

# Oldham Council

**Draft Statement of Accounts  
2023/24**

	<b>Contents</b>	<b>Page</b>
1.0	Preface and Introduction to the Statement of Accounts	<b>2</b>
1.1	Narrative Report	<b>4</b>
2.0	Statements to the Accounts	<b>24</b>
2.1	Statement of Responsibilities for the Statement of Accounts	<b>24</b>
2.2	Auditors Report	<b>25</b>
3.1	Comprehensive Income and Expenditure Statement (CIES)	<b>27</b>
3.2	Movement in Reserves Statement	<b>28</b>
3.3	Balance Sheet	<b>30</b>
3.4	Cash Flow Statement	<b>31</b>
3.5	Index of Explanatory Notes to the Accounts	<b>32</b>
3.6	Explanatory Notes to the Financial Statements	<b>33</b>
4.1	Housing Revenue Account (HRA)	<b>121</b>
4.2	Collection Fund	<b>125</b>
5.0	Group Accounts	<b>128</b>
6.0	Annual Governance Statement	<b>139</b>
7.0	Glossary of Terms	<b>153</b>

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## 1.0 Preface

### Introduction to the 2023/24 Statement of Accounts by Councillor Abdul Jabbar MBE, Deputy Leader and Cabinet Member for Value for Money and Sustainability (Cabinet Member for Finance and Low Carbon during 2023/24)



#### Councillor Abdul Jabbar MBE

This Statement of Accounts presents to the people of Oldham and other users of the accounts how the Council has performed in the year, the costs of providing its services and the assets which have been developed in the borough. It is also an opportunity to reflect on the previous financial year and the major events that have occurred.

Firstly, I am delighted to welcome our new Director of Finance, Sarah Johnston, to the role and to the Council. The knowledge and experience she brings will greatly benefit the Council and wider community.

Moving onto the Council's performance, I would like to reflect briefly on the directorate outturn for 2023/24 which is a product of the difficult environment in which we operate. For many years I have talked about the demand led pressures around social care and this has only accelerated this year, resulting in an additional contribution from Earmarked Reserves being required of over £16m. These pressures are a common theme across the sector and an increasing number of local authorities are now facing financial difficulties. This year, as in the last few years, the Council has financed much of the increased spending through its reserves but in order to maintain financial stability, this is simply not sustainable. The Council is therefore accelerating its programme to transform the way it delivers services, all the time continuing to meet the needs of the most vulnerable within society.

Work to formulate the 2024/25 budget took place throughout the year and once again hard decisions about budget reductions were required amidst the growing pressures. This task was more difficult than ever this year, given unprecedented demand for children's residential care provision and for temporary accommodation for the homeless.

As part of this introduction to the accounts, I would also like to reflect on the major capital projects that are underway. This year saw Council staff move to the new offices in Spindles, bringing life back to the shopping centre and the wider town centre. In 2023, the Council appointed Muse as its development partner to transform Oldham Town Centre with a view to building over 2000 new homes. The Council was also successful in securing £8.7m of grant funding to procure a Delivery Partner to accelerate the deployment of low carbon infrastructure across the borough. This includes renewable energy, electric vehicle charging

housing retrofit and – subject to the outcome of the extensive feasibility work now under way  
- a pioneering district heat network to provide clean energy to the town centre.

Finally, 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 circumstances.



**Councillor Abdul Jabbar MBE**  
**Deputy Leader and Cabinet Member for Value for Money and Sustainability**

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## 1.1 Narrative Report

### Message from the Director of Finance – Sarah Johnston



I would like to welcome you to my first Statement of Accounts as Director of Finance. Oldham is a diverse and exciting borough and I am particularly delighted to rejoin the Council where I trained and qualified as an accountant.

2023/24 was a challenging year, with the macro-economic pressures inevitably impacting upon all local councils. This year saw an unprecedented rise in demand for housing and social care services in Oldham. However, despite the financial challenges I have been nothing but impressed with the resilience and resourcefulness of Council staff, Oldham residents and businesses.

When setting its budget for 2023/24, the Council approved the use of £11.5m of Earmarked Reserves to support additional expenditure in those services facing increasing levels of demand, in particular Children's Services. Unexpected and unprecedented pressures in Children's, but also other services meant that a further contribution from reserves of £16m was required. This is a concerning situation and the Council's current reliance on reserves to fund annual expenditure must be addressed as a matter of urgency. Further detail is contained within the Narrative Statement and the Annual Governance Statement, both of which form part of the overall Statement of Accounts.

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 including its ability to meet its future obligations; and
- Confidence that the public money with which the Council has been entrusted has been used and accounted for in an appropriate manner.

The draft Accounts were submitted to the External Auditor on 07 June 2024. The deadline for the completion of the audit of the 2023/24 accounts is 30 September 2024 but due to national challenges impacting on the completion of other Local Authority audits, there is a risk that the audit of the 2023/24 Accounts will not be completed in accordance with the deadline. Indeed, the audit of the Council's 2022/23 Accounts was not completed until 28 March 2024 due to sector wide, technical accounting issues over which Oldham Council had

no control. However, I am pleased to note that the 2022/23 Accounts received an unqualified Audit Opinion.

The following Narrative Report 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 2024.

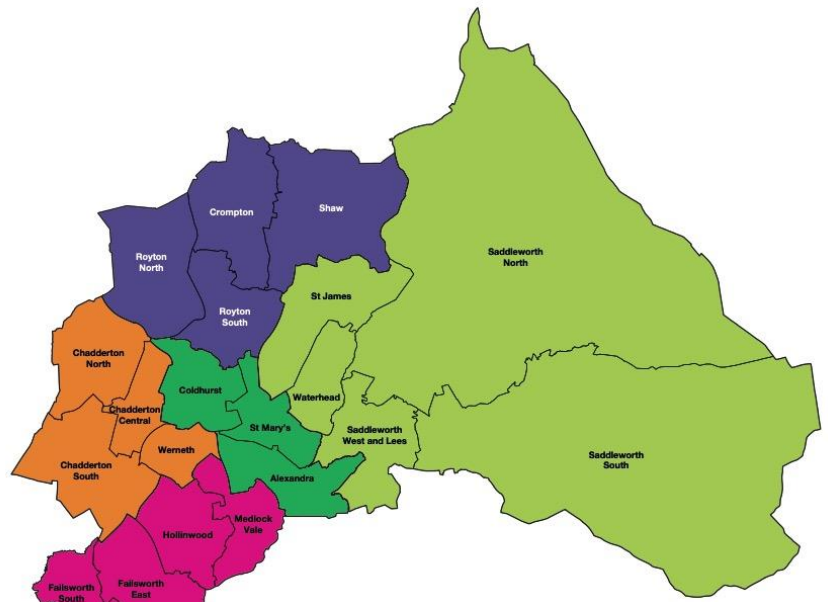
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## Narrative Report

The narrative report aims to provide context for the financial information included in the Statement of Accounts, providing key information on the Council, its main objectives, strategies, and the principal risks it faces. The report provides a commentary on how the Council has used its resources in year and how this aligns with its objectives. The report will focus on those events that have impacted the Council most in the past financial year.

## About Oldham

- Oldham is 1 of 10 Local Authorities in Greater Manchester
- The borough of Oldham is 175 years old
- There are around 3,000 Council employees
- We are the gateway to the Saddleworth Moors and Yorkshire
- Oldham is the home of Colin the Caterpillar
- Oldham Athletic FC were founder members of the English Premier League



### Total population

The population of Oldham is **242,100** (2021 Census).

- **25.0%** aged under 18
- **58.8%** aged 18-64
- **16.2%** aged 65+

The age structure of Oldham is relatively youthful with a high proportion of residents aged under 18 (**25%**). Since 2001, the population across Oldham and England has aged, with more people aged over 65 and fewer under 18s. This change has been influenced by an increase in the average life expectancy. Source: ONS Census 2021

### Population projections 2023-2033

There will be over the next ten years:

- A **3.2%** increase in those aged under 64.
- A **14%** increase in those aged 65-84.
- A **27.8%** increase in those aged over 85.



Given the growth in Oldham's over 85 population over the next ten years there will be significant changes in demand of adult social care and health provision. Source: Oldham Council Strategy & Performance Service Population Projections, 2023



### Life expectancy 2018-2020

#### Life Expectancy

Oldham's life expectancy is significantly lower than the average in England.

- For men it's 77.2 years compared to the national average of 79.4
- For women it's 80.5 years compared to the national average of 83.1

#### Healthy Life Expectancy

Oldham's healthy life expectancy is also significantly lower than the average in England.

- For men it's 56.6 years v national average of 63.1
- For women it's 58.2 years v national average of 63.9

Source: ONS, calculated by OHID

### Deprivation & Inequality

On average, those living in the most deprived areas of Oldham can expect to live shorter lives than those in the least deprived.

Between Alexandra (Most deprived) and Saddleworth South (Least deprived) the difference is:

- **12.7** years for males.
- **12.8** years for females.



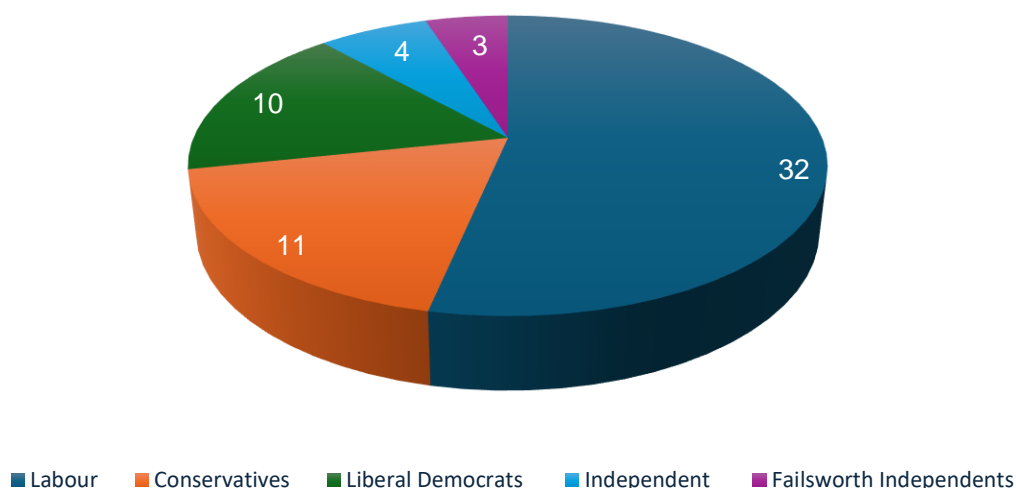
Source: Local Health

## About the Council - Political Structure

The Council is made up of 60 Councillors from the 20 wards across the borough. Following a local election on 4 May 2023, in which all Council seats were contested, the Labour Party retained control of the Council, albeit with a reduced majority. On 24 May 2023 Cllr Arooj Shah was formally appointed as Leader of the Council. The diagramme below details the political composition of the Council following the May 2023 elections.

### Oldham Councillors – 4 May 2023

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From May 2023 to February 2024 the Conservative group was the main opposition. However on 15 February 2024, two Councillors left the Conservative group to serve as independent Councillors, reducing the Conservative group to 9 Members, which meant from this point onwards the Liberal Democrats group became the official opposition.

The Council operates a 'Strong' Leader and Cabinet model and the Leader of the Council has responsibility for the appointment of Members of the Cabinet, the allocation of Portfolios and the delegation of executive functions.

The Cabinet is comprised of a Leader and nine Councillors, exercising responsibility for strategic decision making, implementation of 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.

Cabinet Portfolios are broadly aligned to the Council's key service Directorates, enabling the joint sharing of priorities. There is a strong 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 arrangements were amended and enhanced during the year with four Scrutiny Boards being established to oversee scrutiny of executive decisions. The following boards were established during 2023/24:

- Strategy, Governance and Resources Scrutiny Board



- Adults Social Care & Health Scrutiny Board
- Place, Economic Growth and Environment Scrutiny Board
- Children & Young People Scrutiny Board

Following the Local Election on 2 May 2024, the Council moved to a position of no overall control. Labour remained the largest administration with 27 of the 60 seats. At the Council meeting of 22 May 2024, Cllr Arooj Shah was confirmed as the Leader of the Council, leading a minority administration.

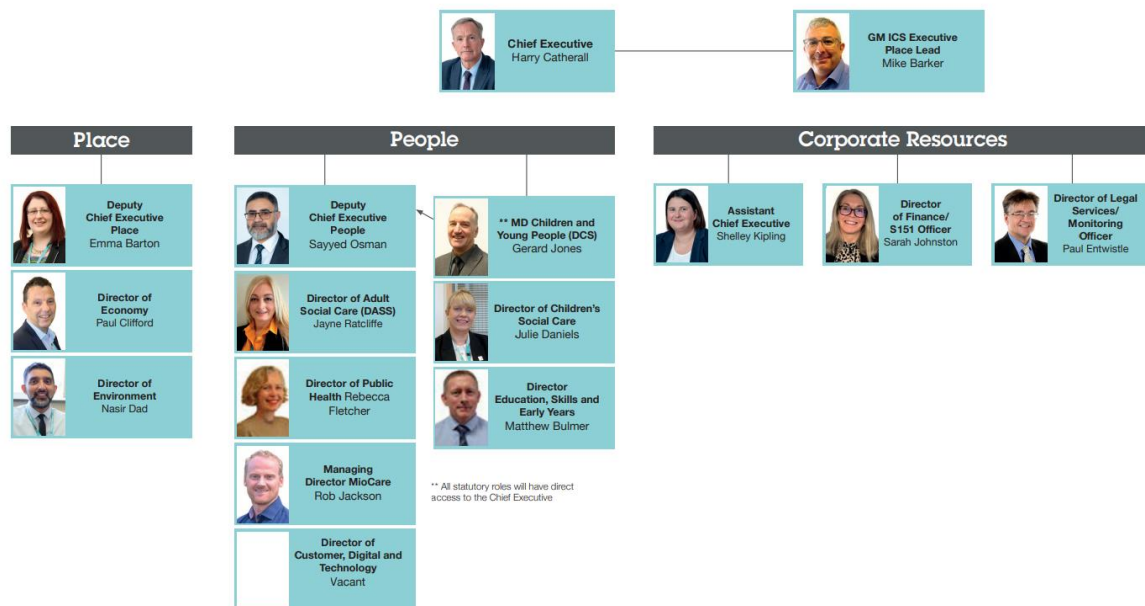
### **About the Council - Senior Management Team**

Supporting the work of Elected Members is the organisational structure of the Council headed by the Chief Executive, Harry Catherall. The Chief Executive leads the management of the Council via a Management Board comprising of all senior officers at Director level and above.

The Chief Executive and the members of Management Board provide managerial leadership of the Council and support Elected Members 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;
- Delivering effective services for the borough's diverse communities; and
- Ensuring that Oldham plays a full part in national, regional and sub-regional activities.

## Director Leadership Team structure during 2023/24



### About the Council - Strategies

#### The Oldham Plan - Our Future Oldham: A shared vision for 2030 / The Corporate Plan

Our Future Oldham: A Shared Vision for 2030 sets the direction for the borough as a whole, based on extensive consultation with residents and partners. It shows what the Council is trying to achieve overall, and specifically the minimum expectations every resident should have by 2030. The Corporate Plan is the Council's contribution. It sets 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

Delivering against these priorities means the Council can help residents and make Oldham the best place it can be. Our experience during the pandemic showed what a difference we can make. It also showed the power and leadership of our residents. A key learning for the future is that by empowering residents to take the lead, amazing things can happen. In addition, the Corporate Plan provides a link between the Greater Manchester priorities and the borough of Oldham.

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.

**GM Priority:**

- A Greener Greater Manchester

**Our Future Oldham Aim:**

- A clean, green and healthy environment

**Corporate Plan Priority:**

- A clean and green future

**GM Priority:**

- A Fairer Greater Manchester

**Our Future Oldham Aims:**

- A clean, green and healthy environment;
- Diverse opportunities to get together, with regular activities to boost physical and mental health and community spirit;
- A home that is affordable, well maintained, and appropriate

**Corporate Plan Priorities:**

- Healthy, safe and well supported residents;
- Quality homes for everyone

**GM Priority:**

- A More Prosperous Greater Manchester

**Our Future Oldham Aims:**

- The opportunity to get a decent job that pays well and offers security and flexibility;
- A local area that meets people's needs and makes them proud;
- Quick, cheap and easy transport to every part of the city region;
- A well-rounded, enriching, life-long education

**Corporate Plan Priorities:**

- Better jobs and dynamic businesses;
- A great start and skills for life



## Revenue Budget Monitoring

The Council's operations are divided into directorates. Each directorate has an approved budget which is revised throughout the year as additional funding is made available to the Council. Monitoring of actual expenditure against the revised budget takes place frequently, with monitoring reports progressing to Cabinet each quarter. The final outturn position for 2023/24, which is considered in more detail over the following pages, is taken to Cabinet for consideration.

## Directorates

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## Revenue Outturn

For the financial year 2023/24, the Council approved a net revenue budget of £287.051m at its meeting on 1 March 2023. During the year, a number of amendments were approved to the budget to reflect additional grant receipts such that by the year end the approved net revenue budget was £298.906m.

Since the start of the financial year, the Council has seen significant pressure on the Revenue Budget. At Quarter 1, the forecast revenue outturn for 2023/24 was an adverse variance of £12.104m after the application of £7.385m of reserves. This forecast adverse variance was at this point driven by pressures being reported in three directorates; Community Health and Adult Social Care (£0.518m), Place and Economic Growth (£3.553m) and more significantly, Children's Services (£10.886m) which were regarded as an early indication of a potential overspend at year end.

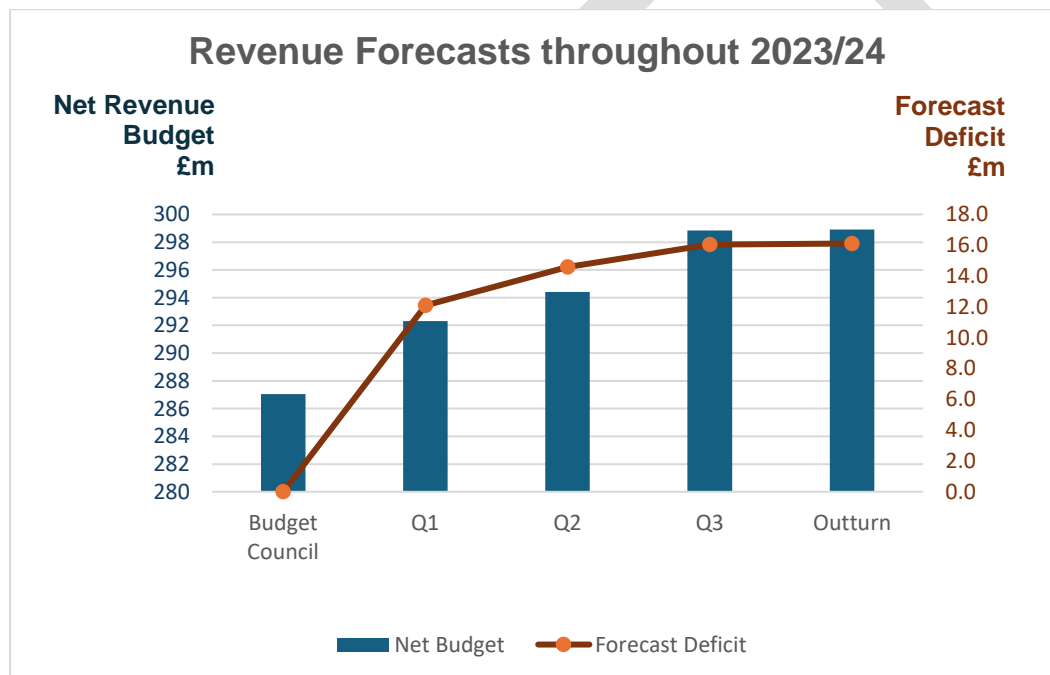
The adverse forecast outturn position increased further at Quarter 2 with the projected deficit increasing by £2.454m to £14.588m after allowing for approved and pending transfers to and from reserves. Identified pressures and projected overspends continued to centre around the

same three Directorates: Community Health and Adult Social Care (£0.558m), Place and Economic Growth (£4.797m) and Children’s Services (£12.593m). These overspends were offset by favourable variances in Public Health, Communities, Corporate Services and Corporate Accounting.

The final formal reporting period of the year at Quarter 3 saw a further worsening of the outturn position with the projected adverse variance increasing by £2.054m to £16.642m. The increase in the projected overspend arose due to increased pressures in Community Health and Adult Social Care (£0.864m), Place and Economic Growth (£5.442m) and Children’s Services (£14.240m).

Outturn spend against the approved net revenue budget was £313.038m, an overall adverse variance against budget of £16.114m. To balance the budget and to prevent an impact on the Council’s General Fund, an unbudgeted contribution from Earmarked Reserves of £16.114m was made to fund the overspend.

The graph below, highlights the budget movement during the year together with the forecast adverse position throughout 2023/24.

