated revenue expenditure on General Fund services that will be financed from the Council Tax after deducting income from fees and charges, General Fund Balances, specific grants and any funding from reserves.

## **Creditors**

Amounts owed by the Council for work done, goods received or services rendered, for which payment has not been made at the date of the balance sheet.

## **Current Service Cost**

Current Service Cost is the increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period, i.e. the ultimate pension benefits "earned" by employees in the current year's employment.

## **Current Value**

The current value of an asset reflects the economic environment prevailing for the service or function the asset is supporting at the reporting date.

## **Curtailement**

Curtailements will show the cost of the early payment of pension benefits if any employee has been made redundant in the previous financial year.

## **Debtors**

These are sums of money due to the Council that have not been received at the date of the Balance Sheet.

## **Dedicated Schools Grant (DSG)**

The DSG is a ringfenced grant payable to Local Authorities for the funding of both academies and maintained schools. It can only be used to finance expenditure that is included in the school's budget, as defined in the School Finance and Early Years (England) Regulations 2020/21. 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 academy and Council maintained school.

## **Deferred Capital Receipts**

These represent capital income still to be received after disposals have taken place and wholly consists of principal outstanding from the sale of council assets.

## **Defined Benefit Scheme**

This is 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 Defined Contribution Scheme is a pension or other retirement benefit scheme into which an employer pays regular contributions 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.

**Department for Education (DfE)**

The Department for Education is a Central Government department responsible for children's services and education, including early years, schools, higher and further education policy, apprenticeships and wider skills in England.

**Department for Levelling Up, Housing and Communities (DLUHC)**

DLUHC (formerly Ministry of Housing, Communities and Local Government (MHCLG)) is a Central Government department with the overriding responsibility for determining the allocation of general resources to Local Authorities.

**Depreciation**

This is the measure of the wearing out, consumption, or other reduction in the useful economic life of property, plant and equipment assets.

**Depreciated Replacement Cost (DRC)**

A method of valuation that provides a proxy for the market value of specialist assets.

**Derecognition**

Financial assets and liabilities will need to be removed from the Balance Sheet once performance under the contract is complete or the contract is terminated.

**Discounts**

Discounts represent the outstanding discount received on the premature repayment of Public Works Loan Board loans. In line with the requirements of the Code, gains arising from the repurchase or early settlement of borrowing have been written back to revenue. However, where the repurchase or borrowing was coupled with a refinancing or restructuring of borrowing with substantially the same overall economic effect when viewed as a whole, gains have been recognised over the life of the replacement loan.

**Earmarked Reserves**

The Council holds a number of reserves earmarked to be used to meet specific, known or predicted future expenditure.

**Education & Skills Funding Agency (ESFA)**

The ESFA brings together the former responsibilities of the Education Funding Agency (EFA) and Skills Funding Agency (SFA) to create a single agency accountable for funding education and skills for children, young people and adults.

**External Audit**

The independent examination of the activities and accounts of Local Authorities to ensure the accounts have been prepared in accordance with legislative requirements and proper practices and to ensure the Authority has made proper arrangements to secure value for money in its use of resources.

**Fair Value**

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.

**Fees and Charges**

Income arising from the provision of services e.g. the use of trade waste services

**Finance Lease**

A finance lease is a lease that transfers substantially all of the risks and rewards of ownership of a non-current asset to the lessee.

### **Financial Instruments**

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. The term 'financial instrument' covers both financial assets and financial liabilities and includes both the most straightforward financial assets and liabilities such as trade receivables and trade payables and the most complex ones such as derivatives and embedded derivatives.

### **Financial Management Code**

Published by CIPFA it provides guidance for good and sustainable financial management in local authorities. By complying with the principles and standards within the code authorities will be able to demonstrate their financial sustainability.

### **Financial Regulations**

These are the written code of procedures approved by the Council, intended to provide a framework for proper financial management. Financial regulations usually set out rules on accounting, audit, administrative and budgeting procedures.

### **Financial Reporting Council (FRC)**

The Financial Reporting Council (FRC) promotes transparency and integrity in business. It regulates auditors, accountants and actuaries, and sets the UK's Corporate Governance and Stewardship Codes.

### **Generally Accepted Accounting Principles (GAAP)**

Generally accepted accounting principles, or GAAP, are standards that encompass the details, complexities, and legalities of accounting. The Financial Accounting Standards Board (FASB) uses GAAP as the foundation for its comprehensive set of approved accounting methods and practices.

### **General Fund**

This is the main revenue fund of the Authority and includes the net cost of all services financed by local taxpayers and Government grants.

### **Greater Manchester Combined Authority (GMCA)**

Created by the Local Government, Economic Development and Construction Act, the Greater Manchester Combined Authority (GMCA) assumed its powers and duties on 1 April 2011. It took over the functions previously the responsibility of the Greater Manchester Integrated Transport Authority (GMITA), which it replaced. It also took over responsibility for transport planning, traffic control and wide loads, assumed responsibility for the transportation resources allocated to the Greater Manchester region and regional economic development functions. From 1 April 2018 it took over responsibilities for activities previously undertaken by the Greater Manchester Waste Disposal Authority, the Greater Manchester Fire and Rescue Service, and the Greater Manchester Police and Crime Commissioner.

