



TRAFFORD
COUNCIL

Statement of accounts



2023

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Narrative Report

This document provides the detail behind the Council's financial performance for the year 1 April 2022 to 31 March 2023.

The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015. The regulations require the accounts to be prepared in accordance with proper accounting practices and these primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom in 2022/23 (the Code), supported by International Financial Reporting Standards (IFRS).

The Department for Levelling Up Housing and Communities (DLUHC) introduced the Accounts and Audit (Amendment) Regulations 2021, which changed the statutory audit deadlines for all Local Authorities as a result of the pandemic. The deadline for draft accounts to be presented for public inspection for 2020/21 and 2021/22 was the first 10 working days in August of the year in question with the publication date for the final audited accounts extended from 30 September to the 30 November.

The Accounts and Audit (Amendment) Regulations 2022 came into force on 22 July 2022 and reinstated the date by which draft accounts are required for public inspection to the first 10 working days of June and brought forward the date for final completion from 30 November to 30 September.

However, due to national challenges impacting on the completion of Local Authority audits, the publication and audit of the 2022/23 Accounts have not been completed in accordance with the deadline.

The Council's External Auditor Mazars LLP kept the Accounts and Audit Committee updated on reasons for the delay in completing the 2021/22 audit, which was largely due to sector wide technical accounting issues relating to the valuation of infrastructure assets (roads, bridges etc). A temporary resolution was reached in December 2022 with the introduction of a statutory override which applied to the Accounts for 2021/22 and the accounting periods to 31 March 2025.

The Council's 2021/22 financial statements have been updated to incorporate the relevant changes and the 2022/23 accounts have also been prepared to comply with the requirements of the statutory override. The second issue for the delay has two elements, one national issue and one local, which relate to the valuation of pension fund assets. This involves the Greater Manchester Pension Fund (GMPF) which administers the Local Government Pension Scheme for Trafford and the other Councils in Greater Manchester. Guidance was issued in June 2023 and an up to date GMPF valuation was provided which was subsequently reflected in the 2021/22 accounts and allowed the audit for 2021/22 to be completed. The audit was completed for the Statement of Accounts 2021/22 on the 15 November 2023 and these can be found on the council's website.

The above issues have consequently delayed the production of the draft statements for 2022/23 and public inspection will now commence on 30 November (update when known) for ten working days.

In complying with the requirements and standards of the Chartered Institute of Public Finance and Accountancy (CIPFA) in preparing the accounts, they aim to provide all stakeholders including partners, elected councillors and residents of the Borough and other interested parties with an understanding of the financial position of the Council in 2022/23, confidence that public money has been accounted for correctly and that the financial position of the Council is robust.

This Narrative Report provides information about Trafford, its objectives and achievements whilst also providing a summary of the financial position at 31 March 2023 and key issues that have affected the accounts during the year.

Trafford the Borough

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

Trafford has a robust economy with approximately 14,000 businesses, ranging from cutting edge digital and creative companies to advanced manufacturing and green technology. The 235,100 strong population is one of the most highly skilled and educated in the North West of England with those qualified at NVQ4 and above being significantly higher compared to the North West Average. The population is projected to increase by around 8.3% to 254,500 by 2040. Reflecting the national trend, the highest rates of population growth will be seen within the older age groups. The number of people aged 65 and over is projected to increase by 29%,

whilst those aged 85 and over will increase by 44% bringing even greater challenges to the health and social care system; it is these older groups who are most likely to need support from these services.

Trafford has a significant number of visitors per year, mainly due to the prestigious attractions that reside here including the Trafford Centre, one of the largest indoor shopping centres in the UK and visited by over 40 million people per year. Trafford Wharfside is a leading visitor destination, home to Manchester United FC, Lancashire County Cricket Club, Coronation Street and the award winning Imperial War Museum North.

The Council's Corporate Plan (see later for details) is a prime document setting out the Council's strategic vision, outcomes and priorities for the borough, with the focus being centred around three key outcomes of Reducing Health Inequalities, Support People out of Poverty and Addressing our Climate Crisis.

Some of the key achievements worthy of note during the year are:

On Reducing Health Inequalities

We commissioned our young people's substance misuse provider to deliver an under-18 alcohol outreach and prevention service which includes street-based outreach and drop-in sessions in targeted areas so more young people are aware of harm reduction support and of the specialist support services available.

We continued to work closely with our health partners including NHS Greater Manchester Integrated Care to achieve tangible improvements in this area, this included working with the Centre for Mental Health to understand better how we can tackle mental health inequalities in Trafford. This has enabled us to take a system wide approach and map ways to intervene in the system to reduce mental health inequalities.

Trafford was successfully awarded £82k to provide a mobile health unit for the next two years. The funding will enable the Council to provide a mobile outreach service to those recognised as homeless, as well as rough sleepers and will be based around providing medical and health advice remotely.

The Council handed over the centre on Moss Lane, Partington, to the Greater Manchester Youth Federation for use as a local youth centre.

Developing leisure centres - to improve health and wellbeing opportunities - Trafford Council was successful in securing £18m for the redevelopment of Partington Sports Village.

Falls prevention service - provided by Age UK Trafford and Trafford Leisure is supporting older people at risk of falling to improve their strength and balance through specialist classes.

Stop smoking - working with Trading Standards to reduce the prevalence of vapes being sold locally to young people, as well as Lighthouse to explore support options to those in sheltered accommodation who smoke and with schools to offer stop smoking education sessions in schools.

On Supporting People Out of Poverty

By providing the necessary skills, opportunities, information and advice we will work with partners to give people the choices and power to make best use of their income and prevent and reduce poverty. The Trafford Poverty Action Group is working in partnership to help coordinate activity and make the borough a place where no-one is marginalised or discriminated against due to their financial or material circumstances. In 2022/23, the Trafford Poverty Truth Commission continued with the aim of bringing groups together to bring about the change that will impact positively on the lives of those living in poverty in the borough. In April 2023 the Poverty Truth Commission published a report with recommendations which will inform the review of the Trafford Poverty Strategy 2022/2025.

Key Achievements during the year included:

- **Real Living Wage** – formal application to become Real Living Wage Accredited was submitted which would cover RLW for contracts with a combined value of £10m.
- **Council Tax Support Schemes** - helped approximately 13,400 people on low income and was extended in 2023/24 such that 80% of the group will not have any council tax to pay.
- **Trafford Assist Scheme** - administering support in excess of £3.2m from the Household Support Fund.
- **1,393 fuel grants** were made in Trafford in January 2023. The average fuel grants made in the previous six months was 733 per month.
- **Free School Meals** - provision of support to families during school holidays.

- **3,000 Winter Wellbeing packs** - issued to Trafford's most vulnerable residents to help them get through the winter and cost-of-living crisis. Delivered 1,000 packs to residents and 2,000 via Trafford Community Hubs and charity partners including the British Red Cross.
- The cost-of-living crisis made our commitment to raise people out of poverty particularly relevant. To that end, we worked with partners to set up 50 Warm Spaces so that residents struggling to heat their homes could keep warm.

Housing Options Service Trafford (HOST) has helped to prevent 347 households from becoming homeless in 2022/23 whilst also providing housing advice to 81,908 households/individuals which is an increase of 10,142 from the previous year.

Trafford has seen 977 new build homes developed in 2022/23 with 266 units receiving planning permission.

On climate change

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

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

Our commitment to address the climate crisis saw us lead on a number of strategic activities to help reduce carbon emissions. This included completion of feasibility studies for a Net Zero Trafford Park and a delivery plan is now being developed and a Local Area Energy Plan which sets out a high-level blueprint for transforming the borough towards Net Zero.

Making Your Home Better - 'Willing to Pay' Home Energy Improvements scheme was launched during the year and in addition Be.EV Electric Vehicle charging infrastructure has seen 17 charge points installed with a further 30 planned in 2023.