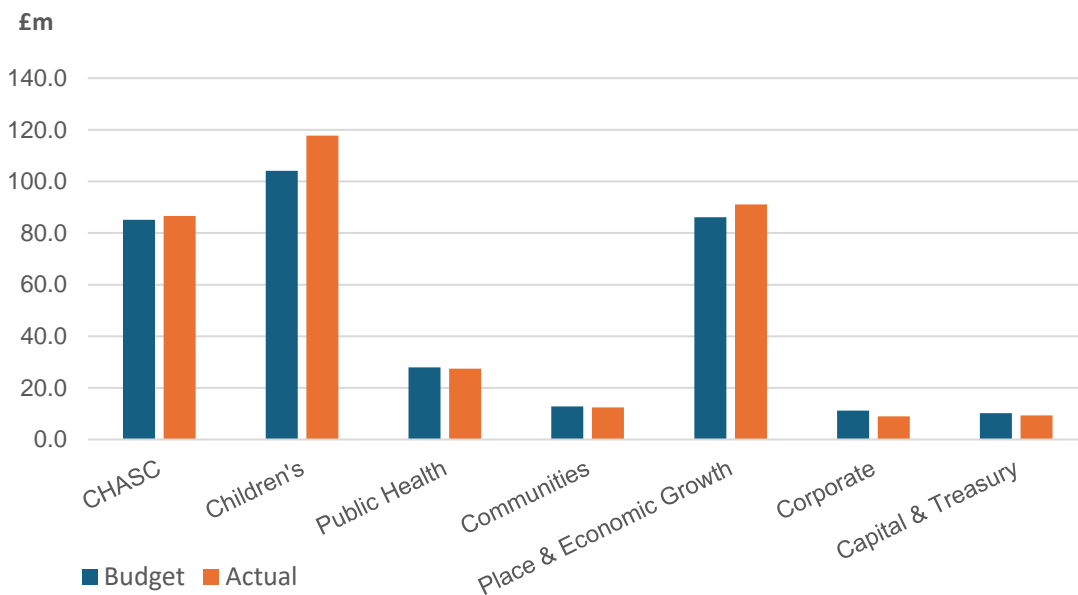


The Council’s 2023/24 outturn position is shown in the following table.

Revenue Outturn 2023/24	Budget £000	Actual £000	Variance £000
<b>Net revenue expenditure</b>			
Community Health and Adult Social Care	81,764	83,189	1,424
Children's Services	72,322	86,018	13,695
Public Health	24,346	23,940	(406)
Communities	9,337	8,941	(396)
Place & Economic Growth	68,057	73,055	4,998
Corporate Services	32,636	30,411	(2,225)
Capital, Treasury and Technical Accounting	10,444	7,485	(2,960)
<b>Net Directorate Expenditure</b>	<b>298,906</b>	<b>313,038</b>	<b>14,132</b>
<b>Financed by:</b>			
Locally Generated Income	(163,006)	(163,005)	1
Government Grants	(119,120)	(117,675)	1,445
Capital Grants	(1,073)	(1,073)	-
Transfer to Earmarked Reserves - Business Rates Retention Pilot Gain	1,209	1,209	-
Use of Earmarked Reserves - General	(12,786)	(12,243)	543
Technical Adjustment - Collection Fund	(4,130)	(4,137)	(7)
<b>Total Financing</b>	<b>(298,906)</b>	<b>(296,924)</b>	<b>1,982</b>
<b>Current Net Overspend</b>	<b>-</b>	<b>16,114</b>	<b>16,114</b>
Use of General Earmarked Reserves	-	(16,114)	(16,114)
		-	(0)

## Analysis of Directorate Revenue Outturn

The following chart shows the individual directorate outturns which have contributed to the overall deficit.



The following major movements occurred across the directorates:

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

The CHASC outturn position was a £1.424m overspend; an increase of £0.561m compared to £0.863m reported at Quarter 3. The overspend arose primarily due to increased costs in care packages.

### *Childrens' Services*

Children's Services outturn position was an overspend of £13.695m. Much of the overspend (£12.849m) relates to pressures within the Children's Social Care and Preventative Services budget which funds social care placements, including high-cost external residential packages. The overspend is partially offset by increased Continuing Health Care funding, income receivable from the Home Office for Unaccompanied Asylum Seekers and foster carer payments. In addition, pressures in the Children's with Disabilities Service, assistance to families, and use of agency staff in the Fieldwork and Family Support created further overspends however these were in part offset by vacant posts across Business Support and Preventative Services.

### *Place & Economic Growth*

The Place & Economic Growth directorate overspent by £4.998m. Much of the pressures on the directorate budget arose from two main areas: firstly an increased demand for temporary accommodation leading to an overspend of £2.317m against the available budget. Secondly, a £2.565m overspend against the Estates and Property Management budget arose as a result of increased repairs and maintenance to the Council's asset base, increased expenditure on rates and the non-achievement of planned savings in respect of the Creating a Better Place Programme. Increased expenditure on day to day operations in Highways led to a £0.479m overspend in this area.

Overspends in the areas highlighted above were offset by underspends in Corporate Services, Public Health and Communities and Leisure, driven primarily through due to staff vacancies.

Transfers from Earmarked Reserves have been used to mitigate the impact of the overspend on the General Fund resulting in a nil change to the overall General Fund balance. As outlined elsewhere in this report, the use of Earmarked Reserves to combat overspends is a short-term measure and cannot be used indefinitely.

## **Capital Spending**

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During 2023/24, capital monitoring reports were prepared monthly from month 3 through to month 9. Quarterly reporting of the capital programme to Cabinet was completed alongside revenue monitoring. These reports highlighted and sought approval for the reprofiling of the programme. The capital expenditure incurred during the year compared to the final month 9 forecast is shown in the table below.

Portfolio	2023/24 Original Budget £000	2023/24 Forecast M9 £000	2023/24 Actual £000	Variance To M9 £000
Community Health & Adult Social Care	3,023	5,302	6,946	(1,644)
Children's Services	10,258	4,282	4,440	158
Communities	400	186	70	(116)
Place and Economic Growth	83,936	61,607	63,995	2,388
Housing Revenue Account	1,000	764	64	(700)
Corporate/Information Technology	5,958	4,726	3,096	(1,630)
Capital, Treasury & Technical Accounting	4,238	2,600	2,600	-
Funding for Emerging Priorities	1,492	-	-	-
<b>Total Expenditure</b>	<b>110,305</b>	<b>79,466</b>	<b>81,211</b>	<b>(1,744)</b>

The Summer review of the programme resulted in a reduction in forecast expenditure from £110.305m to £79.466m and reflected a re-phasing of projects that had not progressed as much as originally forecast in March 2023. As highlighted above, the Council spent £81.211m against the revised Capital Programme in 2023/24, resulting in a variance of £1.744m compared to the revised position reported at month 9. The variance was mostly due to an acceleration of capital spend over the latter part of the year.

The table below details the financing of the 2023/24 capital expenditure.

Financing	2023/24 Original Budget £000	2023/24 M9 Forecast £000	2023/24 Actual £000	Variance To M9 £000
Government Grants & Contributions	(40,549)	(29,069)	(40,448)	(11,379)
Capital Receipts	(61,186)	(41,477)	(32,621)	8,856
Revenue Contributions	(1,000)	(1,079)	(1,606)	(527)
Prudential Borrowing	(7,569)	(7,841)	(6,536)	1,305
<b>Total Financing</b>	<b>(110,305)</b>	<b>(79,466)</b>	<b>(81,211)</b>	<b>(1,745)</b>

### Medium Term Financial Strategy (MTFS)

The Council presented its budget for 2024/25, together with its forward estimates to Council for approval on 28 February 2024. Whilst presenting a balanced budget for 2024/25, the MTFS highlighted the major challenges facing the Council which included:

- The continued pressure on Children's Services due to demand for and the costs associated with placements.
- Adults Social Care demand and demographic pressures.
- Escalating numbers of individuals and families presenting as homeless and requiring accommodation, a trend that is exacerbated by a chronic lack of housing supply.



The pressures facing the Council reflect nationwide issues affecting the Local Government sector as a whole. There is no indication that these trends will curtail in the future meaning the Council must continue to make difficult decisions to maintain financial resilience and continue to provide effective services in the future. Ambitious savings and transformation plans have been implemented across the Council to address these pressures, however as detailed in the table below, significant budget gaps remain to be addressed over the forthcoming years.

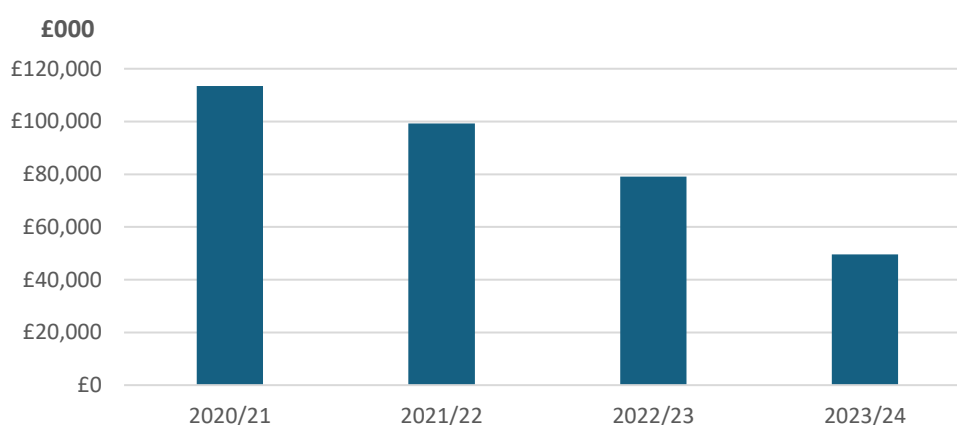
## Budget Reduction Requirement

	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000
Total expenditure	322,244	328,069	323,628	328,555	339,772
Total funding	(289,064)	(301,591)	(307,020)	(318,412)	(329,509)
Other adjustments	(33,180)	(15,172)	(4,734)	(3,598)	(2,600)
<b>Net gap/budget reduction requirement</b>	<b>-</b>	<b>11,305</b>	<b>11,874</b>	<b>6,546</b>	<b>7,663</b>

The gap shown above incorporates the delivery of £19.8m agreed savings targets in 2024/25 and a further £11.1m agreed savings targets for 2025/26. Even if all these savings are achieved, the remaining budget gap presents a significant challenge to the Council to be addressed during future budget setting processes.

In previous years, the Council has utilised its Earmarked Reserves to meet shortfalls in funding. The following graph shows the Earmarked Reserves balances since 2020/21. There has been a general downward trend in balances since that time and an overall decrease of 56.35%.

## Earmarked Reserves balances



The continued use of reserves and one-off measures has had the impact of deferring the changes required to balance the revenue budget by on-going sustainable means. The implementation of the Council's transformation programme over the MTFS period seeks to address this challenge. However, the expected benefits of the transformation programme will be phased over several financial years and whilst the programme will contribute to the delivery of significant savings which will assist in reducing the gap, in its current form, the programme will not generate sufficient savings to bridge the overall gap.

Plans to address this in 2024/25 include:

- The establishment of a Delivery Board, chaired by the Leader to monitor the delivery of approved saving targets and ensure they are a primary focus of directors;
- The implementation of detailed service reviews to identify additional cost reduction proposals that can be approved during 2024/25 for delivery in future financial years; and
- Additional controls (introduced in January 2024) in respect of authorising expenditure and new recruitment.

Ongoing financial resilience will depend on the Council eliminating its reliance on the use of reserves to balance its budgets. In order to scrutinise the level of reserves held by the Council, the policy on Earmarked Reserves was considered by the Audit Committee on 27 June 2023 and it is proposed to action a review undertaken by the Governance, Strategy & Resources Scrutiny Board during 2024/25.

### Capital Strategy

The Capital Strategy for the 5-year period from 2024/25 to 2028/29 was approved by Cabinet and subsequently Full Council alongside the MTFs on 28 February 2024.

The Capital Strategy was influenced by the principles which shaped the overarching budget process for the Council and is driven by the ethos of a Co-operative Council. The areas of expenditure and sources of funding are summarised below:

<b>Proposed Capital Spending</b>	<b>2024/25 £000</b>	<b>2025/26 £000</b>	<b>2026/27 £000</b>	<b>2027/28 £000</b>	<b>2028/29 £000</b>
Community Health and Adult Social Care	4,443	1,000			
Children's Services	4,724	5,058	3,188	2,000	
Communities	100	173			
Place and Economic Growth	83,226	68,621	26,601	17,859	1,000
Housing Revenue Account (HRA)	628	95			
Corporate/ Information Technology (IT)	2,919	2,809	2,039	3,661	1,000
Capital, Treasury & Technical Accounting	2,600	-	125	10,120	
Funding for Emerging Priorities	1,043	3,318	2,885	2,000	
<b>Total Expenditure</b>	<b>99,683</b>	<b>81,076</b>	<b>34,838</b>	<b>35,640</b>	<b>2,000</b>
<b>Funding</b>	<b>2024/25 £000</b>	<b>2025/26 £000</b>	<b>2026/27 £000</b>	<b>2027/28 £000</b>	<b>2028/29 £000</b>
Ringfenced Grants	(33,506)	(24,273)	(1,387)		
Un-ringfenced Grants	(10,145)	(4,360)	(5,107)	(4,054)	
Other Contributions	(183)				
Capital Receipts	(5,581)	(702)	(493)	(92)	
Prudential Borrowing	(49,638)	(51,646)	(27,851)	(31,494)	(2,000)
Revenue (HRA & GF)	(630)	(95)			
<b>Total Funding</b>	<b>(99,683)</b>	<b>(81,076)</b>	<b>(34,838)</b>	<b>(35,640)</b>	<b>(2,000)</b>

(subject to rounding – tolerance +/- £1k)

Potential projects are appraised so that capital investment is directed to make a real and demonstrable impact on the economy of Oldham by:

- a) Regenerating the borough; building on the established investment programme by attracting and securing significant amounts of external investment to supplement Council resources and deliver an enhanced borough-wide regeneration offer.
- b) Prioritising regeneration schemes to develop the local economy through for example:
  - Taking forward the vision for Oldham town centre, facilitated by the acquisition and redevelopment of the Spindles and Town Square Shopping Centres;
  - Implementing key strands of the Housing Strategy to improve the housing offer;
  - Improving connectivity across the borough; and
  - Supporting job creation and the Get Oldham Working initiative which are key to the economic and social recovery of the borough as it addresses the legacy from the COVID-19 pandemic and the challenges facing the economy arising from national and international developments.

The table above shows that some £160m (63%) of the approved capital programme would be funded by prudential borrowing. This may reduce over time as the Council continues to review potential funding opportunities and apply for grant funding where appropriate. The overall borrowing requirement will be kept under review in light of the Council's forecast revenue position and any contractually uncommitted projects reliant on borrowing may be deferred or cancelled accordingly.

A more detailed list is provided as part of the Capital Strategy report and can be found on the Council's website.

### **LGA Corporate Peer Challenge**

During 2023/24 the Local Government Association (LGA), conducted a peer challenge of Oldham Council. Peer challenges are delivered by experienced Elected Members and officers from a range of Councils across the Country and the LGA itself. The review considered the following five themes which are critical to the Councils' performance.

1. Local priorities and outcomes
2. Organisational and place leadership
3. Governance and Culture
4. Financial planning and management
5. Capacity for improvement

In addition to these areas, the Council asked the peer team to provide feedback on the Council's approach to 'Resident Focus'.

The Peer Challenge provided valuable feedback to the Council and the full report was taken to Cabinet on 22 January 2024. This included nine key recommendations made by the peer team, including, agreeing to deliver a budget for 2024/25 and 2025/26 that deals with the budget deficit without relying on the continued use of reserves.

In respect of Financial Planning and Management, the Peer Challenge noted positively that:

- The whole organisation is aware of the financial challenges ahead and the need to address them.

- The Leader, Cabinet and Chief Executive recognise the need to agree and deliver a budget for 2024/25 onwards that no longer relies on the continuing use of reserves.
- Revenue and Capital budget monitoring reported to Cabinet regularly.
- The Council has managed to turn around the Dedicated Schools Grant (DSG) deficit position and is beginning to build a £3m reserve – a significant achievement.

Further areas recommended for the Council to consider included:

- The need for ownership of the financial challenge across the organisation;
- The budget development timetable to be brought forward in future years;
- To develop a clearer line of sight between the expected deliverables of the transformation programme and the budget;
- Look to accelerate the plans to reduce children’s placement costs; and
- Explore ways in which the new Adult Social Care model could be accelerated.

The Council is in the process of implementing these recommendations during the course of 2024/25.

## Non-Financial Achievements linked to the Corporate Plan

### Healthy, Safe and Well Supported Residents

During the year, Chadderton Total Care Limited went into administration, risking the closure of a prominent care home in Chadderton.

This meant over 100 residents, many with complex needs requiring specialist nursing care faced potential relocation, probably outside the borough away from families. The Council considered that this would have a highly negative impact on the wellbeing and health of the residents as well as resulting in a loss of some 200 jobs and further decrease residential care provision within Oldham. Therefore, in July 2023, Cabinet confirmed that the Council should step in to protect both staff and residents through the purchase of the business and assets of Chadderton Total Care Limited. Oldham Total Care Limited – wholly owned by the Council – now operates and manages the home.

### Better Jobs and Dynamic Businesses

Oldham Council has become a member of the Greater Manchester Good Employment Charter, marking a recognised commitment to providing good working practices for staff.

The Charter is a voluntary membership and assessment scheme which aims to raise employment standards across Greater Manchester. By becoming a member, Oldham Council has made a pledge to provide all employees with a positive and supportive working environment.

To achieve membership, the Council demonstrated seven characteristics of Good Employment. These included providing staff with secure work, paying the Real Living Wage, and offering wellbeing support.

The Charter’s commitment to improvement aligns with Oldham Council’s own ongoing dedication to equality, diversity and inclusion in its recruitment and staff retention programme.

The year saw major progress in the various projects that are transforming the Town centre, as well as bringing in significant investment, creating new jobs and apprenticeships.

Earlier in the year, the steel frame for the new market hall in Parliament Square was completed. Members of the Tommyfield Traders' Association visited the site to sign their names on one of the steel beams and see the work taking place on Oldham's brand-new market.

Opposite the new market will be the revamped Egyptian Room, with a street-food court hall. On 24 July 2023 Cabinet members approved plans for an exciting new public space within Oldham's Cultural Quarter - meaning a new open area for arts and events is now set to be developed. The space will be able to hold an outdoor stage and will also be adaptable to suit activities such as outdoor arts classes, theatre performances and more.

As part of the work, improvements will also be made to Southgate, Ashworth, and Greaves Street to include planting, new trees, seating areas, external lighting, and improved paving.

### **Quality Homes for Everyone**

Phase 2 of the Spindles redevelopment is now complete, meaning Council staff commenced moving into the Spindles in January 2024. This is a significant step in securing the continued viability of Oldham Town centre and once the move is complete in 2025, this will free up the Civic Centre site for redevelopment, as part of the new partnership with Muse, to build 2,000 homes in the town centre. The Spindles redevelopment will also include a new events space, new archives, and brand-new offices for Oldham Council staff as well as a co-working space for small businesses and entrepreneurs.

### **A Great Start and Skills for Life**

The Council has been awarded £3.5m of funding to develop family hubs across the borough, joining up and enhancing services delivered through transformed family hubs across the borough, ensuring all parents and carers can access the support they need when they need it.

A brand-new space for families officially opened on Thursday 20 July 2023, providing a one-stop shop for health services and support for parents and children of all ages. The Beaver Family Hub in Saint Mary's brings maternity, health visitors, speech and language support, early learning opportunities, community support groups, and activities under one roof. There is also support for children and young people with special educational needs or disabilities (SEND) up to age 25.

### **A Clean and Green Future**

During the year the Council invested over £14m in its highway infrastructure with a continued emphasis on enabling sustainable travel. This ensures the transport network continues to be fit for purpose will ensure people can get around easier to access work, training, or leisure opportunities, whether they are walking, using public transport, cycling, or driving.

In December 2023, the Council secured £8.7m of grant funding to procure a Delivery Partner to accelerate the deployment of low carbon infrastructure across the borough. This includes renewable energy, electric vehicle charging housing retrofit and – subject to the outcome of the extensive feasibility work now under way - a pioneering district heat network to provide clean energy to the town centre.

## 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. 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.

They encompass:

- 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 mean that the Council cannot set a legal budget;
- The impact of changes in the delivery of Health and Care Services in Oldham creates uncertainty and disrupts integration plans;
- The internal control environment on Adult Social Care systems;
- Cyber and information risks;
- The key regeneration projects planned for the future as detailed in the CaBP programme; and
- Workforce resilience.

The Annual Governance Statement outlines the arrangements through which the Council manages risks. It identifies the future risks challenges the Council faces and actions requires to mitigate those risks to a reasonable level. Significant issues identified include:

- The need to control expenditure and reduce the reliance on reserves;
- The impact of new Public Procurement Regulations;
- Challenges associates with delivering the Creating a Better Place Programme;
- The impact of the financial pressures facing Manchester NHS in the light of provision of health and care services through Integrated care Partnerships;
- Partnership governance including the impact of establishing Oldham Total Care Limited during the year; and
- The increasing challenges associated with maintaining cyber security and protection of data.

## Main Changes to the Statements and Significant Transactions

The Council has followed the guidance in the CIPFA Code of Practice on Local Authority Accounting 2023/24 and subsequent bulletin for the closure of the 2023/24 Financial Statements. 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.

## 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 7. 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 2023/24 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 Directorate 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 "usable", 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 the 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 Sarah Johnston 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.



**Sarah Johnston CPFA**  
Director of Finance, Section 151 Officer



## 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

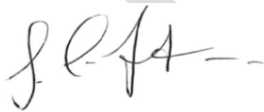
The Director of Finance is responsible for the preparation of Oldham Council's Statement of Accounts in accordance with proper practices as set out in the Chartered Institute of Public Finance and Accountancy 2023/24 Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

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 2024 and its income and expenditure for the year then ended.



**Sarah Johnston, BA (Hons), MSC, CPFA**

Director of Finance, Section 151 Officer.

Dated: 7 June 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 XX XXXX XXXXX.

Chair of Audit Committee

Dated:

## 2.2 Auditors Report

To be provided by the Council's External Auditors, Forvis Mazars LLP, on completion of the 2023/24 audit process.