### **Greater Manchester Integrated Care Partnership**

The Greater Manchester Integrated Care Partnership (Greater Manchester ICP) brings together all health and social care partners across Greater Manchester and wider public sector and community organisations to improve the health and wellbeing of the 2.8 million people who live in Greater Manchester.

### **Heritage Asset**

A tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

### **Housing Benefit**

This is an allowance to persons receiving little or no income to meet, in whole or part, their rent. Benefit is allowed or paid by Local Authorities but Central Government refunds part of the cost of

the benefits and of the running costs of the services to Local Authorities. Benefits paid to the Authority's own tenants are known as rent rebate and that paid to private tenants as rent allowance.

### **Housing Revenue Account (HRA)**

Local Authorities are required to maintain a separate account - the Housing Revenue Account - which sets out the expenditure and income arising from the provision of social housing. Other services are charged to the General Fund.

### **Impairment**

A reduction in the value of assets below its value brought forward in the Balance Sheet. Examples of factors which may cause such a reduction in value include general price decreases, a significant decline in a non-current asset's market value and evidence of obsolescence or physical damage to the asset.

### **Infrastructure Assets**

Non-current assets which generally cannot be sold and from which benefit can be obtained only by continued use of the asset created. Examples of such assets are highways, footpaths, bridges and water and drainage facilities.

### **Intangible Assets**

These are assets that do not have physical substance but are identifiable and controlled by the Council. Examples include software, licenses and patents.

### **Interest Cost (Pensions)**

For a defined benefit scheme, the expected increase during the period on the present value of the scheme liabilities which arises from the passage of time.

### **International Financial Reporting Standard (IFRS)**

Defined Accounting Standards that must be applied by all reporting entities to all financial statements in order to provide a true and fair view of the entity's financial position, and a standardised method of comparison with financial statements of the other entities.

### **Inventories**

Amounts of unused or unconsumed stocks held in expectation of future use. Inventories are comprised of the following categories:

- Goods or other assets purchased for resale
- Consumable stores
- Raw materials and components
- Products and services in intermediate stages of completion
- Finished goods

### **Investment Properties**

Property, which can be land or a building or part of a building or both, that is held solely to earn rentals or for capital appreciation or both, rather than for operational purposes.

### **Joint Venture**

A joint venture is a joint arrangement whereby the parties who have joint control of the arrangement have rights to the net assets of the arrangement.

### **Leasing Costs**

This is where a rental is paid for the use of an asset for a specified period of time. Two forms of lease exist: finance leases and operating leases.



### **Lender Option Borrower Option (LOBO)**

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 six months to 3 years), the lender has the ability to alter the interest rate. Should the lender make this offer, 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 without penalty.

### **Lessor and Lessee**

The **lessor** is the legal owner of the asset or property, and he gives the **lessee** the right to use or occupy the asset or property for a specific period. Although the **lessor** retains ownership of the asset, they have reduced rights to the asset during the course of the agreement.

### **Liabilities**

These are amounts due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are usually payable within one year of the Balance Sheet date.

### **Local Government Information Unit (LGiU)**

The Local Government information Unit (LGiU) is a Local Government membership body, thinktank and registered charity. Established in 1983 as a membership organisation for UK local authorities, the LGiU aims to strengthen local democracy and put citizens in control of their own lives, communities and services.

### **Loss Allowance**

The allowance for expected credit losses on financial assets, such as debtors.

### **Materiality**

Information is material if omitting it or misstating it could influence the decisions that users make on the basis of financial information about the Council.

### **Medium-Term Financial Strategy (MTFS)**

This is a financial planning document that sets out the future years' financial forecasts for the Council. It considers local and national policy influences and projects their impact on the general fund revenue budget, capital programme and HRA. In Oldham it usually covers a four or five year timeframe.

### **Minimum Revenue Provision (MRP)**

MRP is the minimum amount which must be charged to an Authority's revenue account each year and set aside as provision for credit liabilities, as required by the Local Government and Housing Act 1989.

### **Movement in Reserves Statement (MiRS)**

The MiRS shows the movement during the year on the different reserves held by the Council, analysed into usable reserves (those that can be applied to fund expenditure or reduce taxation) and other unusable reserves.

### **Non Domestic Rates (NDR) (also known as Business Rates)**

NDR is the levy on business property, based on a national rate in the pound applied to the 'rateable value' of the property. The Government determines national rate poundage each year which is applicable to all Local Authorities.

### **Net Book Value (NBV)**

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 Debt**

Net debt is the Council's borrowings less cash and liquid resources.

**NHS Oldham Clinical Commissioning Group (CCG)**

The NHS Oldham Clinical Commissioning Group (CCG) was the NHS body responsible for commissioning and providing health services across the borough. The organisation closed at the end of June 2022 and its functions have been taken over by NHS Greater Manchester Integrated Care ('NHS GM').

**NHS Greater Manchester Integrated Care ('NHS GM')**

This new organisation is the statutory body in charge of NHS money and is responsible for making sure services are in place to put plans into action in regard to health provision in Greater Manchester including Oldham.