We are part way through the redevelopment of Altrincham Leisure Centre which includes a focus on fully decarbonising the existing building through the removal of all gas services alongside the installation of photovoltaic panels and air source heat pumps as well as heat recovery on air systems.

Town Centres

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

Children's Services

Children's services in Trafford are no longer rated 'inadequate' by Ofsted following an inspection in December 2022 by the regulator. The inspection found an overall 'improvement in the quality of social work in Trafford' with 'significant political and corporate support and commitment to the improvement of outcomes for children and young people in Trafford'.

Trafford Council the Organisation

Trafford is made up of 21 wards each comprising of three councillors with a political make up at the start of 2023/24 as follows:-

- 39 Labour
- 13 Conservative
- 5 Liberal Democrats

- 4 Green Party
- 1 Independent
- 1 Vacancy

The Council's political structure is that of a Leader and Executive model, with the Leader of the Council having responsibility for Members of the Executive, the allocation of portfolios and the delegation of executive functions. A system of scrutiny also exists to hold Members to account.

The management structure, headed by the Corporate Leadership Team was last reviewed in April 2022 following the retirement of the Corporate Director of Governance and Community Strategy; (Monitoring Officer). The post was replaced by the Director of Legal and Governance (Monitoring Officer) and some responsibilities were transferred to the Deputy Chief Executive and Corporate Director, Strategy and Resources. The current senior management structure comprises the Chief Executive (the Head of the Paid service), a Deputy Chief Executive and three corporate directors and two directors

- Deputy Chief Executive and Corporate Director, Strategy and Resources
- Corporate Director, Place
- Corporate Director, Children's Services
- Corporate Director, Adults & Wellbeing
- Director of Legal & Governance (Monitoring Officer)
- Director of Finance and Systems (\$151 officer)

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

The Council provides a broad range of services including schools, children's and adult's social care provision, economic regeneration, environmental and highway services and leisure and cultural services. A number of different delivery vehicles are used to supply some council services for example leisure centres are run by Trafford Leisure, a wholly owned Community Interest Company, some services are delivered through collaborative working, e.g. a shared service for the delivery of some back-office functions whilst others are contracted out to external providers for example waste collection, street cleansing and highway maintenance.

As at April 2022 the Council employed 1,933 full time equivalent staff (excluding school based staff); this figure stayed the same at 31 March 2023. Employee health and well-being is a key priority and during the year the Employee Health and Wellbeing Strategy organised numerous on-line events to support workforce wellbeing and work life balance. Performance and development reviews and an appropriate range of blended learning and development opportunities supported our staff to undertake their roles throughout the year.

The Corporate Plan

At the heart of the Council's vision, as set out in The Corporate Plan, is a common cause and long term vision to make Trafford a better borough; **"a place where all our residents, communities & businesses prosper"**.

The corporate plan, "Our Trafford, Our Future" describes Trafford Council's strategic vision, outcomes and priorities for the borough, with the priorities being key to its delivery. It includes an overview of what the council will do and how we will work with our residents, communities, businesses and other partners to deliver change to Trafford in line with these commitments.

As an overarching plan, it will shape activity within the council, help prioritise resources and assist our financial planning. Importantly, the success of the plan can be monitored through target setting and outcomes that can be measured.

It is also intended as a guide for our partner organisations to help identify shared objectives so we can work together more effectively to achieve far more for Trafford than we ever could working alone.

Through our vision we will meet the opportunities and challenges that lie ahead and work together to deliver for our residents, communities, businesses and partners.

To achieve this we are focused on three outcomes:

1. All our residents will have access to quality learning, training and jobs
2. All our communities will be happy, healthy and safe
3. All our businesses and town centres will be supported to recover and flourish in an inclusive way

This focus on outcomes, rather than just on the services we provide, will help the Council and our partners work together towards shared goals, rather than as individual service providers.

We will focus on three priorities to help us achieve these outcomes, these priorities set out our ambitions for our people, place and communities.

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

1. Reducing Health Inequalities

- o *Working with people, communities, and partners, particularly in deprived areas, to improve the physical and mental health of our residents.*

2. Supporting people out of poverty

- o *Tackling the root causes to prevent people from falling into poverty and raising people out of it.*

3. Addressing our Climate Crisis

- o *Leading the way in our region's response, reducing our carbon footprint and tackling the impact of climate change.*

To deliver on the plan it is also necessary to develop the way we work, given the years of austerity that the Council has been through, and we continue to improve the way services are delivered by thinking differently and fundamentally reshaping the Council and its services. There is a need to work smarter, make use of digital technology and collaborate with partners where it can. The Council takes a leading role in shaping how joined up services across the sector can best support the local area and people and is continuously shaping our culture, practices, processes and business models to respond to people's changing needs and expectations.

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

Progress against the Corporate Plan is reported on a quarterly basis to the Executive and the Corporate Leadership Team and an Annual Report is presented to Executive which summarises key achievements during the year.

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

The Annual report for 2022/23 is now available on our website at [Report \(trafford.gov.uk\)](https://trafford.gov.uk).

Risk Management and Opportunities

The Council's corporate approach to risk management ensures that we have robust processes in place to support the delivery of our strategic goals. Ongoing risk management is undertaken to identify the risks that could affect the delivery of key priorities and objectives, determining appropriate ways of mitigating the risk. A Strategic Risk Register (SRR), which articulates the risk, quantifies its likelihood and potential impact, names the responsible officer who owns the risk, and articulates how the risk is managed and any mitigating actions.

The SRR is updated on a quarterly basis and was considered by the Accounts and Audit Committee at their meeting held on 14th March 2023 for the 2022/23 financial year. By the end of 2022/23 there were 16 risks which was an increase of one from 2021/22, covering a risk associated with statutory inspections across the Council primarily because of the major statutory reforms around adult social care charging. One risk was also revised in terms of its description to reflect the cost of living crisis with the change in risk heading from "Economic Impact of Brexit and COVID-19" to "Economic Uncertainty".

Risk levels were reduced in four areas, the most significant in relation to Business Continuity, the delivery of services/savings through a partnership with Amey, reflecting developments during the year and the Medium-Term Financial Plan, which although still considered a high risk, was lowered slightly to reflect the additional resource directed towards social care during the 2023/24 settlement.