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# Financial Statements and Explanatory Notes

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

Gross Expenditure £000	2022/23 Gross Income £000	Net Expenditure £000		Note	Gross Expenditure £000	2023/24 Gross Income £000	Net Expenditure £000
26,710	(11,678)	15,032	Corporate Services		22,326	(13,369)	8,957
10,416	(1,375)	9,041	Communities		13,890	(1,806)	12,084
317,428	(219,188)	98,240	Children's Services		341,703	(233,561)	108,142
136,326	(53,729)	82,597	Community Health and Adult Social Care		146,789	(59,003)	87,786
40,952	(44,038)	(3,086)	Capital, Treasury and Technical Accounting		50,915	(48,764)	2,151
6,851	-	6,851	Corporate and Democratic Core		7,642	-	7,642
89,001	(37,005)	51,996	Place and Economic Growth		97,651	(37,042)	60,609
33,039	(5,182)	27,857	Public Health		31,567	(4,889)	26,678
18,559	(29,108)	(10,549)	Housing Revenue Account		21,021	(29,151)	(8,130)
<b>679,282</b>	<b>(401,303)</b>	<b>277,979</b>	<b>Cost of Services</b>		<b>733,504</b>	<b>(427,585)</b>	<b>305,919</b>
			Other Operating Expenditure				
		314	Parish Council precepts				329
		185	Payments to Housing capital receipts to government pool				444
		33,289	Levies	12			34,292
		(2,094)	(Gains)/losses on the disposal of non-current assets				(951)
		<b>31,694</b>	<b>Total Other Operating Expenditure</b>				<b>34,114</b>
		24,898	Financing and Investment Income and Expenditure	3			17,695
		(303,784)	Taxation and Non-Specific Grant Income	4			(321,604)
		<b>30,787</b>	<b>(Surplus) or Deficit on Provision of Services</b>				<b>36,124</b>
		(73,528)	Other Comprehensive Income and Expenditure				
			Revaluation (gains)/losses non-current assets	16a			(78,990)
		106	Impairment losses on non-current assets	16a			130
		(9,404)	(Surplus) or deficit on Financial Assets measured at Fair Value through Other Comprehensive Income				(25,027)
		(509,383)	Remeasurement of net defined benefit liability	31			(172,039)
		102,092	Asset Ceiling Adjustment	31			284,978
		<b>(490,117)</b>	<b>Total Other Comprehensive Income and Expenditure</b>				<b>9,052</b>
		<b>(459,330)</b>	<b>Total Comprehensive Income and Expenditure</b>				<b>45,176</b>

### 3.2 Movement in Reserves Statement

2023/24	Note	Usable Reserves								Unusable Reserves	Total Reserves
		General Fund Balance	Earmarked General Fund Reserves	Total General Fund Balance	Housing Revenue Account	Usable Capital Receipts	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserve		
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Balance at 1 April Brought Forward</b>		(18,865)	(99,193)	(118,058)	(22,585)	-	(1,004)	(22,298)	(163,945)	(572,860)	(736,805)
<b>Movement in reserves during 2023/24</b>				-					-		-
Total Comprehensive Income and Expenditure		35,005	-	35,005	1,119	-	-	-	36,124	9,052	45,176
Adjustments between accounting basis and funding basis under regulations	14	(8,352)	-	(8,352)	360	-	(218)	(6,008)	(14,218)	14,218	-
<b>Net (increase)/decrease before transfers to Earmarked Reserves</b>		26,653	-	26,653	1,479	-	(218)	(6,008)	21,906	23,270	45,176
Transfers to/from Earmarked Reserves	15	(26,653)	26,653	-	-	-	-	-	-	-	-
<b>(Increase)/Decrease in Year</b>		-	26,653	26,653	1,479	-	(218)	(6,008)	21,906	23,270	45,176
<b>Balance at 31 March carried forward</b>		(18,865)	(72,540)	(91,405)	(21,106)	-	(1,222)	(28,306)	(142,039)	(549,590)	(691,629)

*Restated 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	£000		
<b>Balance at 1 April Brought Forward</b>		(20,012)	(120,191)	(140,203)	(21,721)	-	(884)	(15,947)	(178,755)	(98,720)	(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>(99,193)</b>	<b>(118,058)</b>	<b>(22,585)</b>	<b>-</b>	<b>(1,004)</b>	<b>(22,298)</b>	<b>(163,945)</b>	<b>(572,860)</b>	<b>(736,805)</b>	

\*The 2022/23 Earmarked Reserves and Unusable reserve opening balances have been amended to reflect the correct treatment for the 2021/22 DSG underspend.

### 3.3 Balance Sheet

Restated 31 March 2023 £000		Note	31 March 2024 £000
710,436	Property, Plant & Equipment	17	791,202
165,298	Infrastructure Assets	18	169,298
21,141	Heritage Assets	19	21,141
20,791	Investment Property	20	19,624
5,350	Intangible Assets		6,033
48,246	Long Term Investments	22	72,725
40,044	Long Term Debtors	23	42,754
70,217	Pension Asset	31	-
<b>1,081,523</b>	<b>Long Term Assets</b>		<b>1,122,777</b>
20,390	Short Term Investments	22	10,273
678	Inventories		642
58,966	Short Term Debtors	23	61,557
30,094	Cash & Cash Equivalents	24	7,652
610	Assets Held For Sale (less than 1 year)		610
<b>110,738</b>	<b>Current Assets</b>		<b>80,734</b>
(1,690)	Short Term Borrowing	22	(21,820)
(74,037)	Short Term Creditors	25	(83,265)
(5,918)	Short Term Provisions	26	(5,302)
	Short Term Liabilities		
(10,716)	- Private Finance Initiatives	22,29	(11,406)
(262)	- Finance Leases	22	(302)
(6)	- Transferred Debt	22	(6)
<b>(92,629)</b>	<b>Current Liabilities</b>		<b>(122,101)</b>
(6,864)	Long Term Provisions	26	(7,134)
(161,494)	Long Term Borrowing	22	(161,484)
	Other Long Term Liabilities		
-	- Pension Liabilities	31	(38,380)
(193,110)	- Private Finance Initiatives	22,29	(181,704)
(213)	- Finance Leases	22	(445)
(33)	- Transferred Debt	22	(27)
(17)	- Deferred Credits		(17)
(1,097)	Capital Grants Receipts In Advance		(590)
<b>(362,828)</b>	<b>Long Term Liabilities</b>		<b>(389,781)</b>
<b>736,804</b>	<b>Net Assets</b>		<b>691,629</b>
(163,944)	Usable Reserves	MiRS	(142,039)
(572,860)	Unusable Reserves	MiRS,16	(549,590)
<b>(736,804)</b>	<b>Total Reserves</b>		<b>(691,629)</b>

These draft financial statements were authorised for issue by the Director of Finance on 07 June 2024.

### 3.4 Cash Flow Statement

	Notes	2022/23 £000	2023/24 £000
Net deficit on the provision of services		(30,787)	(36,124)
Adjustment to surplus or deficit on the provision of services for non-cash movements	32	59,824	57,869
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	32	(46,603)	(46,826)
<b>Net cash flows from operating activities</b>		<b>(17,566)</b>	<b>(25,081)</b>
Net Cash flows from Investing Activities	33	5,226	(6,702)
Net Cash flows from Financing Activities	34	(15,420)	9,341
<b>Net increase or (decrease) in cash and cash equivalents</b>		<b>(27,760)</b>	<b>(22,442)</b>
Cash and cash equivalents at the beginning of the reporting period		57,854	30,094
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>30,094</b>	<b>7,652</b>



### 3.5 Index of Explanatory Notes to the Accounts

Note No.	Note	Page
1	Expenditure and Funding Analysis	33
2	Expenditure and Income Analysed by Nature	40
3	Financing and Investment Income and Expenditure	40
4	Taxation and Non Specific Grant Income	41
5	Grant Income credited to Services	41
6	Dedicated Schools Grant (DSG)	42
7	Material items of Income and Expenditure	44
8	Members' Allowances	44
9	Officers' Remuneration	45
10	External Audit Costs	48
11	Pooled Budget	48
12	Related Parties	50
13	Leases	53
14	Adjustments between Accounting Basis and Funding Basis under Regulations	53
15	Earmarked Reserves	56
16	Unusable Reserves	58
17	Property, Plant and Equipment	64
18	Highways Infrastructure Assets	67
19	Heritage Assets	68
20	Investment Properties	69
21	Capital Expenditure and Capital Financing	70
22	Financial Instruments (including risks)	71
23	Debtors	84
24	Cash and Cash Equivalents	84
25	Creditors	84
26	Provisions	85
27	Contingent Assets	85
28	Contingent Liabilities	86
29	Public Finance Initiatives and Similar Contracts	86
30	Pension Schemes Accounted for as Defined Contribution Schemes	93
31	Defined Benefit Contribution Pension Schemes	93
32	Cash Flow Statement – Operating Activities	99
33	Cash Flow Statement – Investing Activities	99
34	Cash Flow Statement – Financing Activities	100
35	Accounting Policies	100
36	Accounting Standards Issued, Not Adopted	117
37	Critical Judgements in Applying Accounting Policies	117
38	Assumptions made about the Future and other Sources of Estimation Uncertainty	120
39	Events after the Reporting Period	120
H1	Housing Revenue Account Housing Stock Numbers and Valuations	123
H2	Housing Revenue Account Depreciation and Impairment of Assets	123
C1	Collection Fund - General	126
C2	Collection Fund - Council Tax	126
C3	Collection Fund - Business Rates	127

## 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 2023/24 (the Code) and the Accounting Policies set out in Note 35. The Notes that follow (1 to 39) 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 2023/24 (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 Directorates. Income and expenditure accounted for under GAAP is presented more fully in the Comprehensive Income and Expenditure Statement.

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## 1a. Expenditure and Funding Analysis

2023/24					
Directorate	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
	£000	£000	£000	£000	£000
Corporate Services	8,498	(2,601)	5,897	3,059	8,956
Communities	11,541	(3,495)	8,046	4,039	12,085
Children's Services	119,524	(30,670)	88,854	19,288	108,142
Community Health and Adult Social Care	86,362	(2,314)	84,048	3,738	87,786
Capital, Treasury and Technical Accounting	(38,159)	86,718	48,559	(46,407)	2,152
Corporate and Democratic Core	7,642	-	7,642	-	7,642
Place and Economic Growth	97,953	(58,426)	39,527	21,081	60,608
Public Health	28,243	(1,830)	26,413	265	26,678
Housing Revenue Account	-	(7,770)	(7,770)	(360)	(8,130)
<b>Net cost of services</b>	<b>321,604</b>	<b>(20,388)</b>	<b>301,216</b>	<b>4,703</b>	<b>305,919</b>
Other income and expenditure	(321,604)	48,519	(273,085)	3,289	(269,796)
<b>Surplus or Deficit</b>	<b>-</b>	<b>28,131</b>	<b>28,131</b>	<b>7,992</b>	<b>36,123</b>

The table below shows the comparative information for 2022/23.

2022/23	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
Directorate	£000	£000	£000	£000	£000
Corporate Services	12,429	(3,782)	8,647	6,385	15,032
Communities	10,113	(3,748)	6,365	2,676	9,041
Children's Services	105,417	(33,067)	72,350	25,890	98,240
Community Health and Adult Social Care	79,398	(1,068)	78,330	4,267	82,597
Capital, Treasury and Technical Accounting	(26,335)	62,369	36,034	(39,120)	(3,086)
Corporate and Democratic Core	6,851	0	6,851	0	6,851
Place and Economic Growth	89,346	(56,198)	33,148	18,848	51,996
Public Health	27,713	(1,163)	26,550	1,307	27,857
Housing Revenue Account	(0)	(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 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.

<b>Movement in General Fund and HRA Balance</b>	<b>Restated 2022/23 £000</b>	<b>2023/24 £000</b>
Opening General Fund and HRA Balance as at 1 April	(161,923)	(140,642)
Add (Surplus)/Deficit on General Fund and HRA Balance in Year	21,281	28,132
<b>Closing General Fund and HRA Balance as at 31 March</b>	<b>(140,642)</b>	<b>(112,510)</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 Comprehensive Income and Expenditure Statement. The relevant transfers between reserves are explained in the Movement in Reserves Statement.

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement	Movement in Reserves	Other adjustments	Total to arrive at amount charged to the general fund & HRA	Adjustments between Accounting Basis and Funding Basis 2023/24			
				Adjustment for capital purposes £000 (Note 1)	Net change for pension adjustment £000 (Note 2)	Other Differences £000 (Note 3)	Total Adjustments £000
Corporate Services	(30)	(2,571)	(2,601)	3,489	(430)	-	3,059
Communities	1,012	(4,507)	(3,495)	4,150	(67)	(44)	4,039
Children's Services	(3,862)	(26,807)	(30,670)	24,131	(644)	(4,199)	19,288
Community Health and Adult Social Care	2,453	(4,767)	(2,314)	3,929	(190)	-	3,738
Capital, Treasury and Technical Accounting	25,986	60,732	86,718	1,736	(2,365)	(45,778)	(46,407)
Corporate and Democratic Core	-	-	-	-	-	-	-
Place and Economic Growth	1,064	(59,490)	(58,426)	23,188	(580)	(1,527)	21,081
Public Health	30	(1,860)	(1,830)	1,129	(65)	(799)	265
Housing Revenue Account	1,478	(9,248)	(7,770)	5,597	-	(5,957)	(360)
<b>Net cost of services</b>	<b>28,131</b>	<b>(48,519)</b>	<b>(20,388)</b>	<b>67,349</b>	<b>(4,342)</b>	<b>(58,304)</b>	<b>4,703</b>
Other income and expenditure from the Expenditure and Funding Analysis	-	48,519	48,519	-	-	3,289	3,289
<b>Difference between General Fund surplus/deficit and Comprehensive Income and Expenditure Statement surplus/deficit</b>	<b>28,131</b>	<b>-</b>	<b>28,131</b>	<b>67,349</b>	<b>(4,342)</b>	<b>(55,015)</b>	<b>7,992</b>

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
Corporate Services	496	(4,278)	(3,782)	3,342	3,043	-	6,385
Communities	(485)	(3,263)	(3,748)	2,462	335	(121)	2,676
Children's Services	(1,521)	(31,546)	(33,067)	24,017	4,426	(2,552)	25,891
Community Health and Adult Social Care	3,200	(4,268)	(1,068)	2,972	1,296	-	4,268
Capital, Treasury and Technical Accounting	15,013	47,356	62,369	323	10,062	(49,505)	(39,120)
Corporate and Democratic Core	-	-	-	-	-	-	-
Place and Economic Growth	2,549	(58,747)	(56,198)	16,673	4,024	(1,849)	18,848
Public Health	1,744	(2,907)	(1,163)	1,499	544	(737)	1,306
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>23,730</b>	<b>(71,079)</b>	<b>9,509</b>

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

For resource management purposes, the Council includes depreciation in its reporting at Directorate 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 Directorate. 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

	2022/23 £000	2023/24 £000
<b>Expenditure</b>		
Employee Benefit Expenses	248,843	244,611
Other services expenses	382,915	439,613
Asset revaluations, depreciation, amortisation and impairment	44,429	55,573
Interest Payments	34,547	21,727
Precepts and levies	33,603	34,621
Payments to the housing capital receipts pool	185	444
(Gain)/Loss on the disposal of assets	(2,094)	(7,540)
Loss on transfer to academy status	-	6,588
Movement on Pooled Investments	2,743	542
<b>Total expenditure</b>	<b>745,171</b>	<b>796,179</b>
<b>Income</b>		
Fees, charges and other service income	(94,530)	(101,298)
Interest and investment income	(6,734)	(8,022)
Income from Council Tax and Business Rates	(158,949)	(164,364)
Government grants and contributions	(421,013)	(452,969)
Other revenue receipts	(33,158)	(33,402)
<b>Total income</b>	<b>(714,384)</b>	<b>(760,055)</b>
<b>(Surplus)/Deficit on the Provision of Services</b>	<b>30,787</b>	<b>36,124</b>

## 3. Financing and Investment Income and Expenditure

	2022/23 £000	2023/24 £000
Interest payable and similar charges	26,154	25,085
Net interest on the net defined benefit liability	8,392	(3,358)
Interest receivable and similar income	(5,260)	(7,180)
Income and expenditure in relation to investment properties and changes in their fair value	(2,556)	(945)
Other investment income	(1,474)	(842)
Expected Credit Loss	(3,101)	4,393
Fair Value movement on Pooled Investment Funds	2,743	542
<b>Total</b>	<b>24,898</b>	<b>17,695</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 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:

	2022/23 £000	2023/24 £000
Council Tax Income - General Purposes	(90,423)	(94,675)
Council Tax Income - Adult Social Care Precept	(12,549)	(14,874)
Retained Business Rates	(55,977)	(54,814)
Business Rates Top Up Grant	(42,922)	(45,974)
Grants in Lieu of Business Rates	(19,348)	(25,162)
Other Capital Grants and Contributions	(38,762)	(39,566)
Private Finance Initiative (PFI) Grant	(7,621)	(7,126)
Improved Better Care Fund Grant	(11,188)	(11,188)
Social Care Support Grant	(12,132)	(21,454)
Independent Living Fund Grant	(2,580)	-
Housing and Council Tax Benefit Administration Grants	(1,185)	(810)
New Homes Bonus Grant	(562)	(252)
Lower Tier Services Support Grant	(437)	-
Services Grant	(4,467)	(2,620)
Homes for Ukraine Grant	(1,018)	-
Family Hubs and Start for Life Programme Grant	(845)	(1,444)
Other Non-Ringfenced Government Grants	(1,768)	(1,645)
<b>Total</b>	<b>(303,784)</b>	<b>(321,604)</b>

#### 5. Grant Income Credited to Services

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

	2022/23 £000	2023/24 £000
<b>Government Grants</b>		
Dedicated Schools Grant (DSG)	(168,686)	(176,286)
Housing Benefit Subsidy - Rent Allowances	(35,633)	(36,707)
Housing Benefit Subsidy - Rent Rebates	(5,341)	(5,738)
Private Finance Initiative (PFI) Credit	(24,447)	(24,942)
Household Support Fund	(4,839)	(4,679)
Pupil Premium	(9,635)	(9,893)
Discretionary Housing Payments	(427)	(429)
Education and Skills Funding Agency (ESFA) - Adult and Community Learning Income	(2,722)	(3,050)
Holiday Activities and Food Grant	(1,435)	(1,340)
Other Government Grants	(20,081)	(28,302)
Other Grants	(2,929)	(4,362)
<b>Total</b>	<b>(276,177)</b>	<b>(295,728)</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 2024. 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 2023/24 are as follows:

		2023/24		
		Central Expenditure	Individual Schools Budget	Total
Note		£000	£000	£000
A	Final DSG for 2023/24 before academy and high needs recoupment			322,019
B	Academy and high needs figure recouped for 2023/24			(145,733)
C	Total DSG after academy and high needs recoupment for 2023/24			<b>176,286</b>
D	Plus: Brought forward from 2022/23			<b>3,713</b>
E	Less: Carry-forward to 2024/25 agreed in advance			(616)
F	Agreed initial budgeted distribution in 2023/24	61,138	118,245	<b>179,383</b>
G	In year adjustments	(101)	38	(63)
H	<b>Final budget distribution for 2023/24</b>	<b>61,037</b>	<b>118,283</b>	<b>179,320</b>
I	Less: Actual central expenditure	(55,460)	-	(55,460)
J	Less: Actual ISB deployed to schools		(117,960)	(117,960)
K	Plus: Local authority contribution for 2023/24	-	-	-
L	<b>In Year Carry-forward to 2024/25</b>	<b>5,577</b>	<b>323</b>	<b>5,900</b>
M	Plus: Carry-forward to 2024/25 agreed in advance			616
N	Carry-forward to 2024/25			6,516
O	DSG unusable reserve at the end of 2022/23			(2,814)
P	Addition to DSG unusable reserve at the end of 2023/24			-
Q	Total of DSG unusable reserve at the end of 2023/24			(2,814)
R	<b>Net DSG position at the end of 2023/24</b>			<b>3,702</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 2024 pupil numbers.
- B Figure recouped from the Authority in 2023/24 by the Department for Education (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 2023/24, as published March 2024.
- D Balance brought forward (where in surplus) from 2022/23.

- E The amount which the Authority decided after consultation with the School's Forum to carry forward to 2023/24 rather than distribute in 2023/24 (£0.616m).
- 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 2022/23.
- H Budgeted distribution of DSG as at the end of the financial year.
- I Actual amount of central expenditure items in 2023/24.
- J Amount of ISB distributed to schools in 2023/24.
- K Any Local Authority contribution for 2023/24 - there was no contribution from Oldham Council in 2023/24.
- L In year carry-forward to 2024/25.
- M Carry-forward to 2024/25 already agreed (£0.616m).
- N Carry-forward to 2024/25 (before any unusable reserve brought forward).
- O DSG unusable reserve at the end of 2022/23.
- P Addition to DSG unusable reserve at the end of 2022/23- there is no addition for Oldham at the end of 2023/24.
- Q Total of DSG unusable reserve at the end of 2023/24.
- R Net DSG position at the end of 2023/24.

At the end of 2023/24 the DSG surplus has increased to £3.702m an increase of £2.803m compared to the 2022/23 surplus of £0.899m.

### 2022/23 Restated DSG position

		Restated 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			41
E	Less: Carry-forward to 2023/24 agreed in advance			(439)
F	Agreed initial budgeted distribution in 2022/23	51,736	116,552	<b>168,288</b>
G	In year adjustments	23	79	102
H	<b>Final budget distribution for 2022/23</b>	<b>51,759</b>	<b>116,631</b>	<b>168,390</b>
I	Less: Actual central expenditure	(48,436)	-	(48,436)
J	Less: Actual ISB deployed to schools	-	(116,680)	(116,680)
K	Plus: Local authority contribution for 2022/23	-	-	-
L	<b>In Year Carry-forward to 2023/24</b>	<b>3,323</b>	<b>(49)</b>	<b>3,274</b>
M	Plus: Carry-forward to 2023/24 agreed in advance			439
N	Carry-forward to 2023/24			3,713
O	DSG unusable reserve at the end of 2021/22			(2,814)
P	Addition to DSG unusable reserve at the end of 2022/23			-
Q	Total of DSG unusable reserve at the end of 2022/23			(2,814)
R	<b>Net DSG position at the end of 2022/23</b>			<b>899</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 Comprehensive Income and Expenditure Statement. For the purposes of this note the Council considers material items to be those greater than £6.000m.