**Ofsted**

Ofsted is the Office for Standards in Education, Children's Services and Skills. Ofsted inspects services providing education and skills for learners of all ages and regulates services that care for children and young people.

**Outturn**

Actual expenditure and income compared to the budget.

**Pension Asset Ceiling Adjustment**

The pension asset ceiling adjustment is made to ensure sure that the Councils balance sheet properly reflects how the value of any defined benefit deficit or surplus is affected by the pensions scheme's rules and funding requirements.

**Pooled Aligned Budget**

A pooled fund, arising from a Section 75 Agreement between Oldham Council and Oldham CCG (to 30/06/2022) and subsequently with the Oldham Integrated Care Partnership (ICP), but the partners' respective financial contributions to such a fund are held in their own bank accounts.

**Pooled Budget**

A pooled fund, arising from a Section 75 Agreement between Oldham Council and Oldham CCG / ICP, comprising financial contributions from both partners hosted by one of the partners in its bank account.

**Pooled Fund**

This can be either a Pooled Budget or a Pooled Aligned Budget.

**Precept**

The amount collected by the Council on behalf of other bodies. For 2022/23 the major precepts were payable in relation to the GM Mayor as Police and Crime Commissioner and the Mayoral General Precept (including Fire Services).

**Premiums**

These are discounts that have arisen following the early redemption of long-term debt, which are written down over the lifetime of replacement loans where applicable.

**Prior Period Adjustments**

These are material adjustments which are applicable to an earlier period arising from changes in accounting policies or for the correction of fundamental errors.

**Private Finance Initiative (PFI)**

A Central Government initiative which aims to increase the level of funding available for public services by attracting private sources of finance. The PFI is supported by a number of incentives to encourage Authorities' participation.

## **Property, Plant and Equipment (PPE)**

PPE are tangible assets (i.e. assets that have physical substance) that are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and are expected to be used during more than one year.

## **Provisions**

Amounts set aside to meet liabilities or losses which it is anticipated will be incurred but where the amount and/or the timing of such costs are uncertain.

## **Public Sector Audit Appointments (PSAA)**

Public Sector Audit Appointments Limited (PSAA) is a company established in 2014 by the LGA which secures efficient and effective arrangements for the independent appointment of auditors and audit services for opted-in Local Government bodies.

## **Public Works Loan Board (PWLB)**

An arm of Central Government which is the major provider of loans to finance long-term funding requirements for Local Authorities

## **Related Parties**

Related parties are Central Government, other Local Authorities, precepting and levying bodies, subsidiary and associated companies, Elected Members, and all senior officers. For individuals identified as related parties, the following are also presumed to be related parties:

- members of the close family, or the same household; and
- partnerships, companies, trusts or other entities in which the individual, or member of their close family or the same household, has a controlling interest.

## **Remeasurement of the Net Defined Benefit Liability**

Remeasurement of the Net Defined Benefit Liability (asset) comprises:

- a) actuarial gains and losses
- b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset), and
- c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

## **Reporting Standards**

The Code of Practice prescribes the accounting treatment and disclosures for all normal transactions of a Local Authority. It is based on International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and International Financial Reporting Interpretations Committee (IFRIC) plus UK Generally Accepted Accounting Practice (GAAP) and Financial Reporting Standards (FRS).

## **Reserves**

Amounts set aside to help manage future risks, to provide working balances or that are earmarked for specific future expenditure priorities.

## **Revaluation Reserve**

The Reserve records the accumulated gains on the non-current assets held by the Authority arising from increases in value as a result of inflation or other factors (to the extent that these gains have not been consumed by subsequent downward movements in value).

## **Revenue Contributions**

The method of financing capital expenditure directly from revenue.

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

Expenditure incurred during the year that may be capitalised under statutory provision but that does not result in the creation of a non-current asset that has been charged as expenditure to the Comprehensive Income and Expenditure Statement.

**Section 75 (S.75) Agreement**

An agreement made between a Local Authority and an NHS body under the powers of the National Health Service Act 2006 which facilitates the pooling of resources to improve the delivery of health and social care. Locally the agreement is between Oldham Council and Oldham CCG / ICP

**Subsidiary**

A subsidiary is an entity, including an unincorporated entity such as a partnership, which is controlled by the Council.

**Treasury Management**

This is the process by which the Authority controls its cash flow and its borrowing and lending activities.

**Treasury Management Strategy (TMS)**

A strategy prepared with regard to legislative and CIPFA requirements setting out the framework for treasury management activity for the Council.

**Trust Funds**

These are funds administered by the Council on behalf of charitable organisations and/or specific organisations.

**TUPE (Transfer of Undertakings (Protection of Employment) Regulations)**

TUPE regulations protect an employee's rights on transfer to a new employer.

**Unsupported (Prudential) Borrowing**

This is borrowing for which no financial support is provided by Central Government. The borrowing costs are to be met from current revenue budgets.

**Unusable Reserves**

In addition to useable reserves, the Council also details unusable reserves within the financial statements. These reserves hold costs that the Council has accrued but not yet financed and they cannot be spent on Council services.