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

- The continuing uncertainty regarding the Council’s medium term financial position – this risk represents one of the highest for the Council and represents financial uncertainty arising from issues regarding the uncertainty about future levels of Government support including possible changes to the grant funding regime, financial pressures caused by the escalating levels of inflation, wider economic uncertainty and fallout from the pandemic and Brexit. The resilience of the Council will be stretched over the medium term because of its relatively low level of reserves to support the financial consequences of these events and the uncertainty surrounding the Government review of local government financing including business rates, fairer funding and social care.
- The impact of climate change is considered to have a very high likelihood, in that all available indicators suggest that climate change is already occurring and will, if anything, become more prominent. The consequence of climate change could give rise to unpredictable and severe weather events – and events that occur with increasing regularity. These will in turn have significant impacts on our environment, economy and society which are wide ranging and cross cutting in character. The Council has prepared a Carbon Neutral Action Plan as a means of establishing actions to reduce emissions in Trafford. These will contribute to wider Low Carbon targets across Greater Manchester. Work has been ongoing on two studies for the greening of Trafford Park, the first phase of feasibility on the Civic Quarter Heat Network has been completed along with a programme of active travel schemes.
- The appropriate handling of personal/sensitive and commercial data to comply with legal and regulatory requirements, avoid reputational and financial damage has been highlighted as a significant risk. Existing controls focus on reviewing physical storage, retention of electronic records, investment in digital technology, staff training and awareness and focused recruitment to address backlogs in SAR and FOI requests.
- Children’s Service demand - In many planning areas schools are operating to full capacity. School Places and Capital Group and Place Shaping Board have oversight of school place planning and school expansion projects and key activities to mitigate risk are being actioned. This includes new permanent capacity being brought on stream through the capital programme. Data on forecast demand continues to be updated reviewing most recent GP data, planned housing developments and links with DfE Place Planning Teams to monitor impact of inbound migration.
- Leisure Services - The provision of Leisure services operated by Trafford Leisure Community Interest Company has been challenging over the last number of years, initially due to the prolonged closures due to the pandemic and more recently the energy crisis and the knock on impact on trading caused by the major refurbishment programme of several buildings. The revenue budget approved by Council in February 2022 included support to Trafford Leisure (CIC), for a full range of leisure provision for 2022/23 and over the medium term. This also includes the identification and funding of revenue costs to support business disruption during the leisure centre refurbishment programme. To mitigate the financial risk, the Council is working to reduce the ongoing subsidisation of Trafford Leisure through a revised Operating Agreement between Trafford Leisure and the Council. The revised operating agreement will ensure the necessary governance and reporting mechanisms are in place including, legal and financial agreements, property leases and service standards.
- Economic Uncertainty – The uncertainty regarding the fragile state of the wider economy and impact this can have on the wider business community and communities is recognised as a major risk in progressing the three new corporate policy themes. As such there has been a requirement to amend the Inclusive Economy and Recovery Plan to reflect the new Corporate Priorities. The new Plan maintains the Council’s commitment to support businesses to grow and for communities to develop and become resilient. The new Plan has a strong focus on addressing the causes and effects of poverty on residents and seeks to strengthen support for the VCFSE Sector in their support for the most vulnerable residents. As part of supporting businesses within the borough, a bid has been made under the UK Shared Prosperity Fund Communities and Place Intervention this will enable a range of projects to be delivered within Trafford that support both businesses and communities during the cost of living crisis.

Governance

Each year the Council prepares an Annual Governance Statement which is approved annually at the same time as these Accounts and is available on the Council's website. The Annual Governance Statement sets out how the Authority has complied with the systems and processes, culture and values in the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' and also how it meets the Accounts and Audit Regulations.

The effectiveness of the Governance Framework is also required to be undertaken on an annual basis. The review is informed by the work of the Council's executive managers, the Head of Internal Audit's annual report, by the external auditor's comments, and the results of reviews and inspections. The Accounts and Audit Committee approved the Governance Statement at their meeting on 27 September 2023.

The governance framework comprises the systems and processes, culture and values by which the Authority is directed and controlled. The framework covers the Council's activities through which; it is accountable to, engages with, and leads its communities. It also enables the Authority to monitor performance against strategic objectives and evaluate whether those objectives are fit for purpose.

The 2022/23 municipal year has seen great changes in leadership nationally with the passing of Her Majesty Queen Elizabeth II. In addition to this national change Trafford went through a local change in leadership following the election of Andrew Western as Member of Parliament. Councillor Tom Ross was appointed as Leader by full Council in January 2023.

There were also large changes in leadership within the local health system with the dissolution of Trafford CCG and the creation of the Integrated Care System. This transition saw Trafford Council's Chief Executive Sara Todd named as the Place Based Lead for the Trafford Locality which will greatly strengthen the relationships between the leadership of the Council and its partners within the health service.

The year saw a large amount of work around leisure services across Trafford come to fruition. This work included the successful award of levelling up funding for the refurbishment of Partington Sports Village, the approval to move forward with consultation to implement a new operating model for tennis courts in parks, the adoption of the Council's strategy for Physical Activity called "Trafford Moving", and the approval of the new Walking, Wheeling, and Cycling Strategy.

Trafford Finances have continued to present a challenge for the whole Council. In addition to the usual budgeted pressures, during 2022/23 the Council faced nearly £6m of unbudgeted pressures caused mainly by the impacts of inflation and rising demand. Through vacancy and Treasury management those additional pressures were able to be subsumed within the Council's 2022/23 budget with minimal impact upon service delivery.

The Annual Governance Statement saw the removal of the Ofsted report from the significant governance issues for the first time since Trafford Council was found to be inadequate in May 2019. The Council had a full inspection by Ofsted in December 2022 and received a grade of "Requires improvement to be good", which shows significant improvement achieved within the service since 2019, but also shows that the Council has work to do to achieve its ambition of being outstanding.

The Budget Process 2022/23

On 16 February 2022 the Executive recommended the Council approve an overall net revenue budget of £192.57m. When preparing the Council's Medium Term Financial Strategy (MTFS) the Council makes provisional spending plans for future financial years ensuring these are balanced against the expected funding from Government, Council Tax payers and Business Rate payers. The MTFS is a three year incremental process that builds on the work and achievements of previous years, taking into account demographic, legislative and other pressures; mitigated by a series of savings proposals to ensure a balanced budget can be achieved in the coming year, and that there is financial sustainability for future years. To meet the needs of the community, the budget is divided into a number of key service areas as shown in Table 2 below.

In determining the budget for 2022/23 an overall budget gap of £20.14m was addressed by a combination of additional funding from Council Tax of £3.39m, use of reserves of £11.43m and £5.32m of service savings and additional income. This means that since 2010 the Council has addressed an overall budget gap over the period of £263m.

There was a 1.99% increase in Council Tax in April 2022 for Trafford services and a 1% increase was made in respect of the adult social care precept specifically to support adult social care costs. This increased the Band

D Council Tax to £1,453.01. Band D Council Tax increased to £1,784.26 when precepts for the GMCA Mayoral Police and Crime Commissioner and GMCA Mayoral General Precept (including Fire Services) are added; ensuring Trafford had one of the lowest council tax levels in the country.

At the time of setting the budget for 2022/23 the overall gross budget gap for the next three years stood at £38.59m taking into account rising demand for adult and children's social care services and updated funding announcements.

The major factors contributing to the future budget shortfall continue to be the anticipated reductions in central government funding coupled with a reset of the business rate baselines and cost pressures which include demographic pressures in social care, national living wage and the continuing high levels of inflationary pressures. In addition, the downturn in the aviation sector, initially triggered by the pandemic and subsequently compounded by uncertainty in the wider economy has resulted in a significant loss of dividend income from investments in Manchester Airport Holdings.

The Council has successfully delivered a balanced budget in previous years by prioritising an approach of growth in new funding and income streams which have reduced the requirement to make savings through reshaping services. Local income sources from council tax and retained business rates have remained relatively buoyant despite the pandemic and cost of living crisis and have helped to support the budget in recent years through a continued focus on economic regeneration. This approach will be a key component of our budget strategy in future years. Despite this the future requirement to make savings remains a major issue particularly in the context of the savings made since 2010. As a consequence the continuing uncertainty regarding the Council's medium term financial position remains a key risk within the Council's strategic risk register.

Overall Performance

This section provides details on the:-

- a) Performance Monitoring
- b) The management accounts position
- c) The statutory accounts

Performance Monitoring

There are many wide-ranging and existing strategies and programmes of work underpinning the Corporate Plan and strategic priorities and all of these work together to deliver for the benefit of the residents and businesses of Trafford. The Council's Corporate Plan focuses on Reducing Health Inequalities, Supporting People out of Poverty and Addressing Our Climate Crisis. Work was also continued on the delivery of a number of other key areas including the Inclusive Economic Recovery Plan, Equalities Strategy, Carbon Neutral Action Plan, Economic Growth Framework, Poverty Strategy, and Trafford Locality Plan amongst others.

Each of the three strategic priorities has a number of key performance indicators (KPIs) with annual and/or quarterly targets which are monitored and reported, using performance dashboards at a service directorate and council priority level, some examples are given below in Table 1. In addition, Council Service metrics are also included in the regular reports, as although they are not included in the priorities, they provide a performance update for a range of services the Council provides.