Blackshaw Lane School was derecognised on the Council's balance sheet as it transferred to Academy Status in 2023/24. The value of the disposal is £6.355m.

## 8. Members' Allowances

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

	2022/23 £000	2023/24 £000
Allowances	1,166	1,143
Expenses	-	1
<b>Total</b>	<b>1,166</b>	<b>1,144</b>

## 9. Officers' Remuneration

The remuneration of senior employees is detailed below.

	2022/23				2023/24				Note
	Salary, Fees and Allowances	Compensation for Loss Office of	Pension Contribution	Total	Salary, Fees and Allowances	Compensation for Loss Office of	Pension Contribution	Total	
	£000	£000	£000	£000	£000	£000	£000	£000	
H Catherall, Chief Executive Oldham Council, Head of Paid Service	164	-	-	<b>164</b>	156	-	-	<b>156</b>	<b>A</b>
Deputy Chief Executive: People Services	139	-	29	<b>168</b>	144	-	27	<b>171</b>	<b>B</b>
Deputy Chief Executive – Place		-			70	-	13	<b>83</b>	
Executive Director: Place and Economic Growth	124	-	25	<b>149</b>	65	-	12	<b>77</b>	<b>C</b>
Assistant Chief Executive	98	-	20	<b>118</b>	102	-	19	<b>121</b>	
Managing Director Children and Young People (Director of Children's Services)	132	-	27	<b>159</b>	137	-	26	<b>163</b>	<b>D</b>
Managing Director Community Health and Adults Social Care Services (Director of Adult Social Services)	29	-	6	<b>35</b>	-	-	-	-	<b>E</b>
Director of Adult Social Care Services (Director of Adult Social Services)	84	-	17	<b>101</b>	116	-	22	<b>138</b>	
Director of Education, Skills and Early Years (Chief Education Officer)	98	-	20	<b>118</b>	27	-	5	<b>32</b>	<b>F</b>
Director of Education, Skills and Lifelong Learning		-			76	-	14	<b>90</b>	<b>G</b>
Director of Finance and Chief Financial Officer (Section 151 Officer)	105	-	8	<b>113</b>	110	-	18	<b>128</b>	
Director of Legal Services and Monitoring Officer	105	-	22	<b>127</b>	108	-	21	<b>129</b>	<b>H</b>
Director of Public Health	98	-	20	<b>118</b>	25	-	5	<b>30</b>	<b>I</b>
(Interim) Director of Public Health	-	-	-	-	80	-	15	<b>95</b>	<b>J</b>

Senior Officers served for the whole of 2022/23 and 2023/24 unless stated below:

- A The Chief Executive and Head of Paid Services: reduced hours from 1 January 2024.
- B The Deputy Chief Executive Place: a loss of office payment of £97k was agreed during 2023/24, however, the actual leaving date was in 2024/25, 30 April 2024.
- C The Executive Director Place and Economic Growth was appointed Deputy Chief Executive Place on 1 October 2023.
- D The Managing Director Children and Young People (Director of Children's Services): a loss of office payment of £23k was agreed in 2023/24, however, the actual leaving date will be in 2024/25.
- E The Managing Director Community Health and Adults Social Care Services (Director of Adult Social Services) was disestablished during 2022/23 and replaced with the post of Director of Adult Social Care Services (Director of Adults Social Services).
- F The Director of Education, Skills and Early Years (Chief Education Officer): left the Council on 2 July 2023.
- G The Director of Education, Skills and Lifelong Learning: was appointed 1 June 2023.
- H The Director of Legal and Monitoring Officer: a loss of office payment of £236k was agreed during 2023/24, however, the actual leaving date will be in 2024/25.
- I The Director of Public Health: left the Council on 30 June 2023.
- J The Interim Director of Public Health: was appointed 19 June 2023 and permanently appointed to the Director of Public Health on 22 February 2024.

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:

	2022/23 Number of Employees Including Severance or Other Related Payments	2023/24 Number of Employees Including Severance or Other Related Payments
£50,000 - £55,000	149	178
£55,001 - £60,000	87	121
£60,001 - £65,000	46	42
£65,001 - £70,000	25	42
£70,001 - £75,000	20	29
£75,001 - £80,000	18	13
£80,001 - £85,000	16	18
£85,001 - £90,000	6	13
£90,001 - £95,000	4	8
£95,001 - £100,000	3	-
£100,001 - £105,000	3	3
£105,001 - £110,000	-	4
£110,001 - £115,000	2	1
£115,001 - £120,000	-	-
£120,001 - £125,000	1	2
<b>Total</b>	<b>380</b>	<b>474</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)	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24
	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	2	16	18	29	20	197,365	128,427
£20,001 - £40,000	3	-	6	1	9	1	249,890	28,382
£40,001 - £60,000	-	-	2	3	2	3	100,446	133,153
£60,001 - £80,000	-	-	-	1	-	1	-	70,867
£80,001 - £100,000	-	-	-	-	-	-	-	-
£100,001 - £150,000	-	-	-	-	-	-	-	-
<b>Total</b>	<b>16</b>	<b>2</b>	<b>24</b>	<b>23</b>	<b>40</b>	<b>25</b>	<b>547,701</b>	<b>360,829</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 2022/23 and 2023/24 was Forvis Mazars LLP.

	Restated 2022/23 £000	2023/24 £000
Fees payable to Forvis Mazars LLP with regard to external audit services carried out by the appointed auditor for the year.	163	360

The 2022/23 amount has been restated due to additional fee awards in relation to the 2022/23 audit and is reflected in the table above.

## 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 which describes the strategic ambition for Oldham's Health and Care system and how the partners will address the challenges presented for Health and Social Care transformation; initially covering the period 2016/17 to 2020/21, an initial extension to 2023/24 has again been refreshed and extended for 2024/25 and beyond. 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.

In July 2022 the Health and Social Care Act was enacted with the subsequent dissolution of CCG's to Integrated Care Boards (ICB). The responsibility for all NHS contracts, independent sector Acute contracts, and Primary Care delegated commissioning for Oldham CCG were transferred to NHS Greater Manchester ICB. At the same time, at a locality level, the Oldham Integrated Care Partnership (ICP) was 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 the Locality Plan. During 2023/24, governance and oversight of health and social care integration services and developments within Oldham remained through the Commissioning Partnership Board.

During 2023 the Government announced a call for evidence on Section 75 agreements to support further use of pooled budgets. The areas for consultation included widening the range

of services in scope of the Section 75 (including public health) and widening the scope of organisations (voluntary third sector) that can enter arrangements under the Section 75 agreement. The NHS Greater Manchester Integrated Care Board (GM ICB) have also been undertaking a review of the Section 75 agreement with the aim to standardise across its ten localities with the draft template being released in February 2024. As a consequence, the approved Section 75 Agreement for 2022/23 was carried forward into 2023/24 and the Commissioning Partnership Board in February 2024 approved the 2023/24 (schedule 8) Oldham Pooled Budget contributions for 2023/24. The Agreement incorporates the following:

- Better Care Fund (including the Disabled Facilities Grant);
- Improved Better Care Fund;
- Health and Social Care Integration Transformation Fund; and
- Funding in relation to services commissioned by Oldham Council and services commissioned by Oldham CCG/NHS Greater Manchester.

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 £248.449m and Oldham NHS Integrated Care Board - Oldham Locality spent £97.874m; a total pooled fund of £346.323m. 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 through the CCG stopped part way through 2022/23 with the inception of the Oldham Locality Integrated Care Board, whose contribution for 2023/24 is for the full 12 months compared to 9 months in the previous financial year. The Council's contribution to the Agreement has increased following significant investment in those areas of the Council's budget and expenditure that are within the scope of the Section 75 Agreement linked to the wider determinants of health.

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.

Section 75 incorporating Better Care Fund & Improved Better Care Fund	2022/23 £000	2023/24 £000
<b>Funding provided to the pooled funds:</b>		
Council	(188,991)	(221,257)
Oldham CCG	(98,049)	
NHS GM Integrated Care Board – Oldham Locality	(86,003)	(125,066)
	<b>(373,043)</b>	<b>(346,323)</b>
<b>Expenditure met from the pooled funds:</b>		
Council	215,886	248,449
Oldham CCG	91,654	
NHS GM Integrated Care Board – Oldham Locality	65,502	97,874
	<b>373,043</b>	<b>346,323</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 2023/24 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 2023/24 financial year.

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

The Council has a pooled fund (Section 75) arrangement. The agreement encompasses a range of Council services as follows, for further details see Note 11 Pooled Budget.

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 2023 £000	31 March 2024 £000
Greater Manchester Combined Authority - Waste Disposal	17,121	17,477
Greater Manchester Combined Authority - Transport (Levy and Statutory Charge)	16,057	16,700
Environment Agency	111	115
<b>Total</b>	<b>33,289</b>	<b>34,292</b>

GMCA approved its Waste Disposal levy for 2023/24 on 10 February 2023 at a value of £17.650m. Adjustments for usage in 2022/23 resulted in a credit of £0.065m being received in

2022/23 and usage in 2023/24 was also £0.107m lower than expected. This produced a net credit of £0.173m resulting in a final annual levy of £17.477m.

GMCA also approved its 2023/24 Transport Levy payable by the Greater Manchester Districts on 10 February 2023 at a value of £9.467m.

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 2023/24 was agreed at £7.233m.

In total therefore, the sum payable to GMCA for Transport Services in 2023/24 was £16.700m.

In February 2023 the Environment Agency provided the Council with a confirmed levy charge for the 2023/24 financial year at a value of £0.115m.

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.

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Related Party Transactions	Details of Arrangement	2022/23			2023/24		
		Receipts	Payments	Outstanding Balances /	Receipts	Payments	Outstanding Balances /
		£000	£000	Commitments £000	£000	£000	Commitments £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)).	(1,159)	17,076	(251)	(953)	19,172	225
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.	(2,046)	2,385	202	12	67	1
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.	-	89	-	-	72	-
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.	-	-	(107)	-	-	-
Oldham Total Care	Oldham Total Care, formerly Chadderton Total Care, is a company wholly owned by Oldham Council that provides 24-hour residential care services to adults in the borough of Oldham. The company was incorporated on 11 July 2023 following the failure of the previous independent provider.	-	-	-	(7)	1,288	3,842
<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.	-	-	-	-	-	-
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	(153)	2,197	2
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.	-	-	-	(663)	-	-
<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.	(17)	2,437	-	(18)	2,888	2
<b>Total</b>		<b>(3,359)</b>	<b>23,623</b>	<b>(4)</b>	<b>(1,782)</b>	<b>25,684</b>	<b>4,072</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:

	2022/23 £000	2023/24 £000
No later than 1 year	3,489	3,899
Later than 1 year and not later than 5 years	11,413	11,436
Later than 5 years	171,824	127,630
<b>Total</b>	<b>186,725</b>	<b>142,965</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.

	2022/23						2023/24					
	Usable Reserves					Movements in Unusable Reserves	Usable Reserves					Movements in Unusable Reserves
	General Fund Balance £000	Housing Revenue Account (HRA) £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000		General Fund Balance £000	Housing Revenue Account (HRA) £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £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	(34,180)	(5,714)	-	-	-	39,894	(39,479)	(5,937)	-	-	-	45,416
Charges for impairment of non-current assets	(1,091)	-	-	-	-	1,091	(3,780)	-	-	-	-	3,780
Revaluation losses on Property, Plant and Equipment	(1,499)	(215)	-	-	-	1,714	(4,734)	(6)	-	-	-	4,740
Movements in the fair value of Investment Properties	869	-	-	-	-	(869)	(820)	-	(225)	-	-	1,045
Amortisation of intangible assets	(1,729)	-	-	-	-	1,729	(1,637)	-	-	-	-	1,637
Capital grants and contributions applied	25,340	-	-	-	-	(25,340)	25,301	-	-	-	-	(25,301)
Revenue expenditure funded from capital under statute	(12,597)	-	-	-	-	12,597	(10,413)	(508)	-	-	-	10,921
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	(7,106)	(12)	-	-	-	7,118	618	(114)	-	-	-	(504)
Amounts written off on disposal of Academy Schools to the Comprehensive Income and Expenditure Statement	-	-	-	-	-	-	(6,588)	-	-	-	-	6,588
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>												
Statutory provision for the financing of capital investment	15,680	4,606	-	-	-	(20,286)	11,418	5,420	-	-	-	(16,838)
Voluntary provision for the financing of capital investment	-	-	-	-	-	-	1,000	-	-	-	-	(1,000)
Capital expenditure charged against the General Fund and HRA balances	27	210	-	-	-	(237)	69	320	-	-	-	(389)
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>												
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	13,422	-	-	-	-	(13,422)	14,265	-	-	-	(14,265)	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-	7,071	(7,071)	-	-	-	-	8,257	(8,257)
<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	8,978	371	(9,348)	-	-	-	6,067	968	(7,035)	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	9,271	-	-	(9,271)	-	-	6,817	-	-	(6,817)
Contributions to the Capital Receipts Pool	(185)	-	185	-	-	-	(444)	-	444	-	-	-
Repayment of Long Term Loans	-	-	(108)	-	-	108	-	-	-	-	-	-

	2022/23						2023/24					
	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	-	(5,594)	-	5,594	-	-	(5,720)	-	5,720	-	-	-
Credit MRR with a sum equal to HRA Depreciation	-	5,714	-	(5,714)	-	-	5,937	-	(5,937)	-	-	-
<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.	(2,743)	-	-	-	-	2,743	(542)	-	-	-	-	542
<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)	(52,921)	-	-	-	-	52,921	(18,680)	-	-	-	-	18,680
Employer's pension contributions and direct payments to pensioners payable in the year	29,189	-	-	-	-	(29,189)	23,022	-	-	-	-	(23,022)
<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	12,369	-	-	-	-	(12,369)	(2,779)	-	-	-	-	2,779
<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	(991)	-	-	-	-	991	(510)	-	-	-	-	510
<b>Adjustments primarily involving the Dedicated Schools Grant Adjustment Account</b>												
Transfer of Dedicated Schools Grant (DSG) overspend to the DSG Adjustment Account	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Adjustments</b>	<b>(8,872)</b>	<b>(634)</b>	<b>-</b>	<b>(120)</b>	<b>(6,351)</b>	<b>15,978</b>	<b>(8,352)</b>	<b>360</b>	<b>-</b>	<b>(217)</b>	<b>(6,008)</b>	<b>14,218</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 2022/23 and 2023/24. All Earmarked Reserves are managed in accordance with the Council's reserves policy.

	Restated Balance as at 31 March 2022 £000	Transfers Out 2022/23 £000	Transfers In 2022/23 £000	Restated Balance as at 31 March 2023 £000	Transfers Out 2023/24 £000	Transfers In 2023/24 £000	Balance as at 31 March 2024 £000
Integrated Working Reserve	(18,383)	6,032	(600)	(12,951)	3,991	(471)	(9,431)
Transformation Reserve	(6,396)	2,643	(1,500)	(5,253)	42	-	(5,211)
Adverse Weather Reserve	(1,000)	-	-	(1,000)	-	-	(1,000)
Regeneration Reserve	(2,168)	1,061	(1,000)	(2,107)	1,272	-	(835)
Emergency and External Events Reserve	(2,000)	-	-	(2,000)	-	-	(2,000)
Council Initiatives Reserve	(2,944)	1,653	(700)	(1,991)	268	-	(1,723)
Fiscal Mitigation Reserve	(20,820)	61,397	(68,648)	(28,071)	24,427	(6,592)	(10,236)
Life Cycle Costs Reserve	(1,643)	125	-	(1,518)	218	-	(1,300)
Insurance Reserve	(10,020)	6,880	-	(3,140)	735	-	(2,405)
Directorate Reserve	(2,674)	1,983	(3,145)	(3,836)	2,714	(1,653)	(2,775)
Balancing Budget Reserve	(30,618)	20,686	(6,786)	(16,718)	12,786	(8,253)	(12,185)
District Partnership Reserve	(561)	207	(191)	(545)	-	-	(545)
<b>Total Revenue Account Earmarked Reserves</b>	<b>(99,228)</b>	<b>102,667</b>	<b>(82,570)</b>	<b>(79,130)</b>	<b>46,453</b>	<b>(16,969)</b>	<b>(49,646)</b>
<b>Other Earmarked Reserves</b>							
Revenue Grants Reserve	(10,731)	5,545	(2,783)	(7,968)	2,454	(2,285)	(7,800)
Schools Reserve	(10,192)	10,195	(8,384)	(8,381)	8,381	(8,578)	(8,578)
Dedicated Schools Grant Surplus Reserve	(41)	-	(3,672)	(3,714)	-	(2,803)	(6,516)
<b>Total Other Earmarked Reserves</b>	<b>(20,963)</b>	<b>15,740</b>	<b>(14,839)</b>	<b>(20,063)</b>	<b>10,835</b>	<b>(13,666)</b>	<b>(22,894)</b>
<b>Total Earmarked Reserves</b>	<b>(120,191)</b>	<b>118,407</b>	<b>(97,409)</b>	<b>(99,193)</b>	<b>57,288</b>	<b>(30,635)</b>	<b>(72,540)</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 2024/25 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 2024/25 budget approved by Council on 28 February 2024 and the reserves required to balance the indicative 2025/26 budget (also approved on the 28 February 2024).

**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

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

	Note	Restated 31 March 2023 £000	31 March 2024 £000
Revaluation Reserve	16a	(390,514)	(442,438)
Financial Instruments Revaluation Reserve	16b	(15,885)	(40,369)
Capital Adjustment Account	16c	(108,132)	(120,046)
Financial Instruments Adjustment Account	16d	7,638	7,343
Deferred Capital Receipts	16e	(523)	(523)
Pensions Reserve	16f	(70,217)	38,380
Collection Fund Adjustment Account	16g	(3,747)	(968)
DSG Adjustment Account	16h	2,814	2,814
Accumulated Absences	16i	5,706	6,216
<b>Total Unusable Reserves</b>		<b>(572,860)</b>	<b>(549,590)</b>

### (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.

	2022/23 £000	2023/24 £000
<b>Balance at 1 April</b>	<b>(338,165)</b>	<b>(390,515)</b>
Upward revaluation of assets	(81,118)	(78,990)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	7,695	130
Difference between fair value depreciation and historic cost depreciation	17,743	22,288
Accumulated gains on non-current assets sold or decommissioned (excluding Academies)	3,330	801
Accumulated gains on Academy assets sold or decommissioned	-	3,848
<b>Balance at 31 March</b>	<b>(390,515)</b>	<b>(442,438)</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.

	2022/23 £000	2023/24 £000
Balance at 1 April	(9,224)	(15,885)
Transfer from AFS		
Revaluation of Shareholding in Manchester Airport	(992)	(26,300)
Reversal of Pooled Investment Funds	1,639	(1,104)
	647	(27,404)
Other movements	(8,412)	1,274
Financial Instruments held under Fair Value through Profit & Loss subject to DLUHC Statutory override*	1,104	1,646
<b>Balance at 31 March</b>	<b>(15,885)</b>	<b>(40,369)</b>

\* The Department of Levelling Up, Housing and Communities 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. The override has been extended 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.

	2022/23 £000	2023/24 £000
Balance at 1 April	(88,234)	(108,131)
<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	39,894	45,416
Charges for impairment of non-current assets	1,091	3,780
Revaluation (gains)/losses on Property, Plant and Equipment	1,714	4,740
Amortisation of intangible assets	1,729	1,637
Revenue expenditure funded from capital under statute	12,597	10,921
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)	7,110	(504)
Amounts written off on disposal or sale as part of the gain/loss on disposal of Academies to the Comprehensive Income and Expenditure Statement	8	2,740
Adjusting amounts written out of the Revaluation Reserve	(21,074)	(23,088)
Repayment of Long Term Debtors	108	-
<b>Capital financing applied in the year:</b>		
Use of the Capital Receipts reserve to finance new capital expenditure	(9,271)	(6,817)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(25,340)	(25,301)
Application of grants to capital financing from the Capital Grants Unapplied Account	(7,071)	(8,257)
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(20,286)	(16,838)
Voluntary MRP	-	(1,000)
Capital expenditure charged against the General Fund and HRA balances	(237)	(389)
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(869)	1,045
<b>Balance at 31 March</b>	<b>(108,131)</b>	<b>(120,046)</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.

	2022/23 £000	2023/24 £000
<b>Balance as 1 April</b>	7,933	7,638
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>7,638</b>	<b>7,343</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 2022/23 and 2023/24.

### (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 2023/24, 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 2023/24.

	2022/23 £000	2023/24 £000
Balance at 1 April	313,342	(70,217)
Remeasurement of net defined benefit liability	(509,383)	(172,039)
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	52,921	18,680
Employer's pension contributions and direct payments to pensioners payable in the year	(29,189)	(23,022)
Asset Ceiling Adjustment	102,092	284,978
<b>Balance at 31 March</b>	<b>(70,217)</b>	<b>38,380</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.

	2022/23 £000	2023/24 £000
<b>Balance as 1 April</b>	8,622	(3,747)
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	(12,369)	2,779
<b>Balance at 31 March</b>	<b>(3,747)</b>	<b>(968)</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 statutory override came into effect from 29 November 2020.

The instrument amended 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 requirement being that 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', thereby separating schools budget deficits from the Councils' General Fund. The accounting treatment introduced by this regulation was initially for a period of three financial years and was applicable to the financial reporting periods 2020/21, 2021/22 and 2022/23 to provide time for Government and Councils to look at budgetary and financial management strategies to reduce the deficit.