Table 1

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

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

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

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

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

In addition to the measurable outcomes, the Council has incorporated case studies in its performance reports showing how the outcomes of the Corporate Plan are making a real difference to resident's lives. An example of which includes Supporting People out of Poverty which outlines the work of the Poverty Truth Commission and highlights how the community hubs have provided support on energy costs and food.

Of the key performance indicators, the majority were met to a satisfactory level, however as mentioned above the impact of the pandemic continues to impact on targets such as a shortfall in the number of housing completions caused by delays on site. There are however good examples where Trafford has maintained a good standard of performance, such as increase in recycling rates for the year and the percentage take-up of funded childcare for two year olds, where Trafford ranks 1st nationally.

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

Performance against budget

The Council’s net service revenue expenditure was £191.516m a saving of £1.056m against budget. However, the Council’s net revenue funding budget of £191.572m was £1.0m less than budget, giving a net Revenue outturn saving of £56k; a specific report on the draft outturn position is available on the Council’s web site, which contains more details on the financial performance against budget.

It is fair to say that projecting the financial outturn during the year was challenging with the implications of the pandemic giving way to the uncertainty in the economy from the conflict within Ukraine and the continuing high levels of inflation. The additional pressures caused by inflation during 2022/23 at £5.89m were significantly higher than the provisions included in the approved budget, largely due to the impact of the higher pay award and energy costs. A review of the Council’s policy relating to debt repayments, which was initially proposed as a budget saving for 2023/24, and agreed at the February 2023 Budget Council, was also applied in 2022/23 and released a significant benefit which helped to offset the burden of higher inflation. Further details of major movements are detailed below.

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

Table 2

Revenue Budget	Budget £m	Actual Exp. £m	Variance £m	%
Children’s Services	44.978	46.074	1.096	2.44%
Adult Services (excl. Public Health)	57.485	56.688	(0.797)	(1.39)%
Public Health	12.918	12.414	(0.504)	(3.90)%
Place	31.317	34.674	3.357	10.72%
Strategy and Resources	9.715	9.050	(0.665)	(6.85)%
Finance & Systems	8.482	8.340	(0.142)	(1.67)%
Legal and Governance	2.724	3.003	0.279	10.24%
Directorate Budgets	167.619	170.243	2.624	1.57%
Council-wide Budgets	24.953	21.273	(3.680)	(14.75)%
Net Service Expenditure Outturn	192.572	191.516	(1.056)	(0.55)%
Financed by:				
Business Rates	(68.540)	(67.540)	1.000	1.46%
Council Tax	(112.601)	(112.601)	-	
Collection Fund Surplus	(4.334)	(4.334)	-	
Reserves	(7.097)	(7.097)	-	
Funding variance	(192.572)	(191.572)	1.000	0.52%
Net Revenue Outturn	-	(0.056)	(0.056)	(0.03%)

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

Favourable Outturn Movements

- **Treasury Management – a favourable outturn of £6.97m** resulted from a favourable £4.38m from a revision to the Minimum Revenue Provision (MRP) policy as agreed at 15th February 2023 Council and from higher than expected returns on short-term investments due to increase in interest rates which resulted in a favourable £2.7m above budget. A contribution has been made towards the Interest Rate Smoothing Reserve of £500k to absorb a potential increase in borrowing costs over the short-term.
- **Staffing budgets** across all service areas have **underspent by £3.22m**. This is an area of significant underspend, largely due to difficulties in recruitment and the management controls introduced in the year.
- **COVID-19 contingency** - The balance of the centrally held COVID-19 contingency budget of **£1.50m was not required** during the year.
- **Release of Remaining General Contingency of £1.67m and bolstering Finance and Systems Reserve** – An unused contingency balance of £1.67m was released at year end. This one off amount has been redirected towards the Finance and Systems Reserve to be utilised towards the impending upgrade or replacement of our core finance system.
- **Historic Enhanced Pension and Review of Provisions – a favourable outturn of £429k** related to a year-end review of provisions and enhanced pension costs. It is likely that these areas will deliver recurrent savings and will be reflected in our budget plans for 2024/25.
- **Additional Grants** – Expenditure has been charged up to additional grants rather than base budget relating to the Hospital Discharge Programme and Ukrainian Refugee Support, **a favourable movement at year end of £620k**.

Adverse Outturn Movements

- **Inflation – total adverse pressure of £5.89m during the year (£1.28m Place and £4.6m Council Wide)** – local government pay award for 2022/23 £3.11m above budget (Council Wide), plus £1.28m for energy (Place). The Inflation Risk Reserve was increased by £1.5m (Council Wide) in order to help smooth the impact of the pressure caused by the 2023/24 pay award.
- **Strategic Investment Programme** – The Strategic Investment Property Portfolio has delivered a net benefit to the revenue budget in 2022/23 of £5.72m. This is **£1.50m lower** than budget due to economic factors affecting some of the income particularly from the town centre investments.
- **Home to School Transport** pressures have increased to **£1.408m** due to the continued increase in demand in passenger numbers, additional costs for fuel and complexity of cases.
- **Children’s placements - £701k** overspend due to an increase in the number and complexity of cases. Savings of £1.36m included in the budget have been achieved in full.
- **Other net adverse movements of £1.76m across all areas** (£1.32m Service areas £432k Council Wide). This includes pressure on delivery of some aspects of the savings programme from 2021/22 of £200k relating to estates and business rate reviews, shortfalls in income from parking £230k and pressure relating to Housing Benefit subsidy £530k.
- **Funding** - Pressures relating to funding of £1.0m were largely related to uncertainty in rates income due to delays in major retail refurbishments at the Trafford Centre.

Reserves

The total balance of earmarked reserves reduced from a balance of £154.12m to £99.64m and consisted of the following group balances:-

Usable Reserves	Opening Balance 1/4/2022 £m	Closing Balance 31/03/2023 £m	Change £m
Budget Support Reserve	11.65	13.51	1.86
Smoothing and Business Risk	18.85	21.94	3.09
Strategic Priority	11.60	10.77	(0.83)
Corporate	1.00	1.88	0.88
Corporate - General Reserve	9.50	9.50	0.00
Service Area Priorities	16.49	16.38	(0.11)
Earmarked Reserves (exc COVID-19)	69.09	73.98	4.89
COVID-19 Accounting Reserves	48.14	(8.41)	(56.55)
Capital Related Reserves	22.65	22.46	(0.19)
School Related Reserves	14.30	13.09	(1.21)
Total Usable Reserves	154.18	101.12	(53.06)

A full review of all reserves was completed as part of the 2023/2024 budget preparations and was reported in detail in the final budget report presented to Council in February 2023.

The year end close down provides an opportunity for a further review of reserves to address evolving pressures and issues since the final budget report was agreed. As previously mentioned, the headline rate of inflation poses a significant risk for the Council. As such the Council has utilised the favourable outturn to bolster the Inflation Risk Reserve by £1.5m and also the Finance and Systems Reserve by £1.75m for replacement of the core finance system which will be due a major upgrade or full replacement in the near future.

Usable reserves, excluding COVID-19, have increased from a balance brought forward of £69.09m to £73.98m at year end. The table above shows the movements by category with details of all reserve movements shown in Note 10.

The key movements of £4.89m include contributions to Reserves of £13.82m and contributions from Reserves of £8.93m.

Contributions to Reserves of £13.82m includes :-

- **£5.74m** to the Budget Support Reserve of benefit from prior years Business Rates and Council Tax surpluses which will be released to support our budget plans
- **£1.75m** to the Finance and Systems Reserve for replacement of the core finance system which will be due a major upgrade or full replacement in the near future
- **£1.5m** to the Inflation Risk Reserve to cover potential costs of higher inflation (23/24 pay award)
- **£0.96m** to Budget Support Reserve from surplus reserves from Greater Manchester Combined Authority
- **£0.54m** to the Interest Rate Smoothing Reserve to cover potential higher borrowing costs over the medium term
- **£0.73m** to the Leisure Centre Risk Reserve representing the underspend in 2022/23 carried forward to support trading over the medium term as the leisure investment programme progresses
- **£1.29m** related to major long term project budgets crossing the financial year end eg Homelessness Prevention, Homes for Ukraine, held within the Economic Development Reserve, Earmarked Service Reserves and Housing Benefit Risk Reserve

- **£1.0m** to replenish Reserves as planned following COVID-19 (£0.5m Budget Support and £0.5m Council Tax Risk)
- **£0.06m** Favourable Outturn to Budget Support Reserve
- Other movements **£0.25m**

Contributions from reserves of £8.93m includes :-

- **£4.33m** from Budget Support Reserve to support the budget as planned. (note a further £7.1m has been drawn down from the COVID-19 General Reserve for budget support as planned)
- **£0.59m** from the Budget Support Reserve to support Transformation and Change activities
- **£0.50m** net draw down from the Business Rate Risk Reserve to smooth the impact of timing differences from the receipt of income
- **£1.30m** from the Strategic Investment Programme Reserve to smooth a shortfall in income caused by adverse trading conditions
- **£2.09m** from the Hospital Discharge and Adults Service Earmarked Reserves to support spending plans in these areas

Transfers within Reserves (neutral impact for info only)

- **£0.40m** transfers to Budget Support Reserve from various earmarked reserves following review during budget preparation for 2023/24.
- **£0.15m** transfer from Budget Support to the ICT Development Reserve to support the Digital Strategy Transformation and Change projects.

The movements in the other earmarked reserves is explained by :-

- **£56.55m reduction in COVID-19 related reserves** related to the balances of Government COVID-19 funding being drawn down as planned in connection with rates relief, collection fund support and budget support. Plus a transfer of £7.1m to support the budget as planned. The balance carried forward is shown as overdrawn at £8.41m, which largely relates to a timing difference on business rates deficit of £9.9m which will be cleared in 2023/24;
- **£0.19m reduction in Capital Reserves** consisting of additional capital grant income received in year and yet to be drawn down to support the future programme.
- **£1.313m reduction in Schools Reserves** .

Capital Investment

The Capital Programme for 2022/23 was initially approved at the Council meeting of 16th February 2022 and provided the framework within which the Council's capital investments plans were to be delivered. Capital resources are allocated based on a process which affords priority to:-

- Schemes of a statutory nature
- Schemes which protect our asset base
- Invest to save projects

The value of the three year Capital Programme, covering 2022/23 to 2024/25, was set at £417.38m in February 2022. Of this, £209.71m was originally programmed for 2022/23, consisting of £79.56m for the General Programme and £130.15m for the Asset Investment Portfolio.

Financing of the investment proposals was made up of grants and contributions of £104.31m relating to specific areas of investment, e.g. schools and highways, a requirement for capital receipts of £16.49m generated from the disposal of assets, revenue and reserves contributions £3.03m, and prudential borrowing of £293.55m which is only undertaken where the investment is linked to revenue savings or the asset investment programme and it is affordable and sustainable to do so. In setting the 3 year programme all potential resources were fully utilised and the Programme included £3.38m of over-programming

Investment across the 3 years included addressing specific Council priorities:

Accounts 2023

- Leisure Centre Strategy;
- Investment in Highways;
- Cycling and Walking Initiatives;
- School places and condition works;
- One Public Estate, particularly relating to new health related provision and best use, including rationalisation of public sector assets;
- Decarbonisation of Council Buildings;
- Affordable Housing;
- Regeneration of Strategic Locations including, Stretford Civic Quarter, Sale Town Centre and the development of the Stretford Town Centre Masterplan;
- Major infrastructure schemes to support new housing development, including Carrington Relief Road - A1 Route;
- Asset Investment Strategy, including the acquisition of commercial properties, provision of senior development or investment debt and direct development of council owned sites.

In October 2018 the Council approved an updated Investment Strategy. The objective of this being to stimulate economic development and to support the Council's financial resilience over the next few years, whilst offering an alternative solution that can be used to address future budget gaps. An increase to the Fund was made in February 2020 of £100m meaning that the total Fund is £500m, supported by prudential borrowing.

By the end of 2022/23 a total amount of £311.45m had been made or committed to by the Investment Management Board, leaving a balance for further investment of £188.55m. This investment has provided a net benefit to support the revenue budget in 2022/23 of £5.72m, which is £1.50m less than the budgeted target for the year.

- To mitigate the risks of the approach, nationally recognised investment advisors are being used as part of the due diligence process with emphasis placed on securing investments in low risk assets;
- As part of this Strategy, the Council has set up three joint ventures with Bruntwood Development Holdings Ltd. These entities will be responsible for the ownership and redevelopment of three key sites in Trafford; the Stretford Mall, Stretford, the Stamford Quarter, Altrincham, and Lumin Village, Old Trafford. These entities form part of the Council's group accounts.

The Council spent £101.21m on its Capital Programme in 2022/23 compared to a significantly rephased programme with a revised budgeted spend of £118.58m. The capital expenditure incurred during the year and financing of this expenditure is shown in the table below.

Capital Programme	Budget 2022/23 £m	Actual Exp 2022/23 . £m	Variance £m
Schools Investment	14.20	12.27	(1.93)
Supporting Infrastructure	3.62	3.11	(0.51)
Regeneration Projects	6.89	7.69	0.80
Highways / Transport Improvements	16.97	16.15	(0.82)
Social Services	3.30	3.01	(0.29)
ICT Investment	1.91	1.46	(0.45)
Recreation & Culture	5.50	5.18	(0.32)
General Programme	52.39	48.87	(3.52)
Investment Programme	66.19	52.34	(13.85)
Total Programme	118.58	101.21	(17.37)
FINANCED BY:			
Grants and Contributions	(39.36)	(38.71)	(0.65)
Capital Receipts	(4.43)	(4.92)	(0.49)

Earmarked Reserves	(0.35)	(0.15)	(0.20)
Borrowing	(74.44)	(57.43)	(17.01)
	(118.58)	(101.21)	17.37

The variance between the budgeted capital expenditure and the final outturn for the year was £17.37m and this will require re-profiling into 2023/24 and later years along with the associated financing.

More details of the variance can be found at: <https://www.trafford.gov.uk/about-your-council/budgets-and-accounts/downloadable-documents.aspx>.

Treasury Management

The Council proactively manages long term loans and long and short term investments to minimise the interest payable on external borrowing and to generate as high an income level as possible on cash deposits commensurate with the risk to the principal invested.

Throughout 2022/23 the Council complied with its legislative and regulatory requirements, including compliance with all treasury management prudential indicators.

Debt - at 31 March 2023 the Council's total external level of debt was £318.1m compared to £322.4m at 1 April 2022. During 2022/23 the Council did not undertake any new borrowing. The net reduction of £4.3m is due to a planned repayment of debt at term maturity.

The Council continues to maintain a deliberate policy of being under borrowed, debt interest continues to be saved as a result of this action.

The external rate of interest payable at the end of the year was 2.62%, which compares with 2.68% at the start of the year. The following table provides further details.

	as at 31.3.22	as at 31.3.23
Average weighted maturity of long term loans (in years)	32.68	32.56
Number of loans	26	23
Value of loans (Principal)	£322.4m	£318.2m
Loan rate	2.68%	2.62%

Investments

The Council operates its own trading function for the investment of any temporary surplus cash. The Council's money market investments, excluding cash at bank, totalled £70.6m as at 31 March 2023 and this compares to £113.0m as at 31 March 2022. In 2022/23 an average investment rate of 2.28% was achieved, which is 0.13% lower than the average 1 month SONIA rate of 2.41% in the same period, which is used by the Council as a benchmark. For 2021/22, the equivalent average return of the Council's investments was 0.35%.