The provision was due to expire at the end of March 2023, however the local government finance policy statement 2023/24 to 2024/25, Published on 12 December 2022, confirmed that the override for the Dedicated Schools Grant will be extended for the next three years from 2023/24 to 2025/26.

	Restated 2022/23 £000	2023/24 £000
<b>Balance as 1 April</b>	2,814	2,814
In year DSG overspend	-	-
<b>Balance at 31 March</b>	<b>2,814</b>	<b>2,814</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.

	2022/23 £000	2023/24 £000
<b>Balance as 1 April</b>	4,715	5,706
Accumulated Absence adjustment	991	510
<b>Balance at 31 March</b>	<b>5,706</b>	<b>6,216</b>



## 17. Property, Plant and Equipment

### Movements on Balances

2023/24	Property, Plant and Equipment (PPE)						
	Council Dwellings £000	Other Land and and Buildings £000	Vehicles, Plant and Equipment £000	Community Assets £000	Surplus Assets £000	PPE Under Construction £000	Total PPE £000
<b>Cost or Valuation</b>							
<b>At 1 April 2023</b>	84,585	622,315	43,842	3,260	5,582	3,608	763,193
Additions	64	49,984	3,346	15	341	-	53,750
Revaluation Increases/(decreases) to Revaluation Reserve	2,858	44,787	-	-	(255)	-	47,390
Revaluation Increases/(decreases) to Surplus/Deficit on the Provision of Services	(1)	(4,616)	-	(45)	(316)	-	(4,978)
Derecognition-Disposals	(220)	(5,335)	-	-	(1,029)	-	(6,584)
Other Reclassifications	-	(145)	-	-	267	-	122
<b>At 31 March 2024</b>	<b>87,286</b>	<b>706,990</b>	<b>47,188</b>	<b>3,230</b>	<b>4,590</b>	<b>3,608</b>	<b>852,893</b>
<b>Accumulated Depreciation and Impairment</b>							
<b>At 1 April 2023</b>	5,618	6,588	33,713	3,231	-	3,608	52,758
Depreciation Charge	5,819	29,358	2,631	-	-	-	37,810
Depreciation written out on revaluation	(5,548)	(26,031)	-	-	-	-	(31,579)
Depreciation written out to Surplus/Deficit on the Provision of Services	-	(238)	-	-	-	-	(238)
Impairment losses/reversals to Revaluation Reserve	-	109	-	-	-	-	109
Impairment losses/reversals to Surplus/Deficit on the Provision of Services	-	3,339	-	(6)	-	-	3,333
Derecognition-Disposals	(11)	(406)	(83)	-	-	-	(501)
<b>At 31 March 2024</b>	<b>5,878</b>	<b>12,719</b>	<b>36,261</b>	<b>3,225</b>	<b>-</b>	<b>3,608</b>	<b>61,691</b>
<b>Net Book Value</b>							
<b>At 31 March 2024</b>	<b>81,408</b>	<b>694,271</b>	<b>10,927</b>	<b>5</b>	<b>4,590</b>	<b>-</b>	<b>791,202</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>

## Comparative Movements in 2022/23

2022/23	Property, Plant and Equipment (PPE)						
	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Community Assets £000	Surplus Assets £000	PPE Under Construction £000	Total PPE £000
<b>Cost or Valuation</b>							
<b>At 1 April 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>693,892</b>
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)
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>5,882</b>	<b>3,608</b>	<b>763,193</b>
<b>Accumulated Depreciation and Impairment</b>							
<b>At 1 April 2022</b>	<b>5,799</b>	<b>5,959</b>	<b>31,007</b>	<b>3,231</b>	<b>-</b>	<b>3,608</b>	<b>49,603</b>
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)
<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>

## 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

As at 31 March 2024 the Council had entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment with outstanding contractual commitments of £23.113m (similar commitments were £22.852m at 31 March 2023). The major commitments are:

Scheme	Commitment £000
Royton Town Hall & Library	1,260
Spindles	7,680
Old Library Refurbishment	13,930
Northern Roots	243
<b>Total</b>	<b>23,113</b>

## 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. Valuations are carried out by Internally by a team of suitably qualified professionals.

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 £000	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Community Assets £000	Surplus Assets £000	Assets under Construction £000	Total £000
Carried at historical cost	-	-	47,188	3,230	-	3,608	54,026
Valued at fair value as at:							
31 March 2024	79,253	56,944	-	-	4,576	-	140,773
31 March 2023	2,160	510,922	-	-	14	-	513,096
31 March 2022	-	62,340	-	-	-	-	62,340
31 March 2021	5,370	32,683	-	-	-	-	38,053
31 March 2020	503	44,101	-	-	-	-	44,604
<b>Total Cost or Valuation</b>	<b>87,286</b>	<b>706,990</b>	<b>47,188</b>	<b>3,230</b>	<b>4,590</b>	<b>3,608</b>	<b>852,893</b>

### 18. Highways Infrastructure Assets

#### Movements on balances

Highways Infrastructure Asset	2022/23 £000	2023/24 £000
<b>Net Book Value (modified Historical Cost)</b>		
<b>Balance as 1 April</b>	<b>161,587</b>	<b>165,298</b>
Additions	12,152	11,607
Depreciation	(8,441)	(7,607)
<b>Net Book Value Balance at 31 March</b>	<b>165,298</b>	<b>169,298</b>

In accordance with the temporary relief offered by the Update to the Code on Infrastructure Assets (The Local Authorities (Capital Finance and Accounting) (England) (Amendment)) 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/Wales) (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.

The Gallery Oldham collections were valued by external valuer, James Glennie (Arts & Antiques Appraisals) on a market value basis and assessed at £18.296m in March 2020.

In addition to the above three collections, the Council also has Civic Regalia which is either stored or displayed at the Civic Centre, statues and other heritage assets.

- **Civic Regalia** - The Council's Civic Regalia is reported in the Balance Sheet at the insurance valuation, and at 31 March 2024, the value was £1.520m.
- **Statues/Other** - Council owned statues are held on the Balance Sheet at their nominal value, and at 31 March 2024, the value was £1.325m.

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.

Heritage assets are deemed to have indeterminate lives, hence the Council does not consider it as appropriate to charge depreciation.

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 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>
<b>Cost or Valuation</b>				
1 April 2023	18,295	1,521	1,325	21,141
Additions	-	-	446	446
Impairment to CIES	-	-	(446)	(446)
<b>31 March 2024</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:

	2022/23 £000	2023/24 £000
Rental Income from Investment Properties	(2,430)	(2,620)
Direct Operating Expenses (including repairs and maintenance)	877	855
<b>Net Gain</b>	<b>(1,553)</b>	<b>(1,765)</b>
Fair value movements on investment properties (Profit)/Loss on disposal	(869)	1,045
	(134)	(225)
<b>Total Income and Expenditure on relation to investment properties and changes in their fair value</b>	<b>(2,556)</b>	<b>(945)</b>

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

	2022/23 £000	2023/24 £000
Balance at 1 April	19,801	20,790
Disposals	(10)	(13)
Net (Loss)/Gain from Fair Value Adjustments	879	(1,031)
Transfers (to)/from Other Land and Buildings	120	(122)
<b>Balance at 31 March</b>	<b>20,790</b>	<b>19,624</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.

	Restated 2022/23 £000	2023/24 £000
<b>Opening capital financing requirement</b>	<b>468,895</b>	<b>465,723</b>
<b>Capital Investment</b>		
Property Plant and Equipment	31,711	53,750
Infrastructure Assets	12,152	11,607
Heritage Assets	1,274	446
Revenue Expenditure Funded from Capital Under Statute	12,597	10,921
Intangible Assets	1,299	2,320
Long Term Debtors	-	2,814
<b>Sources of Finance</b>		
Capital Receipts	(9,271)	(6,817)
Government Grants and Other Contributions	(32,411)	(33,558)
Sums Set aside from Revenue	(20,523)	(18,226)
<b>Closing Capital Financing Requirement</b>	<b>465,723</b>	<b>488,980</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	(675)	25,353
Assets Acquired Under Finance Leases	246	646
<b>Increase/(Decrease) in Capital Financing Requirement</b>	<b>(3,172)</b>	<b>23,257</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;
- 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 flows) 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; 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, Community 1<sup>st</sup> Oldham and Meridian Developments held for service and strategic purposes.
  
- 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 2023 £000	31 March 2024 £000	31 March 2023 £000	31 March 2024 £000
<b>Loans at Amortised Cost</b>				
Principal sum borrowed	(160,742)	(160,742)	(254)	(20,367)
Accrued Interest	-	-	(1,436)	(1,453)
Effective Interest Rate (EIR) Adjustment	(752)	(742)	-	-
<b>Total Borrowing *</b>	<b>(161,494)</b>	<b>(161,484)</b>	<b>(1,690)</b>	<b>(21,820)</b>
<b>Loans at Amortised Cost</b>				
Bank Overdraft				
<b>Total Cash Overdrawn</b>	-	-	-	-
<b>Liabilities at Amortised Cost</b>				
Finance Leases	(213)	(445)	(262)	(302)
PFI arrangements	(193,110)	(181,704)	(10,716)	(11,406)
Transferred Debt	(33)	(27)	(6)	(6)
<b>Total Other Long-term Liabilities</b>	<b>(193,355)</b>	<b>(182,176)</b>	<b>(10,984)</b>	<b>(11,714)</b>
<b>Liabilities at Amortised Cost</b>				
Trade Payables			(52,543)	(56,688)
<b>Included in Creditors **</b>	-	-	<b>(52,543)</b>	<b>(56,688)</b>
<b>Total</b>	<b>(354,850)</b>	<b>(343,660)</b>	<b>(65,217)</b>	<b>(90,222)</b>

\* The total short-term borrowing includes £1.452m (2022/23: £1.436m) representing accrued interest and principal repayments due within 12 months on long-term borrowing.

\*\* The creditors lines on the Balance Sheet include £26.577m (2022/23: £20.799m) short-term creditors that do not meet the definition of a financial liability as they relate to non-exchange.

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

Financial Assets	Long Term		Short Term	
	31 March 2023 £000	31 March 2024 £000	31 March 2023 £000	31 March 2024 £000
<b>At Amortised Cost</b>				
Principal	226	221	20,000	10,000
Accrued Interest	-	-	245	273
<b>At Fair Value Through Other Comprehensive Income</b>				
Equity Investments elected FVOCI	34,123	59,150	-	-
<b>At Fair Value Through Profit and Loss</b>				
Fair Value	13,896	13,354	145	-
<b>Total Investments *</b>	<b>48,246</b>	<b>72,725</b>	<b>20,390</b>	<b>10,273</b>
<b>At Amortised Cost</b>				
Principal	-	-	30,015	7,606
Accrued Interest	-	-	79	46
Loss Allowance	-	-	(3,101)	4,393
<b>Total Cash and Cash Equivalents</b>	<b>-</b>	<b>-</b>	<b>26,993</b>	<b>12,044</b>
<b>At Amortised Cost</b>				
Trade Receivables	-	-	25,665	25,233
Loans made for service purposes	30,906	33,605	-	-
Accrued Interest	7,329	9,149	-	-
<b>Included in Debtors **</b>	<b>40,044</b>	<b>42,754</b>	<b>25,665</b>	<b>25,233</b>
<b>Total</b>	<b>88,290</b>	<b>115,479</b>	<b>73,049</b>	<b>47,550</b>

\* The total short-term investments includes £0.000m (2022/23: £0.145m) representing accrued interest on long-term investments.

\*\* The debtors lines on the Balance Sheet include £36.326m (2022/23: £33.301m) 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	Fair Value	
			2022/23 £000	2023/24 £000
Manchester Airport Shares	2	Earnings Based	20,100	46,300
Manchester Airport Car Park (1) Shares	2	Earnings Based	4,300	4,400
Oldham Property Partnership (OPP)	2	Earnings Based	2,256	2,245
Meridian Developments	2	Earnings Based	5,424	4,162
Community 1st Oldham (Chadderton) Ltd	2	Earnings Based	2,043	2,043
<b>Total</b>			<b>34,123</b>	<b>59,150</b>

The Council holds a 3.22% share 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 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 valuation of the Council's shareholding was undertaken by BDO. The value has increased in year as can be seen in the above table. As in 2022/23, 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 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				2023/24 Total £000	2022/23 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	25,085	-	-	-	-	25,085	26,155
Losses on de-recognition	-	-	-	-	-	-	-
Losses from changes in fair value	-	-	-	1,274	542	1,816	3,243
<b>Interest Payable and similar charges</b>	<b>25,085</b>	-	-	<b>1,274</b>	<b>542</b>	<b>26,901</b>	<b>29,398</b>
Interest Income	-	(3,477)	-	(3,702)	-	(7,179)	(5,260)
Dividend Income	-	-	-	(323)	(519)	(842)	(1,474)
Gains from changes in fair value	-	-	-	(28,456)	-	(28,456)	(9,904)
<b>Interest and investment income</b>	-	<b>(3,477)</b>	-	<b>(32,481)</b>	<b>(519)</b>	<b>(36,477)</b>	<b>(16,638)</b>
<b>Expected Credit Loss</b>	-	<b>4,393</b>	-	-	-	<b>4,393</b>	-
<b>Net Impact on (surplus)/deficit on provision of services</b>	<b>25,085</b>	<b>916</b>	-	<b>(31,207)</b>	<b>23</b>	<b>(5,183)</b>	<b>12,760</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 2024, 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 9% 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.
- 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
- 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 2020/21 and 2021/22 along with an interim 6-month report for the period ending 30 September 2023. These shares are subject to an annual valuation. In 2023/24 this has seen an increase in value of £26.2m. The valuation of the shareholdings was undertaken by independent valuers, BDO, on behalf of the Council.

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.

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 2024 is £0.226m.

	Fair Value Level	31 March 2023		31 March 2024	
		Balance sheet £000	Fair Value £000	Balance sheet £000	Fair Value £000
Financial Liabilities held at amortised cost:					
Long-term loans from PWLB	2	(35,373)	(24,286)	(35,377)	(24,938)
Long-term LOBO loans	2	(87,153)	(105,869)	(86,149)	(102,795)
Other long-term loans	2	(40,659)	(35,123)	(40,409)	(35,217)
Lease payables and PFI Liabilities	2	(204,339)	(279,760)	(193,618)	(271,181)
<b>Total financial liabilities</b>		<b>(367,524)</b>	<b>(445,038)</b>	<b>(355,553)</b>	<b>(434,131)</b>
Recorded on balance sheet as:					
Short-term creditors		(52,543)	(52,543)	(56,688)	(56,688)
Short-term borrowing		(255)	(255)	(20,369)	(20,369)
<b>Total financial liabilities</b>		<b>(420,322)</b>	<b>(497,836)</b>	<b>(432,610)</b>	<b>(511,188)</b>

	Fair Value Level	31 March 2023		31 March 2024	
		Balance sheet £000	Fair Value £000	Balance sheet £000	Fair Value £000
Financial Assets held at Fair Value:					
Property funds and non-traded REITs	2	13,896	13,896	13,354	13,150
Strategic Partner Loans	2	38,914	52,753	41,809	50,432
<b>Total financial assets</b>		<b>52,811</b>	<b>66,649</b>	<b>55,163</b>	<b>63,582</b>
Recorded on balance sheet as:					
Short-term debtors		25,665	25,665	25,233	25,233
Short-term investments		20,245	20,245	10,273	10,273
Cash and cash equivalents		30,015	30,015	7,606	7,606
Long-term debtors		1,130	1,130	3,940	3,940
Long-term investments		34,349	34,349	59,371	59,371
<b>Total financial assets</b>		<b>111,405</b>	<b>111,405</b>	<b>106,423</b>	<b>106,422</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 2023/24 this was approved at full Council 1 March 2023. 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 Arlingclose as the Council's Treasury Management advisors.

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.
- *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 2023 £000	31 March 2024 £000
Treasury Investments	70,780	38,360
Treasury Loan Commitments	40,044	42,857
Trade Receivables	22,792	27,797
<b>Total Credit Risk Exposure</b>	<b>133,616</b>	<b>109,014</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 Arlingclose for the financial year ending 31 March 2024. 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 2023		31 March 2024	
	Long - term £000	Short - term £000	Long - term £000	Short - term £000
AAA	-	35,780	-	13,600
A +	-	-	-	-
A -	-	10,000	-	-
Unrated Local Authorities	-	10,000	-	10,000
<b>Total Credit Risk Investments</b>	-	<b>55,780</b>	-	<b>23,600</b>

Loss allowances on treasury investments have been calculated by reference to historic default data published by credit rating agencies, multiplied by 86% (2022/23: 112%) 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, £0.000m (2022/23: £0.008m) 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	2022/23 Trade Receivables	2023/24 Trade Receivables
	£000	£000
Neither past due nor impaired	5,649	10,669
Past due < 3 months	4,353	1,722
Past due 3 - 6 months	816	1,958
Past due 6 - 12 months	3,452	3,175
Past due 12 + months	8,521	10,273
<b>Total Receivables</b>	<b>22,792</b>	<b>27,797</b>

As at 31 March 2024, the Council had a balance of short-term debtors of £115.135m. A review of significant balances suggested that an expected credit loss of £53.578m 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 2023		31 March 2024	
	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 £13.360m (2022/23: £35.780m) 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.

31/03/2024	< 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	(77,208)	(5,000)	(27,500)	(12,741)	(5,000)	(5,000)	(5,000)	(45,001)	<b>(182,450)</b>
Trade Payables	(56,688)	-	-	-	-	-	-	-	<b>(56,688)</b>
<b>Financial Liabilities</b>	<b>(133,896)</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>(239,138)</b>
Liquid financial assets	13,360								<b>13,360</b>
<b>Net Liquidity Risk</b>	<b>(120,536)</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>(225,778)</b>

31/03/2023	< 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)	(162,432)
Trade Payables	(52,543)	-	-	-	-	-	-	-	(52,543)
<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								35,780
<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>

The Council has £85.500m (2022/23: £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:

	31/03/2023 £000	31/03/2024 £000
Decrease in fair value of loans and investments at amortised cost	558	234
Decrease in fair value of fixed rate borrowing	(1,624)	(1,824)

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 (2022/23: £85.500m) of “Lender’s option, borrower’s option” (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.

### **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 £72.625m 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 £59.050m 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 £2.952m gain or loss being recognised in the Financial Instrument Revaluation Reserve for 2023/24.

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 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 £0.542m was also recognised in 2023/24 in relation to the Council’s holding in the CCLA Property Fund.

In 2023/24 the Council’s holding in Manchester Airport, was re-valued resulting in a gain of £26.200m along with a gain of £0.100m 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 have been elected to be accounted as fair value through other comprehensive income. Losses of £1.274m 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 2023 £000	31 March 2024 £000
Central Government Bodies	10,083	9,467
Other Local Authorities	803	1,236
NHS Bodies	3,572	5,051
Capital Debtors	8,011	4,123
Other Entities and Individuals	31,875	34,964
Payments in Advance	4,622	6,716
<b>Total</b>	<b>58,966</b>	<b>61,557</b>

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

	31 March 2023 £000	31 March 2024 £000
Mortgages	6	6
Loans to Trusts, Community Interest Groups & Third Sector Organisations	301	301
Other Capital Loans & Advances	39,737	42,447
<b>Total</b>	<b>40,044</b>	<b>42,754</b>

## 24. Cash and Cash Equivalents

	31 March 2023 £000	31 March 2024 £000
Cash held by the Authority	113	110
Bank Current Accounts	41,414	17,743
Bank Overdraft	(11,433)	(10,201)
<b>Total</b>	<b>30,094</b>	<b>7,652</b>

## 25. Creditors

The Council's creditors are as follows:

	31 March 2023 £000	31 March 2024 £000
Central Government Bodies	(5,342)	(6,552)
Other Local Authorities	(1,510)	(2,885)
NHS Bodies	(3,009)	(170)
Capital Creditors	(3,867)	(6,496)
Other entities and individuals	(50,582)	(54,899)
Accumulated Absences	(5,706)	(6,216)
Receipts in Advance	(4,021)	(6,047)
<b>Total</b>	<b>(74,037)</b>	<b>(83,265)</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 2023</b>	(594)	(5,325)	(5,919)
Provisions released in 2023/24	344	2,139	2,483
Increase in Provision 2023/24	-	(1,866)	(1,866)
<b>Balance at 31 March 2024</b>	<b>(250)</b>	<b>(5,052)</b>	<b>(5,302)</b>

	Long Term		
	Insurance Provision £000	Other Provisions £000	Total £000
<b>Balance at 1 April 2023</b>	(4,364)	(2,500)	(6,864)
Provisions released in 2023/24	-	-	-
Increase in Provision 2023/24	(270)	-	(270)
<b>Balance at 31 March 2024</b>	<b>(4,634)</b>	<b>(2,500)</b>	<b>(7,134)</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 2024.

### 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 £7.084m up to 31 March 2024 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 liabilities at 31 March 2024.