Impact of the COVID-19 pandemic and Cost of Living Crisis

There is no doubt that the COVID-19 pandemic has had a widespread and long term impact on society and its implications on both the local and national economy will continue to be felt for a long time to come.

There was an impact on income streams, especially the significant dividend receipts from our strategic investments in the Manchester Airport Holdings and increasing uncertainty in income from our Investment Programme and business rates. These will have implications on the Council's resources into the medium term, which coupled with other recurrent impacts will place a strain on balancing budgets in the next few years.

The pressures from COVID-19 were replaced by the cost of living crisis as the major factor impacting the economy in 2022/23, resulting in households facing pressures causing reductions in living standards and an increase in calls on the Council for financial assistance, advice and support.

Government initiatives continued to be offered for COVID-19 and additional ones were aimed at the cost of living crisis and were both supported by additional funding during 2022/23 and use by the Council of the residual COVID-19 government grant funding brought forward from 2021/22 during the 2022/23 financial year.

Support can be split into general grants, specific grants, and grants for businesses.

General Grants

Emergency funding for local government

Between 2019/20-2021/22 Trafford Council received general funding grants to support local authorities to manage pressures on social care, to support vulnerable people and to help deal with pressures on other public services. £7.097m was carried forward into 2022/23 via a ringfenced reserve to continue to fund longer term COVID-19 pressure and was fully utilised in the year to support the budget.

Specific Grants

Contain Outbreak Management Fund (COMF)

Between 2019/20-2021/22 Trafford Council received a total of £9.334m of COMF funding. £1.394m was carried forward into 2022/23 to support a variety of schemes in line the eligibility criteria, to mitigate the known and potential impacts of the pandemic. This fund was fully utilised in year.

COVID-19 Recovery Premium

The COVID-19 Recovery Premium grant is a time-limited grant providing over £1 billion of additional funding for state-funded schools across the 2022/23 and 2023/24 academic years. Trafford Council's allocation for 2022/23 was £1.023m. The funding is focused on pupils who are eligible for pupil premium and pupils in specialist settings to help with the additional impact of the pandemic on these students.

Grants for Businesses

Business Rates Retail, Hospitality & Leisure Relief

Government funding to offer a Business Rates discount scheme to provide support to eligible retail, hospitality, and leisure businesses in England. The financial impact of the additional relief given for the Council is £9.980m in 2022/23, which has been offset by Government Section 31 grant funding.

COVID-19 Additional Relief Fund (CARF)

A £3.915m share of £1.5 billion funding, available to support those businesses affected by the pandemic who were ineligible for other support linked to Business Rates. The discount related to 2021/22 Business Rates liability only and was allocated to eligible businesses in 2022/23. Any discount given has been fully offset by government Section 31 grant funding.

Government Economic Support

In 2022/23 there were a number of Government initiatives to help support households through the Cost of Living Crisis.

Council Tax Rebate Grant

Trafford Council received £12.592m share of £3.069bn total funding which was allocated to the Council in March 2022. This was to provide £150 non-repayable rebate for households in England in council tax bands A to D to help offset the significant increase in the cost of energy. Expenditure on the Core scheme totalled £12.160m, and Discretionary scheme expenditure is £372k. The balance of £60k will be repaid to BEIS in 2023/24.

Energy Bills Support Grant Alternative Funding

In February 2023 the Council received £552k (80% of the total allocation upfront) of government funding to provide a rebate to households in England with a domestic electricity connection who were not eligible to receive the Council Tax Rebate Grant. In 2022/23 a total of £93k of payments were made. Payments are continuing to be made in 2023/24 until the revised deadline of 31st August 2023 to eligible applicants.

Alternative Fuel Payment scheme

In March 2023 the Council received £31k (80% of the total allocation upfront) of government funding to provide a rebate to households in England who are either not connected to the mains gas grid or use alternative fuels as their main form of heating and were not eligible to receive the Council Tax Rebate Grant. No payments were made against this grant in 2022/23. However payments are currently being made in 2023/24 until the revised deadline of 11 August 2023 to eligible applicants.

Household Support Grant

Trafford Council received £3.246m of funding in 2022/23 to provide support to households, who would otherwise struggle to buy food or pay essential utility bills, or meet other essential living costs or housing costs, to help them with significantly rising living costs.

Homes for Ukraine Scheme

As a result of Russia invading Ukraine in February 2022, the Government set up a Homes for Ukraine Scheme which allowed residents of the Ukraine to apply for a Visa to come to the UK. Those eligible were sponsored by a UK resident to live and work in the UK for up to 3 years and access benefits, healthcare, employment, and other support.

Returns are submitted quarterly to the Department for Levelling Up, Housing and Communities (DLUHC) and funding is allocated based on the numbers submitted.

Local Authority Tariff Grant

The purpose of the Homes for Ukraine tariff grant is to provide a per-person tariff to support local authorities to provide wrap-around support to individuals and families to rebuild their lives and fully integrate into communities. The tariff amount is £10,500 for guest arrivals on or prior to 31 December 2022, and £5,900 for arrivals on or after 1 January 2023.

Sponsor Thank You Grant

The purpose of the Homes for Ukraine thank you grant is to provide support to local authorities to make monthly thank you payments directly to sponsoring households within the scheme for 2 years.

Education and Childcare Grant

The government also provided additional funding to councils in 2022/23 to provide education and childcare services for children from families arriving from Ukraine under this scheme.

The financial impact of all of the above grants is included within the outturn and Statement of Accounts depending on whether the Council was acting as an agent on behalf of the Government or principal.

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

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

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

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

Statutory Accounts

The following key matters are listed to quickly identify and summarise the salient features of the Accounts.

Comprehensive Income & Expenditure Statement (CIES):

- The deficit on the provision of services on the CIES is £16.91m (deficit of £10.41m at 21/22). However, the management accounts declare an outturn underspend of £(1.056)m (2021/22 £(1.530)m underspend). The differences between these two statements of financial performance relate to the differences in accounting practices applied, which are adjusted for in the MiRS, and a summary reconciliation between the two outturns is provided later in the Narrative Report;
- The total balance on the CIES has moved from a surplus of £(217.70)m to £(395.31)m surplus. The movement in the CIES of £(177.61)m primarily relates to;
- Changes in pension charges of £(212.82)m;
- A net change on financial assets measured at fair value of £(0.96)m;
- Changes in Net (Gains)/Losses on asset revaluations including PPE and Investment assets £29.66m;
- Changes in Other Operating Expenditure of £0.60m largely relating to improvement in the profit on disposal of assets;
- A net change in financing and investment income and expenditure between 2021/2022 and 2022/2023 of £6.13m, mainly relating to reductions in the fair value of financial assets of £5.31m; reductions in trading and investment income of £3.54m, offset by an increase in interest income from our strategic investments of £(2.61)m;
- A net change in tax and non-specific grant income £(19.05)m largely related to expected annual increases in Council Tax £(3.8)m and Non-Domestic Rates of £(8.37)m, increase in capital grants received of £(11.67)m, further analysis can be seen in note 40;
- A change in the cost of provision of services of £18.82m, which includes reduction related to pension charges of £(5.0)m, which if excluded results in an increase in other charges of £23.79m, consisting of an increase in general expenditure and service grants of approximately £15.66m, a £8.27m increase in capital related adjustments such as depreciation, revenue related capital items and asset revaluations, £4.92m reduction in Adults Social Care funding, £(4.24)m increase in grants related to Dedicated schools funding and other reductions of £(0.83)m.

Balance Sheet:

Net assets have increased from £356.49m to £751.80m, an increase of £395.31m or 111% in the value of the balance sheet, with the key movements being:

- An increase in the value of long-term assets of £171.44m from £877.1m to £1.049bn. There has been a significant increase in Property Plant and Equipment of £48.36m largely due to upward revaluations and an increase in Assets Under Construction as several capital schemes are still being delivered at year end. An increase in Long Term Debtors of £15.13m largely relates to several new loans for strategic investment programme, partially offset by loans due for repayment in the next 12 months, which have been moved to Short Term Debtors. An increase has been seen in the value of our equity investments in the Manchester Airport Holdings of £1.0m plus within Long Term Debtors a further £1.83m of deferred interest debtors related to loan support to the group. The value of our holding in the strategic investments in our Joint Ventures and the CCLA property fund has increased by £3.1m. Following actuarial assessment, the historic pension liability has swung to a pension asset of £97.89m.
- A reduction in current assets of £(27.78)m from £207.73m to £179.95m. £(54.2)m reduction in Short Term Investments of which c£25m relates to cash being used to fund capital debtors, £4m relates to repayment of PWLB loans and the remainder mostly relates to spending grants that were received in advance in 21/22. A decrease in Assets Held for Sale of £(5.31)m mainly related to the sale of Brown Street £4.69m. Short Term Debtors increased by £22.68m of which £11.75m relates to an increase in the number of capital loans including £6.5m for Castle Irwell and £3.82m for Hale Library. A further £2.57m relates to an increase in Capital Debtors as a result of an increase in the value of grants not yet received. Cash and cash equivalents increased by £7.68m.
- A reduction in current liabilities of £(7.47)m from £143.45m to £135.98m. A review of business rate appeals was carried out in year which identified a number of appeals that have now been settled resulting in a £(11.3)m drawn down from the provision. There was a reduction in Short Term Creditors of £(2.3)m. Income in Advance increased by £4.35m due to receiving an increase in the number of business rates and

council tax prepayments. There was a £1.59m increase in the number of revenue and capital grants received in advance.

- A reduction in long term liabilities of £(244.19)m from £584.90m to £340.71m primarily due to a reduction in pension liability of £(235.67)m, following actuarial assessment and caused by investment returns being greater than expected, a change in assumptions in discount rates (the expected rates of returns on investments) and CPI. Long Term Borrowing reduced by £(4.35)m due to repayments. Long Term Provision for business rate appeals reduced by £(3.39)m following the in-year review as mentioned above.
- The bottom part of the balance sheet reflects the increase of £395.31m mirrored by the change in net assets above. Usable Reserves have reduced by £(53.08)m from £154.19m to £101.11m. The largest reduction relates to £(47.86)m related to the Business Rates Exceptional Deficit Reserve, which held the balance of government grants used to cover losses from COVID-19 rates reliefs. Details of reserve movements are shown in Note 10.
- Unusable Reserves have increased by £448.39m from £202.3m to £650.69m of which the largest movement relates to the increase in the Pension Reserve of £347.88m relating to the reduction in the Pension Liability as mentioned above. Other significant increases relate to the increase in the Collection Fund Adjustment Accounts of £54.2m, as a result of collection of the prior year surplus in the Collection Fund. In addition, an increase in the Revaluation Reserve of £29.34m representing the changes in property revaluations as described above.

Collection Fund – Council Tax

The Council collected Council Tax in 2022/23 on behalf of itself, the Greater Manchester Combined Authority (Mayoral, Police and Fire), Partington, Carrington and Warburton Parish Town Councils.

Details of the Collection Fund can be found on page 176, which shows there was an in-year deficit of £1.917m (surplus £(5.10)m in 2021/22) of which £2.535m related to the distribution of prior years' balances (£(2.0)m collection in 2021/22), leaving a surplus of £(618)k (£(3.10)m surplus in 2021/22) relating to 2022/23.

Trafford's share of the surplus relating to 2022/23 consisted of:

- £(672)k improvement in cash collection - The collection of debt for both in year and prior year was better than expected, largely due to a release from the amount set aside for the expected credit loss.
- £486k shortfall in tax base income. Increasing trends in claims for discounts and reliefs (such as Single Person Discount) and delays in new properties coming online, placed further pressure on our business as usual activity resulting in a shortfall in the core tax base;
- £(308)k positive variance over budget due to lower take up of the Local Council Tax Support Scheme;

The in-year deficit of £1.917m was offset by an accumulated surplus balance brought forward of £(2.092)m, to arrive at a year-end accumulated surplus balance of £(175)k.

This accumulated surplus is apportioned to the Council, the GMCA Mayoral Police and Crime Commissioner and the GMCA Mayoral General Precept (including Fire Service) on a proportionate basis. Trafford's share of the surplus is £(144)k (£(1.718)m surplus in 2021/22) which will be distributed over the next two financial years in line with Government regulations.

Collection Fund - Business Rates

The Council collected business Rates in 2022/23 on behalf of itself and the Greater Manchester Combined Authority (including Fire Services).

Details of the Collection Fund can be found on page 176, which shows there was an in-year surplus of £(56.337)m (surplus £(51.503)m in 2021/22) of which £(44.316)m related to the collection of prior years' balances (£(86.102)m collection in 2021/22), leaving a surplus of £(12.021)m relating to 2022/23 (£34.599m deficit in 2021/22).

Trafford's share of the surplus relating to 2022/23 consisting of:

- a shortfall in gross rates of £14.05m largely due to the temporary removal of several large redevelopments at the Trafford Centre and delays in new sites being registered on the rating list.

- a significant reduction in the amount of COVID-19 reliefs, resulting in a benefit of £(5.16)m to the Collection Fund when compared to budget.
- A benefit of £(20.52)m of accounting adjustments, predominantly due to the release of historic business rates appeals provision, following several large cases being dismissed by the VOA.

The in-year surplus of £(56.337)m was offset by an accumulated deficit balance brought forward of £36.308m to arrive at a year-end accumulated surplus balance of £(20.029)m.

This accumulated surplus is apportioned to the Council and the GMCA Mayoral General Precept (including Fire Service) on a proportionate basis of 99% and 1% respectively. Trafford's share of the surplus is £(19.829)m (£35.945m deficit in 2021/22) which will be distributed over the next two financial years in line with Government regulations.

The Council continues to participate in the 100% business rates pilot, along with the remaining GM districts. The pilot results in the Government's share of business rates growth being retained within Greater Manchester, the current sharing agreement enables the Council to retain 75% of the benefit of its growth with 25% going to Greater Manchester Combined Authority.

Reconciliation between Statutory Accounts and Management Accounts

The Council's management accounts outturn position is an underspend of £(0.056)m (analysed above), whereas the (Surplus)/Deficit on the Provision of Services in the CIES on pages 31 to 32 shows an overspend of £16.9m.

The differences between the CIES and the Council's management accounts are adjusted for in the Movement in Reserves Statement (MiRS) (pages 34 to 37) and further analysed in the Expenditure and Funding Analysis (page 39). The MiRS statement reconciles the surplus on provision of services in the CIES to the movement in the General Fund and Earmarked Balances (first two columns of the MiRS, with detail in note 9).