### **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 2023/24 was the nineteenth 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 2023/24 was the eighteenth 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 2023/24 was the thirteenth 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 2023/24 was the fifteenth 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 2023/24 was the thirteenth 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 2023/24 was the seventeenth 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 2023/24 was the twelfth 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 2024/25 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
2024/25								
Repayment of Liability	849	4,087	1,983	31	357	2,885	1,214	11,406
Interest	721	6,683	3,312	987	1,110	2,258	2,415	17,487
Service Charges	1,588	6,743	4,619	586	3,573	4,376	2,241	23,727
<b>Total</b>	<b>3,158</b>	<b>17,513</b>	<b>9,915</b>	<b>1,604</b>	<b>5,040</b>	<b>9,518</b>	<b>5,871</b>	<b>52,620</b>
2025/26 to 2028/29								
Repayment of Liability	4,379	13,213	9,546	408	2,173	10,652	6,413	46,783
Interest	2,148	24,630	12,055	4,440	4,031	6,821	8,807	62,933
Service Charges	6,495	34,440	19,328	1,980	14,596	21,770	8,931	107,539
<b>Total</b>	<b>13,022</b>	<b>72,283</b>	<b>40,929</b>	<b>6,828</b>	<b>20,800</b>	<b>39,243</b>	<b>24,150</b>	<b>217,255</b>
2029/30 to 2033/34								
Repayment of Liability	2,565	26,046	19,762	875	7,460	14,476	9,507	80,691
Interest	840	26,521	13,800	6,317	5,656	2,746	6,477	62,357
Service Charges	2,781	43,015	20,705	2,349	14,380	22,267	15,837	121,332
<b>Total</b>	<b>6,185</b>	<b>95,582</b>	<b>54,268</b>	<b>9,540</b>	<b>27,496</b>	<b>39,489</b>	<b>31,821</b>	<b>264,380</b>
2034/35 to 2038/39								
Repayment of Liability	-	19,009	14,473	1,331	5,339	-	9,027	49,180
Interest	-	9,975	5,675	7,005	1,912	-	1,827	26,395
Service Charges	-	21,123	10,366	2,457	5,737	-	12,063	51,746
<b>Total</b>	<b>-</b>	<b>50,108</b>	<b>30,514</b>	<b>10,794</b>	<b>12,988</b>	<b>-</b>	<b>22,917</b>	<b>127,321</b>
2039/40 to 2040/41								
Repayment of Liability	-	-	-	5,050	-	-	-	5,050
Interest	-	-	-	816	-	-	-	816
Service Charges	-	-	-	366	-	-	-	366
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,232</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,232</b>
<b>Repayments Total</b>	<b>7,792</b>	<b>62,355</b>	<b>45,765</b>	<b>7,695</b>	<b>15,329</b>	<b>28,013</b>	<b>26,161</b>	<b>193,110</b>
<b>Interest Total</b>	<b>3,709</b>	<b>67,809</b>	<b>34,843</b>	<b>19,566</b>	<b>12,710</b>	<b>11,825</b>	<b>19,527</b>	<b>169,988</b>
<b>Service Charges Total</b>	<b>10,864</b>	<b>105,321</b>	<b>55,018</b>	<b>7,738</b>	<b>38,285</b>	<b>48,412</b>	<b>39,072</b>	<b>304,710</b>
<b>Grand total</b>	<b>22,365</b>	<b>235,485</b>	<b>135,626</b>	<b>34,998</b>	<b>66,324</b>	<b>88,250</b>	<b>84,759</b>	<b>667,807</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 2022 £000	Repayments £000	Liability 31 March 2023 £000	Repayments £000	Liability 31 March 2024 £000
Library and Lifelong Learning Centre	9,329	(737)	8,592	(800)	7,792
Sheltered Housing	68,689	(2,851)	65,838	(3,483)	62,355
Gateways to Oldham	49,455	(1,755)	47,700	(1,935)	45,765
Chadderton Wellbeing Centre	7,849	(121)	7,728	(33)	7,695
Street Lighting	16,839	(943)	15,896	(567)	15,329
Schools	32,399	(1,545)	30,854	(2,841)	28,013
Building Schools for the Future	28,223	(1,007)	27,216	(1,055)	26,161
<b>Total</b>	<b>212,784</b>	<b>(8,959)</b>	<b>203,824</b>	<b>(10,714)</b>	<b>193,110</b>

## Assets as result of PFI and Similar Contracts

	Library and Lifelong Learning Centre	Sheltered Housing	Gateways to Oldham Housing	Chadderton Wellbeing Centre	Street Lighting	Schools	Building Schools for the Future	Total
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Cost or Valuation</b>								
As at 1 April 2023	18,142	44,541	23,186	13,150	24,457	93,932	44,863	<b>262,271</b>
Revaluations recognised in Revaluation Reserve	1,736	755	1,776	872	-	9,729	4,457	<b>19,325</b>
Derecognition-disposals	-	-	(102)	-	-	-	-	<b>(102)</b>
<b>As at 31 March 2024</b>	<b>19,878</b>	<b>45,296</b>	<b>24,860</b>	<b>14,022</b>	<b>24,457</b>	<b>103,661</b>	<b>49,320</b>	<b>281,494</b>
<b>Accumulated Depreciation &amp; Impairment</b>								
As at 1 April 2023	-	3,841	1,641	-	5,335	-	-	<b>10,817</b>
Depreciation Charge	1,022	3,909	1,790	692	491	6,424	2,807	<b>17,135</b>
Depreciation Written out to Revaluation Reserve	(1,022)	(3,840)	(1,634)	(692)	-	(6,424)	(2,807)	<b>(16,419)</b>
	-	-	(8)	-	-	-	-	<b>(8)</b>
<b>As at 31 March 2024</b>	<b>-</b>	<b>3,910</b>	<b>1,789</b>	<b>-</b>	<b>5,826</b>	<b>-</b>	<b>-</b>	<b>11,525</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>
<b>Net Book Value at 31 March 2024</b>	<b>19,878</b>	<b>41,386</b>	<b>23,071</b>	<b>14,022</b>	<b>18,631</b>	<b>103,661</b>	<b>49,320</b>	<b>269,969</b>

	Library and Lifelong Learning Centre	Sheltered Housing	Gateways to Oldham Housing	Chadderton Wellbeing Centre	Street Lighting	Schools	Building Schools for the Future	Total
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Cost or Valuation</b>								
As 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>
Derecognition-disposals	-	-	(139)	-	-	-	-	<b>(139)</b>
<b>As 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>								
As 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>As at 31 March 2023</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>
Net Book Value at 31 March 2022	<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>
Net Book Value at 31 March 2023	<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>

## 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 2023/24, the Council paid £10.742m (£10.723m in 2022/23) to the Teachers Pensions Scheme in respect of teachers' retirement benefits, representing 22.47% (22.80% in 2022/23) 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:

	2022/23 £000	2023/24 £000
<b>Service Cost</b>		
Current service cost	(44,230)	(20,908)
Past service cost (including curtailments)	(1,670)	(993)
Effect of Settlements	1,371	(137)
<b>Total service cost</b>	<b>(44,529)</b>	<b>(22,038)</b>
<b>Financing and Investment Income and Expenditure</b>		
Interest income on scheme assets	35,728	62,922
Interest cost on defined benefit obligation	(44,120)	(54,715)
Interest on the effect of the asset ceiling	-	(4,849)
<b>Total net interest</b>	<b>(8,392)</b>	<b>3,358</b>
<b>Total Post Employment Benefits Charged to the Deficit on the Provision of Services</b>	<b>(52,921)</b>	<b>(18,680)</b>
<b>Remeasurements of the Net Defined Liability Comprising:</b>		
Return on plan assets excluding amounts included in net interest	(12,094)	32,078
Changed in demographic assumptions	11,494	7,826
Actuarial Gains/(losses) arising from changes in financial assumptions	601,957	62,993
Other experience and actuarial adjustments	(91,974)	(37,799)
Changes in the effect of the asset ceiling	-	106,941
Asset Ceiling Adjustment	(102,092)	(284,978)
<b>Total Remeasurements Recognised in Other Comprehensive Income</b>	<b>407,291</b>	<b>(112,939)</b>
<b>Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement</b>	<b>354,370</b>	<b>(131,619)</b>
<b>Movement in Reserves Statement</b>		
Reversal of net charges made to the deficit on the provision of services	52,921	18,680
<b>Employers' Contributions Payable to the Scheme</b>	<b>(29,189)</b>	<b>(23,022)</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:

	2022/23 £000	2023/24 £000
Fair value of plan assets	1,335,959	1,409,171
Present value of funded liabilities	(1,133,679)	(1,133,580)
Present value of unfunded liabilities	(29,971)	(28,993)
Asset Ceiling Adjustment	(102,092)	(284,978)
<b>Net Liability Arising From Defined Benefit Obligation</b>	<b>70,217</b>	<b>(38,380)</b>

### Asset Ceiling

Following the pensions valuation by the Council's 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 2024 resulting in a pension plan asset. 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 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, which was nil in 2023/24. The remaining represents the unfunded liabilities which are not included in the asset ceiling adjustment and any liabilities as a result of past contributions. The adjustment has been recognised within other comprehensive income and expenditure of the CIES.

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

	2022/23 £000	2023/24 £000
Opening fair value of scheme assets	1,257,748	1,335,959
Effect of Settlements	(1,275)	(2,876)
Effect of Business Combinations and Disposals	83,501	-
Interest income	35,728	62,922
<b>Remeasurement loss</b>		
Return on plan assets excluding amounts included in net interest	(12,094)	32,078
Other Experience	-	-
Contributions from employer into the scheme	6,477	20,300
Contributions from employees into the scheme	6,563	6,912
Benefits paid	(40,689)	(46,124)
<b>Closing Fair Value of Scheme Assets</b>	<b>1,335,959</b>	<b>1,409,171</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 2024.

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

	2022/23 £000	2023/24 £000
Opening fair value of scheme liabilities	1,555,515	1,163,650
Current service cost	44,230	20,908
Effect of Settlements	(2,646)	(2,739)
Interest cost	44,120	54,715
Effect of Business Combinations and Disposals	76,364	-
Contributions from scheme participants	6,563	6,912
<b>Remeasurement gain</b>		
Actuarial (gains)/losses arising from changes in financial assumptions	(601,957)	(62,993)
Changes in demographic assumptions	(11,494)	(7,826)
Other experience and actuarial adjustments	91,974	37,799
Past service cost	1,670	993
Benefits paid	(40,689)	(48,846)
<b>Closing Fair Value of Scheme Liabilities</b>	<b>1,163,650</b>	<b>1,162,573</b>

## Pension Scheme Assets

	Period Ended 31 March 2023				Period Ended 31 March 2024			
	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	80,270		<b>80,270</b>	6%	85,328	-	<b>85,328</b>	6%
Manufacturing	73,857		<b>73,857</b>	6%	77,914	-	<b>77,914</b>	6%
Energy and Utilities	65,948		<b>65,948</b>	5%	76,107	-	<b>76,107</b>	5%
Financial Institutions	113,980		<b>113,980</b>	9%	119,625	-	<b>119,625</b>	8%
Health and Care	66,911		<b>66,911</b>	5%	70,467	-	<b>70,467</b>	5%
Information Technology	94,291		<b>94,291</b>	7%	73,505	-	<b>73,505</b>	5%
Other	15,189		<b>15,189</b>	1%	15,736	-	<b>15,736</b>	1%
<b>Debt Securities</b>								
Corporate Bonds (investment grade)	53,242		<b>53,242</b>	4%	58,590	-	<b>58,590</b>	4%
UK Government	31,926		<b>31,926</b>	2%	37,332	-	<b>37,332</b>	3%
Other	39,766		<b>39,766</b>	3%	43,989	-	<b>43,989</b>	3%
<b>Private Equity</b>								
All		99,931	<b>99,931</b>	7%	-	96,600	<b>96,600</b>	7%
<b>Real Estate</b>								
UK Property		51,977	<b>51,977</b>	4%	-	57,070	<b>57,070</b>	4%
<b>Investment Funds and Unit Trusts</b>								
Equities	71,362		<b>71,362</b>	5%	65,899	-	<b>65,899</b>	5%
Bonds	118,554		<b>118,554</b>	9%	141,292	-	<b>141,292</b>	10%
Infrastructure		106,759	<b>106,759</b>	8%	-	119,515	<b>119,515</b>	8%
Other	32,568	185,539	<b>218,107</b>	16%	32,439	201,111	<b>233,549</b>	17%
<b>Derivatives</b>								
Other				0%	-	-	-	0%
<b>Cash and Cash Equivalents</b>								
All	33,890		<b>33,890</b>	3%	36,654	-	<b>36,654</b>	3%
<b>Totals</b>	<b>891,754</b>	<b>444,206</b>	<b>1,335,959</b>	<b>100%</b>	<b>934,876</b>	<b>474,295</b>	<b>1,409,171</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 2024.

The significant assumptions used by the actuary have been:

	2022/23	2023/24
<b>Mortality assumptions:</b>		
<b>Longevity at 65 for current pensioners:</b>		
men	19.8	19.7
women	23.1	22.9
<b>Longevity at 65 for future pensioners:</b>		
men	21.1	20.9
women	24.9	24.6
Rate of increase in salaries	3.75%	3.55%
Rate of increase in pensions	2.95%	2.75%
Rate for discounting scheme liabilities	4.75%	4.85%

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 2022/23.

Change in Assumptions at 31 March 2024	Approximate % Increase to Employee Liability	Approximate Monetary Amount £000
0.1% decrease in real discount rate	2%	20,393
1 year increase in member life expectancy	4%	46,503
0.1% increase in the salary increase rate	0%	764
0.1% increase in the pension increase rate	2%	20,005

### 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 2023.

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.

### 32. Cash Flows from Operating Activities

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:	2022/23 £000	2023/24 £000
Depreciation	39,894	45,416
Impairment and downward valuations	2,805	8,519
Amortisation	1,729	1,637
Increase/(decrease) in creditors	(16,648)	5,945
(Increase)/decrease in debtors	(7,680)	(6,656)
(Increase)/decrease in inventories	(144)	36
Movement in pension liability	39,307	(4,342)
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	5,618	6,084
Other non-cash items charged to the net surplus or deficit on the provision of services	(5,057)	1,230
	<b>59,824</b>	<b>57,869</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)	8	-
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(7,849)	(7,260)
Any other items for which the cash effects are investing or financing cash flows	(38,762)	(39,566)
	<b>(46,603)</b>	<b>(46,826)</b>
The cash flows for operating activities include the following items:		
Interest received	3,126	6,736
Interest paid	(26,168)	(24,962)
Dividends received	1,474	842
	<b>(21,568)</b>	<b>(17,384)</b>

### 33. Cash Flow from Investing Activities

	2022/23 £000	2023/24 £000
Purchase of property, plant and equipment, investment property and intangible assets	(46,657)	(64,765)
Purchase of short-term and long-term investments	(10,000)	(13,000)
Other payments for investing activities	-	(2,813)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	7,849	7,260
Proceeds from short-term and long-term investments	18,999	23,005
Other receipts from investing activities	35,036	43,611
<b>Net cash flows from investing activities</b>	<b>5,227</b>	<b>(6,702)</b>

### 34. Cash Flows from Financing Activities

	2022/23 £000	2023/24 £000
Cash receipts of short and long-term borrowing	-	20,000
Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance Sheet PFI contracts	(9,324)	(11,173)
Repayments of short and long-term borrowing	(6,605)	(6)
Other payments for financing activities	509	520
<b>Net cash flows from financing activities</b>	<b>(15,420)</b>	<b>9,341</b>

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

	1 April 2023 £000	Financing cash flows £000	Acquisition £000	Other non-cash changes £000	31 March 2024 £000
Long-term borrowings	161,494	-	-	(10)	161,484
Short-term borrowings	1,690	20,000	-	130	21,820
Lease Liabilities	475	(457)	729	-	747
Transferred Debt	39	(6)	-	-	33
On balance sheet PFI Liabilities	203,826	(10,716)	-	-	193,110
<b>Amounts included as part of (debtor)/creditor balances:</b>					
Amounts owed to/from Collection Fund preceptors	284	520	-	-	804
<b>Total Liabilities from financing activities</b>	<b>367,808</b>	<b>9,341</b>	<b>729</b>	<b>120</b>	<b>377,998</b>

	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>

### 35. Accounting Policies

#### 1.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2023/24 financial year and its position at the year-end of 31 March 2024. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which require

the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (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 the amounts to 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 Comprehensive Income and Expenditure Statement.

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

## **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 Comprehensive Income and Expenditure Statement.

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

## Depreciation

Depreciation is provided for 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 assets;
- 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 Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

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 Movement in Reserves Statement.

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 2023/24 the Council can benefit from the flexibilities in the amendment on Right to Buy (RTB) receipts. For 2023/24 the Council 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 Movement in Reserves Statement.

## Infrastructure Assets

Highways 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

Highways 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 as 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
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 Comprehensive Income & Expenditure Statement as part of the gain or loss on disposal. Receipts from disposal (if any) are credited to the same line in the Comprehensive Income & Expenditure Statement, also as part of the gain or loss on disposal (i.e., netted off against the carrying value of the asset at the time of disposal). 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 Movement in Reserves Statement.

### **1.3 Heritage Assets**

The Council's Heritage Assets are held by the Council 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 rental income 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 Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and 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 Comprehensive Income and Expenditure Statement.
- 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 Comprehensive Income and Expenditure Statement. 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 Comprehensive Income and Expenditure Statement.
- 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 Comprehensive Income and Expenditure Statement. 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 Aided
- Voluntary Controlled
- Foundation Trust
- Foundation

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 Comprehensive Income and Expenditure Statement. 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 Movement in Reserves Statement.

### **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 Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council Tax.

### **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 Movement in Reserves Statement 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 Comprehensive Income and Expenditure Statement (CIES) for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings 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 Comprehensive Income and Expenditure Statement 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 Comprehensive Income and Expenditure Statement 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 Movement in Reserves Statement.

## **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 Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the 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 three 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 Comprehensive Income and Expenditure Statement 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 Movement in Reserves Statement 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 Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

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

## **Post-Employment Benefits**

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

- The 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).
- 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 Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pension Scheme in the year. The Community Health & Adult Social Care Portfolio line in the Comprehensive Income and Expenditure 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;
- 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 Comprehensive Income and Expenditure Statement to the services for which the employees worked;
- past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years will be debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs;
- net interest on the net defined benefit liability - 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 Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

#### **Remeasurement comprising:**

- the return on plan assets – excluding amounts included in net interest on the net defined benefit liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
- contributions paid to the Greater Manchester Pension Fund - cash paid as employer 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 Movement in Reserves Statement this means that there are appropriations to and from the Pensions Reserve, to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund, and pensioners, and any such amounts payable but unpaid at the year-end. The balance that arises on the Pensions Reserve thereby measures the 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 Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim) 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 Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Where revenue grants are credited to the Comprehensive Income and Expenditure Statement 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 Movement in Reserves Statement 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 Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement 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 Comprehensive Income and Expenditure Statement 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 Comprehensive Income and Expenditure Statement and the amount required by regulation credited to the General Fund is taken to the Collection Fund Adjustment Account and reported in the Movement in Reserves Statement. 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 Comprehensive Income and Expenditure Statement. Non Distributed Costs form part of the Capital, Treasury and Technical Accounting Portfolio 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 Comprehensive Income and Expenditure Statement.

## **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:

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

The Council 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 2023/24 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 2024/25 Code are:

- a) IFRS 16 Leases, where authorities, including Oldham Council, did not elect to implement voluntarily in 2023/24;
- b) Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- c) Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- d) Non-current Liabilities with Covenants (Amendments to IAS 1)
- e) International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12)
- f) Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

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, however it is likely that items b) to d) will have no significant impact on the amounts to be reported in the Council's financial statements and items e) and f) are not anticipated to be relevant to the Council.

### **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.

#### **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	22	1	1	24
Voluntary Controlled (VC)	5	-	-	5
Voluntary Aided (VA)	24	1	-	25
Foundation/Foundation Trust	4	1	-	5
<b>Maintained Schools</b>	<b>55</b>	<b>3</b>	<b>1</b>	<b>59</b>
Academies	31	11	6	48
<b>Total</b>	<b>86</b>	<b>14</b>	<b>7</b>	<b>107</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 2023/24. 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 International Accounting Standards (principally IAS 40 Investment Property) and are being held for rental income or for capital appreciation. Properties have been assessed using these criteria, which is subject to interpretation, to determine if there is an operational reason for holding the property, such as regeneration.

### **Equity Investments**

The Council has equity investments in Oldham Property Partnership, Meridian Developments and Community 1st 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 Asset/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 2023/24 the Council's actuaries advised that the net pension asset had increased by £176.381m to a surplus position of £246.598m. In line with the Code of Practice where there is a surplus position, the Council requested an Asset Ceiling calculation from the actuary. This resulted in a movement totalling £284.978m and a final asset position of nil with a pension liability of £38.380m recognised on the balance sheet.

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 £20.393m. A 0.1% increase in the assumed salary increase rate would result in a £0.764m increase in the pension liability and an increase of 0.1% in the assumed pension increase rate would increase the pension liability by £20.005m.

#### **Property Valuations**

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 1% change in the valuation of the Council's property would be £7.757m. 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 7 June 2024. 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 2024, 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	2022/23 £000	2023/24 £000
<b>Expenditure</b>		
Repairs and Maintenance	4,123	4,799
Supervision and Management	5,248	6,108
Rent, rates, taxes and other charges	3,113	3,518
Depreciation, impairment and revaluation losses of non-current assets	5,929	6,451
Debt management costs	145	145
<b>Total Expenditure</b>	<b>18,558</b>	<b>21,021</b>
<b>Income</b>		
Dwellings rents	(9,118)	(9,122)
Non-dwelling rents	(34)	(30)
Charges for services and facilities	(1,114)	(1,146)
Contributions towards expenditure	(44)	(54)
PFI Credits receivable	(18,799)	(18,799)
<b>Total Income</b>	<b>(29,109)</b>	<b>(29,151)</b>
<b>Net Surplus relating to HRA Services as included in the Comprehensive Income and Expenditure Statement</b>	<b>(10,550)</b>	<b>(8,130)</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	(359)	(854)
Adjustment to the loss allowance	79	100
Interest payable and similar charges	10,867	10,403
HRA Interest and investment income	(268)	(400)
<b>(Surplus)/Deficit for the year on HRA Services</b>	<b>(231)</b>	<b>1,119</b>

### Statement of Movement in the Housing Revenue Account

Movement on the HRA Statement	Prior Year £000	Current Year £000
Opening Balance	(21,719)	(22,585)
(Surplus)/Deficit for the year on the HRA Income and Expenditure Statement	(231)	1,119
Adjustments between accounting basis and funding basis under statute	(634)	360
(Increase)/Decrease in the HRA Balance	(866)	1,479
<b>Closing Balance</b>	<b>(22,585)</b>	<b>(21,106)</b>

Note to Movement on the HRA Statement	Prior Year £000	Current Year £000
<b>Analysis of adjustments between accounting basis and funding basis under statute</b>		
Depreciation, impairment and revaluation losses of non-current assets	(5,941)	(6,565)
Minimum Revenue Provision	4,606	5,420
Gain or loss on sale of HRA fixed assets	371	968
Capital Expenditure funded by the HRA	210	320
Transfer to Major Repairs Reserve	120	217
<b>Net Adjustment</b>	<b>(634)</b>	<b>360</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 2023/24 for the production of its 2023/24 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 Housing Revenue Account (HRA) came to an end. The new Item 8 Determination issued by the Ministry of Housing, Communities and Local Government (formerly the Department for Communities and Local Government) 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 2023/24 Balance £000	Adjustment for the Item 8 Determination £000	Adjusted 2023/24 Balance £000
Housing Revenue Account	(21,106)	5,705	(15,401)
Major Repairs Reserve	(1,222)	(5,705)	(6,927)

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 Revenue Account Housing Stock Numbers and Valuations

As of 31 March 2024, the Council had a total housing stock of 2,085 dwellings. This was comprised of 1,231 Houses and Bungalows, and 854 Flats and Maisonettes.

The balance sheet value of HRA assets was as follows:

	31 March 2023 £000	31 March 2024 £000
Dwellings	76,514	81,408
Other Operational Property	7,613	738
Plant and Machinery	946	858
<b>Total</b>	<b>85,073</b>	<b>83,004</b>

The Vacant Possession Dwellings valuation is £210.348m as of 31 March 2024. 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. Housing Revenue Account Depreciation and Impairment of Assets

Depreciation and impairment of Property, Plant and Equipment is shown below.

Depreciation	Operational Assets £000
Balance at 1 April 2023	5,897
Depreciation written off during the year	(5,559)
Depreciation during the year – Dwellings	5,819
Depreciation during the year - Other land and Buildings/Plant & Machinery	91
<b>Balance at 31 March 2024</b>	<b>6,248</b>

Impairment and Revaluation Loss	Operational Assets £000
Balance at 1 April 2023	(4,530)
Revaluation loss during the year	(235)
<b>Balance at 31 March 2024</b>	<b>(4,765)</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.

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## 4.2 Collection Fund

### Collection Fund Statement

2022/23 Total £000		2023/24 Council Tax £000	2023/24 Business Rates £000	2023/24 Total £000	Note
	<b>Income</b>				
(125,813)	Council Tax Payers	(133,434)		(133,434)	C2
(49,171)	Income from Business Ratepayers		(50,437)	(50,437)	C3
<b>(174,984)</b>		<b>(133,434)</b>	<b>(50,437)</b>	<b>(183,871)</b>	
	<b>Expenditure</b>				
	<b>Precepts:</b>				
103,246	- Oldham Council	109,324	-	109,324	
13,116	- Greater Manchester Mayoral Police and Crime Commissioner Precept	14,233	-	14,233	
5,914	- Greater Manchester Mayoral General Precept (including Fire Services)	6,315	-	6,315	
	<b>Allocation of previous year's Estimated Collection Fund Surplus</b>				
(2,438)	- Oldham Council	40	-	40	
(306)	- Greater Manchester Mayoral Police and Crime Commissioner Precept	5	-	5	
(130)	- Greater Manchester Mayoral General Precept (including Fire Services)	2	-	2	
-	<b>Business Rates:</b>				
51,850	- Payments to Oldham Council	-	53,682	53,682	
524	- Greater Manchester Mayoral General Precept (including Fire Services)	-	542	542	
	<b>Allocation of previous year's Estimated Collection Fund Surplus</b>				
(10,274)	- Payments from Oldham Council	-	4,090	4,090	
(104)	- Greater Manchester Mayoral General Precept (including Fire Services)	-	41	41	
294	Cost of Collection	-	293	293	
45	Transitional Protection Payments Due for the Year	-	(5,363)	(5,363)	
3,627	Change in Allowance for Non Collection	3,322	818	4,140	
-	Write-offs charged to Collection Fund	(27)	-	(27)	
(3,230)	Change in provision for alteration of lists and appeals	-	(679)	(679)	
<b>162,134</b>		<b>133,215</b>	<b>53,423</b>	<b>186,638</b>	
<b>(12,850)</b>	<b>Deficit/(Surplus) for the year</b>	<b>(220)</b>	<b>2,987</b>	<b>2,767</b>	
	<b>Collection Fund Balance</b>				
9,133	Balance brought forward at 1 April	410	(4,127)	(3,717)	
(12,850)	Deficit/(Surplus) for the year	(220)	2,987	2,767	
<b>(3,717)</b>	<b>Balance carried forward at 31 March</b>	<b>190</b>	<b>(1,140)</b>	<b>(950)</b>	
	<b>Allocated to:</b>				
(3,741)	- Oldham Council	160	(1,129)	(969)	
45	- Greater Manchester Police and Crime Commissioner	21	-	21	
(21)	- Greater Manchester Mayoral General Precept (including Fire Services)	9	(11)	(2)	
<b>(3,717)</b>		<b>190</b>	<b>(1,140)</b>	<b>(950)</b>	

## 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 2023/24 the Oldham Council share is 99% with the remainder paid to the GMCA for the Mayoral General Precept (including Fire Service).

## 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 2023/24 was 58,500 (57,450 in 2022/23) and was approved at the Cabinet meeting on 23 January 2023, the Tax Base was calculated as follows:

Band	Chargeable Dwellings	Proportion of Band D Tax	Equivalent Band D Dwellings
A Reduced	157	5/9	83.1
A	49,466	6/9	29,232.5
B	17,183	7/9	12,203.7
C	16,191	8/9	13,335.4
D	7,065	9/9	6,669.0
E	3,392	11/9	3,949.3
F	1,561	13/9	2,150.1
G	905	15/9	1,438.8
H	60	18/9	113.5
Net effect of premiums and discounts			(8,710)
Tax Base before adjustment for collection rate			60,465.1
Estimated collection rate			96.75%
<b>Tax Base for the Calculation of Council Tax</b>			<b>58,500</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 2023/24 was £133.434m (£125.813m 2022/23).

### 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 2023/24, the total non-domestic rateable value at 31 March 2024 is £165.737m (£155.560m in 2022/23). The Government once again decided to freeze the business rate multipliers, therefore for both 2023/24 and 2022/23 the multipliers were set at 49.9p for qualifying Small Businesses, and the standard multiplier being 51.2p for all other businesses.

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## 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.

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## 5.1 Group Comprehensive Income and Expenditure Statement (CIES)

Gross Expenditure £000	2022/23 Gross Income £000	Net Expenditure £000		Gross Expenditure £000	2023/24 Gross Income £000	Net Expenditure £000
137,472	(53,803)	83,669	Community Health and Adult Social Care	146,733	(58,679)	88,054
317,428	(219,188)	98,240	Children's Services	341,703	(233,561)	108,142
33,039	(5,182)	27,856	Public Health	31,567	(4,889)	26,678
10,416	(1,375)	9,041	Communities	13,890	(1,806)	12,084
89,001	(36,730)	52,270	Place and Economic Growth	97,651	(36,769)	60,882
26,654	(11,663)	14,992	Corporate Services	22,219	(13,347)	8,872
40,952	(44,038)	(3,086)	Capital, Treasury and Technical Accounting	50,915	(48,764)	2,151
6,851	-	6,851	Corporate and Democratic Core	7,642	-	7,642
18,559	(29,108)	(10,550)	Housing Revenue Account	20,927	(29,151)	(8,224)
<b>680,371</b>	<b>(401,087)</b>	<b>279,284</b>	<b>Cost of Services</b>	<b>733,247</b>	<b>(426,966)</b>	<b>306,281</b>
		314	Other Operating Expenditure			
		185	Parish Council precepts			329
		33,289	Payments to Housing capital receipts to government pool			444
		(2,094)	Levies			34,292
			(Gains)/losses on the disposal of non-current assets			(951)
		<b>31,694</b>	<b>Total Other Operating Expenditure</b>			<b>34,114</b>
		24,909	Financing and Investment Income and Expenditure			16,691
		(303,784)	Taxation and Non-Specific Grant Income			(321,604)
		<b>32,103</b>	<b>(Surplus) or Deficit on Provision of Services</b>			<b>35,482</b>
		<b>250</b>	Tax expense of Subsidiaries			<b>122</b>
		<b>32,353</b>	<b>Group (Surplus)/Deficit</b>			<b>35,604</b>
		(73,528)	Other Comprehensive Income and Expenditure			
		106	Revaluation (gains)/losses non-current assets			(78,990)
			Impairment losses on non-current assets			130
		(9,404)	(Surplus) or deficit on revaluation of available for sale financial assets			(25,027)
		(531,803)	Remeasurement of net defined benefit liability			(175,643)
		102,092	Asset Ceiling Adjustment			284,978
		-	Deferred Tax Related Other Comprehensive Income and Expenditure			685
		<b>(512,537)</b>	<b>Total Other Comprehensive Income and Expenditure</b>			<b>6,133</b>
		<b>(480,184)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>41,737</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 resources. 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 2023/24	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 2023</b>	(18,865)	(99,193)	<b>(118,058)</b>	(22,585)	-	(1,004)	(22,298)	<b>(163,945)</b>	(572,860)	<b>(736,805)</b>	(16,529)	<b>(753,334)</b>
Total Comprehensive Income and Expenditure	16,786	-	<b>16,786</b>	1,119	-	-	-	<b>17,905</b>	9,052	<b>26,957</b>	14,781	<b>41,737</b>
Adjustments Between Accounting Basis and Funding Basis under regulations	(8,352)	-	<b>(8,352)</b>	360	-	(218)	(6,008)	<b>(14,218)</b>	14,218	-	-	-
Adjustments Between Group Accounts and Authority Accounts	18,219	-	<b>18,219</b>	-	-	-	-	<b>18,219</b>	-	<b>18,219</b>	(18,219)	-
<b>Net (Increase)/Decrease before transfers to Earmarked Reserves</b>	<b>26,653</b>	-	<b>26,653</b>	<b>1,479</b>	-	<b>(218)</b>	<b>(6,008)</b>	<b>21,906</b>	<b>23,270</b>	<b>45,176</b>	<b>(3,438)</b>	<b>41,737</b>
Transfers To/(From) Earmarked Reserves	(26,653)	26,653	-	-	-	-	-	-	-	-	-	-
<b>(Increase)/Decrease in year</b>	<b>-</b>	<b>26,653</b>	<b>26,653</b>	<b>1,479</b>	-	<b>(218)</b>	<b>(6,008)</b>	<b>21,906</b>	<b>23,270</b>	<b>45,176</b>	<b>(3,438)</b>	<b>41,737</b>
<b>Balance at 31 March</b>	<b>(18,865)</b>	<b>(72,540)</b>	<b>(91,405)</b>	<b>(21,106)</b>	-	<b>(1,222)</b>	<b>(28,306)</b>	<b>(142,039)</b>	<b>(549,590)</b>	<b>(691,629)</b>	<b>(19,967)</b>	<b>(711,597)</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.

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	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>Restated Balance as at 1 April 2022</b>	(20,012)	(120,191)	<b>(140,203)</b>	(21,721)	-	(884)	(15,947)	<b>(178,755)</b>	(98,720)	<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>(99,193)</b>	<b>(118,058)</b>	<b>(22,585)</b>	-	<b>(1,004)</b>	<b>(22,298)</b>	<b>(163,945)</b>	<b>(572,859)</b>	<b>(736,804)</b>	<b>(21,305)</b>	<b>(758,109)</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.

Restated 31 March 2023 £000		31 March 2024 £000
710,436	Property Plant and Equipment	791,202
165,298	Infrastructure Assets	169,298
21,141	Heritage Assets	21,141
20,791	Investment Property	19,624
5,350	Intangible Assets	6,033
48,246	Long Term Investments	72,725
40,044	Long Term Debtors	42,754
91,558	Pension Asset	-
<b>1,102,864</b>	<b>Long Term Assets</b>	<b>1,122,777</b>
20,390	Short Term Investments	10,273
678	Inventories	642
58,771	Short Term Debtors	60,376
31,227	Cash and Cash Equivalents	5,408
7	Current Tax Asset	-
610	Assets Held For Sale (Less than one year)	610
<b>111,683</b>	<b>Current Assets</b>	<b>77,309</b>
(1,690)	Short Term Borrowing	(21,820)
(74,628)	Short Term Creditors	(80,761)
(5,918)	Short Term Provisions	(5,302)
	Short Term Liabilities	
(10,716)	- Private Finance Initiatives	(11,406)
(262)	- Finance Leases	(302)
(6)	- Transferred Debt	(6)
-	Current Tax	(803)
-	Deferred Tax	(205)
<b>(93,220)</b>	<b>Current Liabilities</b>	<b>(120,605)</b>
(6,864)	Long Term Provisions	(7,134)
(161,494)	Long Term Borrowing	(161,484)
	Other Long Term Liabilities	
-	- Pension Liabilities	(12,839)
(193,110)	- Private Finance Initiatives	(181,704)
(213)	- Finance Leases	(445)
(33)	- Transferred Debt	(27)
(17)	- Deferred Credits	(17)
(1,097)	Capital Grants Receipts In Advance	(590)
(390)	Deferred Tax	(1,913)
<b>(363,218)</b>	<b>Long Term Liabilities</b>	<b>(366,153)</b>
<b>758,109</b>	<b>Net Assets</b>	<b>713,328</b>
(185,250)	Usable Reserves	(163,738)
(572,859)	Unusable Reserves	(549,590)
<b>(758,109)</b>	<b>Total Reserves</b>	<b>(713,328)</b>

## 5.4 Group Cash Flow Statement

	2022/23 £000	2023/24 £000
Net surplus or (deficit) on the provision of services	(33,348)	(35,605)
Adjustment to surplus or deficit on the provision of services for non-cash movements	62,235	53,974
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(46,603)	(46,827)
<b>Net cash flows from operating activities</b>	<b>(17,716)</b>	<b>(28,458)</b>
Net Cash flows from Investing Activities	5,227	(6,702)
Net Cash flows from Financing Activities	(15,420)	9,341
<b>Net increase or (decrease) in cash and cash equivalents</b>	<b>(27,909)</b>	<b>(25,819)</b>
Cash and cash equivalents at the beginning of the reporting period	59,136	31,227
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>31,227</b>	<b>5,408</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.
Oldham Total Care 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.

Further details can be found in Note 12 Related Parties.

### G3. Bodies Consolidated

The Council has consolidated one Subsidiary in the 2023/24 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 2024 for MioCare have been summarised below, with comparator figures for the previous reporting period.

MioCare Group CIC	31 March 2023 £000	31 March 2024 £000
Net Assets	16,529	21,913
Surplus/(Deficit) - before tax	(1,432)	641
Surplus/(Deficit) - after tax	(1,226)	519

### 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.

	2022/23 £000	2023/24 £000
<b>Service Cost</b>		
Current service cost	(46,661)	(22,160)
Past service cost (including curtailments)	(1,760)	(1,192)
Effect of Settlements	1,371	(137)
<b>Total service cost</b>	<b>(47,050)</b>	<b>(23,489)</b>
<b>Financing and Investment Income and Expenditure</b>		
Interest income on scheme assets	37,439	65,967
Interest cost on defined benefit obligation	(45,842)	(56,756)
Interest on the effect of the asset ceiling	-	(4,849)
<b>Total net interest</b>	<b>(8,403)</b>	<b>4,362</b>
<b>Total Post Employment Benefits Charged to the Deficit on the Provision of Services</b>	<b>(55,453)</b>	<b>(19,127)</b>
<b>Remeasurements of the Net Defined Liability Comprising:</b>		
Return on plan assets excluding amounts included in net interest	(12,712)	33,633
Change in demographic assumptions	11,892	8,132
Actuarial gains/(losses) arising from changes in financial assumptions	627,530	65,895
Other Experience and actuarial adjustments	(94,907)	(38,958)
Changes in the effect of the asset ceiling	-	106,941
Asset Ceiling Adjustment	(102,092)	(284,978)
<b>Total remeasurements recognised in other comprehensive income</b>	<b>429,711</b>	<b>(109,335)</b>
<b>Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement</b>	<b>374,258</b>	<b>(128,462)</b>
<b>Movement in Reserves Statement</b>		
Reversal of net charges made to the deficit on the provision of services	56,426	19,127
<b>Employers' Contributions Payable to the Scheme</b>	<b>(20,128)</b>	<b>(24,065)</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:

	2022/23 £000	2023/24 £000
Fair value of plan assets	1,399,736	1,478,218
Present value of funded liabilities	(1,176,115)	(1,177,086)
Present value of unfunded liabilities	(29,971)	(28,993)
Asset Ceiling Adjustment	(102,092)	(284,978)
<b>Net Liability Arising From Defined Benefit Obligation</b>	<b>91,558</b>	<b>(12,839)</b>

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

	2022/23 £000	2023/24 £000
Opening fair value of scheme assets	1,319,572	1,399,736
Effect of Settlements	(1,275)	(2,876)
Effect of Business Combinations and Disposals	83,501	-
Interest Income	37,439	65,967
<b>Remeasurement loss</b>		
Return on plan assets excluding amounts included in net interest	(12,712)	33,633
Other Experience	-	-
Contributions from employer	7,686	21,343
Contributions from employees into the scheme	6,939	7,261
Benefits paid	(41,414)	(46,846)
<b>Closing Fair Value of Scheme Assets</b>	<b>1,399,736</b>	<b>1,478,218</b>

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

	2022/23 £000	2023/24 £000
Opening fair value of scheme liabilities	1,617,095	1,206,086
Current service cost	46,661	22,160
Interest cost	45,842	56,756
Effect of Settlements	(2,646)	(2,739)
Effect of Business Combinations and Disposals	76,364	-
Contributions from scheme participants	6,939	7,261
<b>Remeasurement gain</b>		
Actuarial losses arising from changes in financial assumptions	(627,530)	(65,895)
Change to demographic assumptions	(11,892)	(8,132)
Other experience and actuarial adjustments	94,907	38,958
Past service cost	1,760	1,192
Benefits paid	(41,414)	(49,568)
<b>Closing Fair Value of Scheme Liabilities</b>	<b>1,206,086</b>	<b>1,206,079</b>

## Pension Scheme Assets

	31 March 2023 £000	31 March 2024 £000
Equities	725,108	728,132
Debt Instruments	253,054	291,560
Property	381,945	415,658
Cash	39,630	42,868
<b>Total</b>	<b>1,399,737</b>	<b>1,478,218</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 2024 for MioCare and Oldham Council.

The significant assumptions used by the actuary have been:

MioCare Services CIC	2022/23	2023/24
<b>Mortality assumptions:</b>		
<b>Longevity at 65 for current pensioners:</b>		
men	19.1	19.0
women	22.8	22.6
<b>Longevity at 65 for future pensioners:</b>		
men	20.0	19.8
women	24.4	24.2
Rate of increase in salaries	3.75%	3.55%
Rate of increase in pensions (CPI)	2.95%	2.75%
Rate for discounting scheme liabilities	4.75%	4.85%

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 2024	Approximate % Increase to Employee Liability	Approximate Monetary Amount £000
0.1% decrease in real discount rate	2%	924
1 year increase in member life expectancy	4%	1,740
0.1% increase in the salary increase rate	0%	151
0.1% increase in the pension increase rate	2%	789

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 audit fees for the external audit of the Council's Statement of Accounts and the audit of the accounts of MioCare Group CIC.

Saffrey LLP were engaged to complete the audit of MioCare CIC accounts in 2023/24 (Mazars LLP 2022/23). The audit of the Council's accounts was completed by Forvis Mazars LLP in both years.

The cost for Oldham Council has been restated for 2022/23.

	Restated 2022/23 £000	2023/24 £000
Fees payable to Forvis Mazars LLP with regard to external audit services carried out by the appointed auditor for the year for Oldham Council	163	360
Fees payable to Forvis Mazars LLP/Saffrey LLP with regard to external audit services carried out by the appointed auditor for the year for MioCare Services CIC.	38	54
<b>Total</b>	<b>201</b>	<b>414</b>

## 6.0 Annual Governance Statement

### INTRODUCTION

The Council (the Authority) is required by law to review its governance arrangements at least annually. Preparation and publication of the Annual Governance Statement (AGS) is done in accordance with the CIPFA/ SOLACE 'Delivering Good Governance in Local Government' Framework.

This AGS is a key corporate document which is intended to provide an accurate representation of the corporate governance arrangements in place which have supported the delivery of organisational objectives during the year. The governance framework has been in place across the Authority for the year ending 31 March 2024 and up to the date of approval of the Statement of Accounts.

### SCOPE OF RESPONSIBILITY

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.

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 CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' and it has adopted a Local Code of Corporate Governance (LCCG) which was approved by the Standards Committee on 12 July 2022. A copy of the LCCG is available on the Council's website.

This Statement sets out how the Authority has complied with the Code of Corporate Governance and meets the requirements of Regulation 6(1)(b) of the Accounts and Audit (Amendment) Regulations 2022 which requires all relevant bodies to prepare an Annual Governance Statement.

### 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.

## THE GOVERNANCE FRAMEWORK & REVIEW OF EFFECTIVENESS

As noted above, the Authority has adopted a local governance framework consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' 2016 edition. The Authority aims to achieve good standards of corporate governance by adhering to the seven core principles of good governance as outlined in the CIPFA/ SOLACE guidance:

- a) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- b) Ensuring openness and comprehensive stakeholder engagement.
- c) Defining outcomes in terms of sustainable economic, social and environmental benefits.
- d) Determining the interventions necessary to optimise the achievement of the intended outcomes.
- e) Developing the entity's capacity, including the capability of leadership and the individuals within it.
- f) Managing risk and performance through robust internal control and strong public financial management.
- g) Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

The Authority has conducted a review of its effectiveness, against each of the CIPFA/ SOLACE principles, which is detailed below.

## REVIEW OF EFFECTIVENESS

### **Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**

A new Code of Conduct was adopted by the Council in 2022/23, following approval by the Standards Committee on 12 July 2022 and reviewed on 12 June 2023. Under the new Code all Elected Members are required to confirm adherence to the code.

Throughout the year the conduct of Elected Members is monitored by the Monitoring Officer who reports annually on the outcome of complaints reported through to the Standards Committee. The Standards Committee has met twice during 2023/24 to investigate complaints about Members and Co-opted Members.

Registers of declarations of interests, gifts and hospitality are held for both employees and Elected Members. Elected Members register of interests are published on the Council's website.

The Council's Constitution is updated annually and was approved by Council on 12 July 2023. The Financial Procedure Rules and Contract Procedure Rules were presented to Audit Committee for scrutiny and approval on 20 July 2023.

The Employee Code of Conduct is available to all staff on the intranet. There is also a summary document which explains the standards expected of officers. The Code of Conduct training forms part of the mandatory eLearning programme and officers are expected to complete this training course every two years.

The Authority has a comprehensive suite of e-learning for staff which includes 12 mandatory modules. The system allows managers to monitor employees completion and compliance with policies.

The Head of Internal Audit maintains a comprehensive suite of counter fraud and anti-corruption policies. An annual fraud and loss assessment is undertaken which feeds into the annual audit and counter fraud plan which is reported regularly to Audit Committee. This work feeds into the annual report on the adequacy and effectiveness of internal controls.

The Director of Legal Services is the Council's Monitoring Officer and maintains the Council's Whistleblowing Policy and receives allegations on behalf of the Council.

Legal advice is sought where required. All legal challenges are recorded in a legal risk register, which is reviewed by the Monitoring Officer. Cases with significant implications for the Council are discussed with the Chief Executive and where appropriate referred to Management Board for consideration.

Regular 'Golden Triangle' meetings between the Chief Executive, Monitoring Officer and Director of Finance.

The Council uses its Equality Impact Assessment (EIA) tool to ensure that impact on disadvantaged or vulnerable residents is considered when introducing new policies and decisions and consideration of EIA implications is a mandatory requirement for all formal reports.

**Principle B: Ensuring openness and comprehensive stakeholder engagement**

Effective mechanisms are in place for engaging with and consulting with relevant stakeholders.

All Committee meetings have been held in public unless legislation prevents this or allows them not to be. All meeting dates, agendas and minutes have been published in accordance with legislation and are available online and in local libraries.

The Corporate Plan was refreshed in 2022. Setting out a vision for the borough through to 2027, the Plan was launched following extensive engagement with other local public services, businesses, community and voluntary organisations. Progress on Council priorities and plans are published annually through the Council newspaper which is sent to all households, with electronic updates sent monthly to subscribers.

As part of the process of developing the Local Plan, the Council has undertaken in depth consultation with local residents and organisations and national organisations to help inform and shape the development of the plan. Feedback was received from 77 individuals and organisations and the outcome of the consultation has been fed into the process of bringing the plan forward for adoption by the deadline of December 2025.

The Council continues to engage with all sectors of the community through Partnership and Community Engagement, District Partnership engagement and panels, Area Committees, Ward Committees and Scrutiny Committees, and through targeted consultation and engagement. In addition to corporate consultation exercises, directorates conduct specific consultation.

The Peer Review Challenge acknowledged the Council's openness to external support and challenge – using models such as the 'Getting to Good' board which has had a positive impact, with a similar arrangement recently in SEND too (following the recent inspection of the system).

The Council is committed to engaging with its staff and does this in a number of methods. In 2021 the Council reintroduced a full staff survey to understand levels of engagement and satisfaction amongst staff. The outcome of this survey led to the development of an action plan to address issues raised and continuing with the pledge to maintain engagement, a further survey was carried out in the early part of 2024. The results of this exercise will be socialised with staff in the coming months and areas for improvement will be highlighted.

Weekly Team Briefings are distributed to staff via an e-newsletter. This briefing includes important service updates, upcoming events and a range of initiatives that staff can get involved with. Weekly updates from the Chief Executive are distributed that summarises the key themes from the weekly Management Board meeting. There is also an 'Ask Harry' email address, which staff can use at any time to provide direct feedback or ideas to the Chief Executive.

**Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits**

The Oldham Corporate Plan is based around the vision for creating a future Oldham with a long term vision to deliver five key priorities:

- 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

The Corporate Plan is 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. 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. It is a collective action statement 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, greener and cleaner communities.

The Corporate Plan is developed and agreed within the context of the Council's budget and underpinned by the Medium-Term Financial Strategy, Capital Programme and Treasury Management Strategy. The Plan provides a clear basis for corporate and service planning which is carried out in accordance with the Corporate Planning cycle and presented to Cabinet and the Governance, Strategy & Resources Scrutiny Board.

All reports, be they delegated or through to Council, Cabinet or any other formal Committee, contain financial, social and environmental considerations.

The Council has introduced a new Equality Impact Assessment tool to ensure that impacts on disadvantaged or vulnerable residents is considered when introducing new policies and decisions.

The Council produces comprehensive quarterly performance reports which are considered through Management Board and directorate management teams. These ensure that the Council reviews and monitors the achievement of key outcomes.



**Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes**

The Council has processes in place to demonstrate that decision makers follow due process and that decisions are properly documented and taken having regard to all relevant considerations. This is supported by robust options appraisals, risk assessments and consideration of the impact of decisions on delivery of outcomes, including consideration of alternative options.

The Council actively consults with stakeholders and service users when making decisions about service improvements, changes to service delivery or proposing any reductions to service delivery. This is supported by effective service planning, budget planning and performance planning processes, all of which are underpinned by the Medium-Term Financial Strategy.

The Council has invested in an ambitious transformation programme which is focused around three objectives: demand management, income maximisation and service reviews. Core themes of the programme are around children and adults change and improvement, Creating a Better Place, place based integration, income maximisation and commissioning, procurement and contract management. All programmes are aimed at making sustainable change in these areas and driving efficiencies.

The Council has been on a Social Value journey since 2012 supporting residents, businesses and communities to thrive. In March 2024, Cabinet approved the Council's Social Value Policy. The policy reflects the Council's commitment to enhancing Oldham's social fabric, creating a lasting positive impact, ensuring every £ we spend has the maximum impact for Oldham's communities. Much work has been achieved in this space and, through the Creating a Better Place programme, 14.72% added social value has been achieved against the value of works.

**Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it**

A full training programme for both established and recently Elected Members (the Local Leaders' Programme) continues to be delivered to support the vision of a Co-operative Council. The content of the programme changes annually but the emphasis remains on all Members demonstrating community leadership and includes an introductory module to Local Government finance. The planned programme is supported by ad hoc training for Members who have specific Committee responsibilities.

To support the achievement of the Council's strategic priorities, the Authority reviews the organisational framework annually to ensure that it has the right people with the right skills. To support this, the Council has an agreed People (workforce) Strategy. This is supported within a performance framework covering all officers including the refreshed appraisal system, Let's Talk, with targeted, relevant training.

Due to challenges in recruiting and retaining staff in key areas, a new Workforce Strategy is currently being developed and rolled out. Focussing on the employee lifecycle, the refreshed strategy will prioritise key areas including recruitment pressures, skills gaps and workforce planning.

All human resources policies and procedures are available to staff on the Council's intranet site, together with an Employee Handbook and a Manager's Handbook. The latter forms the basis of the manager's induction and management development package.

There are targeted programmes, often using e-learning, within the Organisational Development Team supporting these policies and helping ensure appropriate consideration is given to the future capacity of the organisation. The training courses are aligned to the Co-operative ambition and underpinned by the Council's values and behaviours.

Staff are required to complete a programme of mandatory training every two years. Progress is recorded centrally and service managers are informed of non-compliance.

**Principle F: Managing risk and performance through robust internal control and strong public financial management**

A Risk management policy is in place and was updated in July 2023.

Decision making is supported by risk management arrangements. All Council and Committee reports include a risk management section.

All Service Business Plans contain risk matrices and significant risks are captured in the Corporate Risk Register.

The Corporate Risk Register is regularly updated from the risks highlighted in the business plans alongside corporate risks identified separately. Management Board receive regular in-year updates, at least quarterly on the management of risks within the Corporate Risk Register and the updated Corporate Risk Register is shared with Audit Committee.

There are robust policies, guidance and systems in place to ensure that data is as secure as possible. Annual mandatory data protection and cyber awareness training is in place for all staff.

The Data Protection team, led by the Data Protection Officer provide a corporate approach to information governance processes and procedures ensuring they are met and implemented. The Authority's Senior Information Risk Owner (SIRO) is the Director of Finance and reports through to Management Board and Audit Committee annually on security breaches, information risk issues and other data issues.

During 2022, the Internal Audit Section was independently assessed by CIPFA as part of its five yearly assessment cycle which confirmed full compliance with the Public Sector Internal Audit Standards. The Head of Internal Audit and Counter Fraud reports regularly to the Audit Committee.

Progress against the audit plan and the outcomes of all audits are reported through to Audit Committee throughout the year and follow ups are routinely revisited as part of the following year's audit plan.

The Head of Internal Audit also provides an Annual Report and Opinion to the Audit Committee on the adequacy of the Council's Internal Control Environment for the year. Whilst the Council faces governance and internal control challenges in a number of areas including Social Care, Special Educational Needs and Regeneration, all of which are reflected nationally and are discussed in greater detail in the section of this statement below which discusses the Council's significant governance issues, the Head of Internal Audit's opinion is that the Council's control environment during 2023/24 continued to be adequate in meeting its needs in monitoring and controlling its performance and resources.

Work was undertaken during the year to assess the Council's compliance with the CIPFA Financial Management Code. This was reported by the Director of Finance to the Audit Committee on 5 September 2023 and advised Members that the Council complied with the key requirements of the Code.

Whilst the exercise identified strong financial management practice during the year the Authority has faced significant pressures on the revenue budget arising as a consequence of demand pressures in social care services, homelessness and in respect of premises costs. In the year these pressures manifested into a £20m overspend against the approved budgets. The overall impact was mitigated downwards due to underspends in Corporate Services however in balancing the budget a further £16m of Earmarked Reserves had to be applied. The impact of this has been to reduce balances to less than £50m which in turn impacts on financial resilience. Further action will be required during 2024/25 to avoid similar action being required to balance the budget.

**Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

The Council publishes a wide range of information on its website, with the aim of increasing transparency and accountability.

The Council has a clear process for dealing with Freedom of Information (FOI) requests from the public. These are logged onto a central system and the Council's Information Governance team co-ordinate and track progress on all requests to ensure responses are properly co-ordinated and to the right quality, standard and timescales.

The Council complies with the requirements of the Local Government Transparency Code 2015. This information can be found on the Council's website at [https://www.oldham.gov.uk/info/100004/about\\_the\\_council/1429/open\\_data/3](https://www.oldham.gov.uk/info/100004/about_the_council/1429/open_data/3)

Work has been undertaken to ensure commissioning and procurement is fair, transparent, ethical and based on the needs of the community and an understanding of the marketplace. To ensure a consistency of approach and decision making, an e-procurement system (the Chest), is used to support procurement activity.

The Audit Committee is chaired by an independent member and the Committee oversees the work of Internal and External Audit. Annual external training is provided to Members of the Audit Committee to help them dispense with their responsibilities. To assist in developing the skills and capacity of the Committee, recruitment has commenced to bring in a second independent member to the Committee.

The Authority has a comprehensive annual audit and counter fraud plan which takes a risk based approach to identifying an organisational wide internal audit plan. The plan is developed in conjunction with Directors and Management Board. The Council's fundamental financial systems are reviewed annually and the output from these audits provides significant input into the Head of Internal Audit's annual opinion.

It is a requirement of the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 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 development of a Partnership Dashboard, that sets out the key financial risks associated with the Council's subsidiaries and other related parties. During the year, two reports were submitted to the Audit Committee and one to the Governance, Strategy & Resources Scrutiny Board highlighting the risks.

During the year the Council was subject to a Peer Challenge Review which whilst broadly very positive about the governance arrangements in place at the Council, identified a number of improvements in respect of strengthening Overview and Scrutiny through Member training, dedicated support to the Scrutiny function and development of work plans. An action plan has been developed to support implementing and addressing these issues.

## Key Sources of Assurance

In assessing the effectiveness of arrangements, consideration has been given to a range of sources through which the Council gains assurances.

Internal Audit	<ul style="list-style-type: none"> <li>• Annual Head of Internal Audit Opinion</li> <li>• Internal Audit reports</li> <li>• Public Sector Internal Audit Standards compliance</li> </ul>
External Audit	<ul style="list-style-type: none"> <li>• Annual Statement of Accounts audit</li> <li>• Value for Money opinion</li> <li>• Grant certification</li> </ul>
Information Governance (IG)	<ul style="list-style-type: none"> <li>• IG policies and procedures</li> <li>• Annual SIRO reporting</li> </ul>
Counter fraud	<ul style="list-style-type: none"> <li>• Whistleblowing arrangements</li> <li>• Counter fraud policies</li> <li>• Annual report</li> </ul>
Risk Management	<ul style="list-style-type: none"> <li>• Corporate Risk Register</li> <li>• Service Risk Registers</li> <li>• Quarterly reporting on risk</li> <li>• Internal audit reviews</li> </ul>
Complaints	<ul style="list-style-type: none"> <li>• Internal complaints procedure</li> <li>• Internal complaints monitoring and reporting</li> <li>• Ombudsman</li> </ul>
External Reviews	<ul style="list-style-type: none"> <li>• Ofsted Children's Service Inspection</li> <li>• Local Government Association (LGA) Peer Review</li> </ul>
Management and Statutory Officers	<ul style="list-style-type: none"> <li>• Monitoring officer (legal assurances and ethics)</li> <li>• Chief Finance Officer role compliance</li> </ul>
Committees	<ul style="list-style-type: none"> <li>• Scrutiny</li> <li>• Standards reports</li> <li>• Audit Committee self-assessment</li> </ul>

## SIGNIFICANT GOVERNANCE ISSUES

Based on the work undertaken to complete this AGS, the most significant governance issue facing the Council relates to its financial position and its financial resilience.

As detailed above, the Council's financial position has become more challenging as a result of significant overspends in key demand led service areas. Over the past couple of years there has been a high reliance on applying reserves to support the budget. Whilst reserves were available to support this approach, this was not a sustainable long term plan and could only be applied as part of a strategy to try to lessen the severity of the budget reductions required to achieve financial sustainability.

A significant part of the challenge that the Council faces relates to significant pressure in respect of services such as social care and homelessness, both in terms of the numbers accessing the services but also in respect of the costs to the Council in commissioning packages of care.

Children's Services has faced the biggest impact, primarily due the increased cost and number of residential care placements for looked after children. In 2022/23 the service overspent by £13.5m and this resulted in Council approving an additional £14.7m to meet this demand when setting its budget for 2023/24. Despite this increased resource, Children's Service overspent by a further £13.7m in 2023/24 and early indications are that the demand for services is continuing to grow.

The other major factor that has impacted on the Council's financial position is the failure to generate savings in line with the underlying need to reduce the budget. Over the last couple of years, the Council has employed a strategy of applying specific earmarked reserves to mitigate the impact of the necessary budget reductions to protect front line services. Whilst this has to some extent insulated services, this strategy inevitably could not be continued indefinitely and as Earmarked Reserves are now less than £50m, the focus for 2024/25 onward is on achieving financial sustainability without continued reliance on contributions from reserves.

Significant savings plans are in train to help address the budgetary challenges over the next twelve to twenty four months, however over the projected MTFS, residual budget gaps remain. One of the greatest challenges the Council will face is ensuring that programmes are kept to plan to ensure delivery in line with expected timescales. Slippage from this will undoubtedly present challenges.

To address these issues, a number of actions have been put in place:

- Moving to bi-monthly (from quarterly) reporting of the Council's financial position.
- Incorporating savings updates as part of the Budget Monitoring Reporting cycles together with the Establishment of a Delivery Board, chaired by the Leader, to hold directors to account in respect of the savings proposals put forward.
- Devising a new and accelerated budget timetable to support early decision making with strong support from the Administration.
- Reviewing and refreshing the transformation and change programme to identify options for acceleration of schemes that will drive financial savings.
- Work to align financial planning with colleagues at the ICB to ensure resource planning is efficient and aligned.
- Demonstrating how risks identified have informed the budget setting process and MTFS financial strategy.
- Ensuring that all income and debts due to the Council are collected efficiently and effectively. All debt management activity will be centralised under the Assistant Director for Revenues and Benefits with new consistent debt management policies.

## RISKS AND OTHER KEY ISSUES

The table below highlights some of the key risk and issues that the Council faces, together with proposed actions to reduce and mitigate these risks.

Issue	Proposed Action
<p><b>New Public Procurement Regulations</b> The new public procurement regulations go live in August 2024. The new regulations will differ substantially in certain respects from previous EU guidance.</p>	<p>All Procurement sections are required to undertake training and readiness preparation for the go live. The Procurement function is facing challenges with recruiting and retaining staff so there will be a challenge to ensure the Council retains sufficient in-house knowledge to drive through and implement these changes. A review of the function is currently underway with a view to supporting the team with readiness and ensuring learning is embedded.</p>
<p><b>Regeneration – Creating a Better Place</b> The Council has a number of key regeneration projects planned for the future as detailed in the Creating a Better Place Programme. This programme is central both to the regeneration of the Borough and the projected savings stemming from asset rationalisation. Failure to deliver on any aspect of this programme is likely to have a financial impact on the Council: either through loss of budgeted grant income, reputational damage and/or an increase in the overall financing of current plans from the Council's own resources.</p>	<p>The move to bi-monthly reporting will provide early warnings of pressures. An annual review of major Regeneration Projects included within the agreed Capital Programme will be undertaken by the Council during 2024/25 to assess the affordability of the Capital Programme in light of the revised cost forecasts, the MTFS position and continued uncertainty over long-term funding. There will continue to be close engagement with the Department for Levelling Up, Housing and Communities who administer key grant programmes. Where there is considered a risk of slippage, agreement to re-profile expenditure to later financial years will be sought.</p>
<p><b>Health Integration</b> Under the Health and Care Act 2022, Integrated Care Systems (ICS) are now responsible for planning and funding health and care services in the area they cover. There are 42 ICSs across England and Greater Manchester is an ICS on its own with Oldham being one of ten Localities under the GM ICS. ICSs are partnerships that bring together the health and care organisations in a particular local area, to improve population health and healthcare, tackle unequal outcomes and access, enhance productivity, value for money, and help the NHS to support broader social and</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>

Issue	Proposed Action
<p>economic development - the cited Triple Aim - better health for everyone, better care for all and efficient use of health and care resources.</p> <p>GM ICS has significant financial pressures that the Locality and System arrangements are intended to address. There is a potential risk that the new ways of working and the reform to Health Integration do not result in the efficiencies anticipated due to increased demand caused by several factors including the residual impact of the recent increases in the cost of delivering services.</p>	<p>The Oldham Commissioning Business Partnership Board retains the duty to agree plans for spending against the Better Care Fund which are the funds that currently make up the Section 75 pooled budget. Oldham's integrated system mechanism for measuring and monitoring performance, improvement and assurance is currently being enhanced. The developing framework will enable Oldham to provide regular reports of the impact that integrated system working is achieving. The reporting mechanism at Locality and GM will be to ensure Oldham benefits and has access to GM initiatives and resources and ensure the Council is involved at the GM system level. The Council will consider all the emerging risks arising from Health Integration throughout 2024/25 and it will be considered as part of the review of the Council's reserves/ financial resilience and the on-going budget monitoring for 2024/25.</p>
<p><b>Partnership Governance</b></p> <p>The Council has a number of wholly owned subsidiaries including MioCare CIC, Northern Roots and the newly acquired Oldham Total Care Limited (OTC).</p> <p>Separate governance arrangements are required to monitor the Council's exposure to risks associated with its subsidiaries and other related party undertakings.</p> <p>In particular the purchase of a distressed care home through OTC presents the challenge of restoring the business to a financially sustainable business model.</p>	<p>The Partnership Dashboard, which identifies the risks and issues faced by all the Council's partnerships, will continue to be updated and presented to Audit Committee for review.</p> <p>In respect of OTC:</p> <ul style="list-style-type: none"> <li>• Governance arrangements including the composition of the board of directors will be reviewed to ensure they meet the long term needs of the organisation.</li> <li>• A robust business plan will be developed to outline optimal and sustainable long term arrangements for both the Council and OTC.</li> </ul>
<p><b>IT Security</b></p> <p>Failure to protect the Council network from external and internal attacks could lead to a loss of service for a period of time potentially resulting in harm to individuals, damage to reputation and financial loss.</p>	<p>The Council has a number of mitigations in place for cyber security but cannot provide full details of these in this document. These include: managed detection and response, 24/7 SOC, network traffic analysis, lateral movement detection, unidentified devices, immutable backup storage and multiple layered ransomware detection. All of these including plans, policies, training and controls underpin the Council's threat detection. The Council has backup solutions which underpin its recovery strategies.</p>

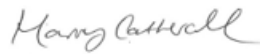


## SUMMARY

The Council has strong governance arrangements in place which we believe protect its interests and provide necessary assurances to citizens and stakeholders. However, like all organisations, we cannot stand still and therefore we seek to take steps to address issues and strengthen the internal control environment as necessary and enhance our governance arrangements.



Councillor Arooj Shah  
Leader of Oldham Council



Harry Catherall  
Chief Executive Oldham Council

DRAFT

## 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. Forvis 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.

### **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.

### **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.

**Corporate Resources**

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.

**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 2024. 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 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 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 Council's 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 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 2023/24 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 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.