The net increase in the General Fund and Earmarked Reserves is £(54.6)m, as detailed below:

CIES account reconciled to outturn	£m
CIES Account (Surplus)/Deficit on Service Provision	16.9
Accounting adjustments in MiRS:	
- Capital charges and Capital Grants	9.7
- Pensions	(26.7)
- Collection Fund and Other Adjustments	54.6
Total Accounting adjustments	37.6
Net Transfers to/(from) reserves	
-Net transfer to/(from) schools reserves	(1.2)
-Net transfer to/(from) schools DSG Deficit reserve	(1.4)
-Net transfer to/(from) Other earmarked reserves	(52.0)
-Net transfer to/(from) General Reserve	0
Total Net transfers to/(from) earmarked reserves	(54.6)
Total Management Outturn (under)/Overspend	(0.1)

Schools

At the end of 2022/23 the Council maintained 52 primary schools, 5 secondary schools and 3 special schools (60 in total) for which the year-end balances were included within the Council's balance sheet. Nine of the Council's schools carried over deficit revenue balances at the end of the year. Schools may carry forward any surplus/deficit in expenditure for the year from one financial year to the next. School revenue balances for 2022/23 decreased by £1.327m when compared to 2021/22, from £(14.371)m to £(13.044)m. School capital balances increased by £(113)k from a deficit of £50k to a surplus of £(63)k. Other deficit balances remained the same at £18k.

Schools with balances that exceed the recommended maximum (8% primary and special schools, 5% secondary schools) are requested to submit information detailing how they have accrued balances and how they intend to utilise them. No schools transferred to Academy status during 2022/23.

The net DSG position at the end of 2022/23 was a deficit of £1.475m (a deficit of £0.068m in 21/22). The DSG deficit is included within the Movement in Reserves Statement as an unusable reserve. This is the result of the introduction on 29 November 2020 of a new Statutory Instrument to amend the Local Authorities (Capital Finance and Accounting) Regulations 2003 by establishing new accounting practices in relation to the treatment of schools' budget deficits. The aim is to ensure that DSG deficits are ringfenced and held separately from General Fund resources so that specific measures can be put in place to address the deficits without placing pressure on resources required for other essential services.

Outlook

The pressures on the Council and its finances remain challenging with the consequences of the Coronavirus being replaced by the impact of the cost of living crisis and now supplemented by the ongoing high levels of inflation. Inflation was predicted by the Bank of England to reduce towards its target of 2% towards the first quarter of 2024, however the headline rate at June 2023 remains at 8.7% with the measure of core inflation, once food and energy prices are removed, on an upward trajectory. This not only poses a significant risk to

the 2023/24 budget but also an impact on the Medium Term Financial Plan and increase in the budget gap in future years.

The Government direction on local government finance has been unclear for some time, largely due to major policy decisions being delayed due to the pandemic, such as the resetting of the business rates retention schemes and the fair funding review of the relative need of authorities, which will result in a redistribution of resources nationally through updated baseline funding levels.

Single year settlements were issued for the 2021/22 and 2022/23, with resources being redirected to those front line services impacted by the pandemic, such as the extra resource released in the autumn of 2021 and spring 2022 towards the hospital discharge programme, enabling patients to be routinely discharged into a home environment and releasing hospital capacity.

In September 2021, the government announced plans to reform adult social care and later released the Social Care white paper in December 2021. As a result of these reforms, local authorities would incur additional costs due to changes in the contribution an individual will make towards their costs. This means that local authorities will have to fund a greater proportion of care costs that are currently paid for by self-funders.

To compensate local authorities for these additional costs, a number of new grants were announced as part of the settlement at the time and Social Care white paper totalling £5.4bn over the next three years. £3.6bn was aimed at covering the cost of the cap and means testing and provision for market sustainability by reviewing the fair cost of care, the balance of £1.7bn was to be used to improve the wider social care system, including the quality and integration of care, such as integrated housing and distribution of Disabled Facilities Grants.

In the announcements made in the Autumn Statement 2022, as a result of the cost of living crisis following the invasion of Ukraine, the roadmap set out in the Social Care White paper relating to the cap and means testing has now been delayed by 2 years, with the additional resources redirected towards the priorities of hospital discharge and providing a fair cost of care to ensure the care market remained stable. Resources were announced for both the 2023/24 and 2024/25 financial years, with adult social care funding also increased, to continue towards paying a more sustainable rate for care and balancing this with the wider objectives to support capacity and discharge.

The adequacy of the original resource allocation of £5.4bn for the original social care reforms remains to be a significant unknown that will only become clear as the programme evolves.

The additional social care resources announced in the Autumn Statement 2022 for the 2023/24 and 2024/25 financial years and the ability to raise Council Tax levels above those previously anticipated were welcome news and helped the Council close a widening budget gap. Recent sector level briefings from Government Departments have provisionally confirmed that no further resource will be available in 2024/25, which is cause for concern given the continued high levels of inflation.

There also remains a great deal of uncertainty regarding the next Business Reset and the mechanism how the accumulated benefits will be tapered down. This is a particularly high risk to the Council given the approximate £10.0m of benefits above baseline it receives. The Spring Budget 2023, set out a commitment to allow local authorities to retain 100% of business rates growth and announced details of devolution deals with Greater Manchester and West Midlands Combined Authorities to set the blueprint for deeper devolution across the rest of England. As part of the deals, government has committed to give Greater Manchester and West Midlands Combined Authorities single multi-year funding settlements at the next Spending Review. In addition to potential additional business rates through Growth Zones which will be retained locally.

Trafford, like many Councils is experiencing significant pressure within the High Needs Block of the Dedicated School Grant. The Department for Levelling Up, Housing and Communities (DLUHC) has made regulations which ring-fence DSG deficits from councils' wider financial position in their statutory accounts. DSG deficits can no longer be paid off from general funds without requesting permission from the Secretary of State. As it stands, this ring-fence is due to end after 2024/25, at which point LAs will need to demonstrate their ability to cover DSG deficits from their future available reserves. Discussions are continuing with the Department for Education on a deficit management plan, however it is increasingly becoming apparent that resources are insufficient to meet the escalating level of high needs demand.

Future Budgets

The Authority approved its budget for 2023/24 at the Full Council Meeting on 15 February 2023. The scale of the challenges faced by the Council in managing demand within the available resources remains the single biggest strategic risk for the Council.

Whilst I, the Director of Finance and Systems, made it clear in the budget report that the proposals can secure a robust budget for 2023/24, supplemented by the short-term use of one-off reserves, the use of reserves to balance the budget is not sustainable and cannot be used to avoid the requirement for permanent savings.

The Council embarked on a bold and ambitious Innovation and Change Programme in 2022 to identify substantial and permanent savings and investment in further transformational delivery of our services. Significant savings of £11.76m were identified as part of the 2023/24 budget, however it must be stated that the over £7.33m were made from corporate level savings such as the review of debt repayments, meaning that future programmes will need to be more service focused.

Further information on the planned future expenditure and the financial environment of the Council can be found in the Council's 2023/24 Budget and 2023/26 Capital Investment Programme and Prudential Indicators Reports, which can be found on the Council's website.

Receipt of Further Information

If you would like to receive further information about these accounts then please do not hesitate to contact me at Financial Management, Finance and Systems Directorate, Trafford Council, Town Hall, Talbot Road, Stretford M32 0TH.

*Graeme Bentley CPFA
Director of Finance and Systems
30th November 2023*

Explanation of the Financial Statements

Please note that a glossary of terms can be found on page 200.

A description of the responsibilities of the Council regarding the Accounts 2023 is provided at page 29, and the Audit Report can be found on page 30.

The Accounts are drawn from systems which in themselves must operate satisfactorily in order for the figures to be true and dependable. More information on the effective operation of the Council's systems, governance arrangements and control environment can be found in the Annual Governance Statement (AGS). The AGS does not form part of the Accounts, but it is published alongside so that it can be read in conjunction.

There can be choices in accounting conventions and/or treatment that would be more practical for a given organisation in order for it to show a truer reflection of economic activity or value. The Council's choices are outlined in detail in the Accounting Policies (note 3) on pages 50 to 66.

The main financial statements that make up the Accounts (pages 31 to 37) are: the Comprehensive Income and Expenditure Statement (CIES); Balance Sheet; Movement in Reserves Statement (MiRS) and, Cash Flow Statement. These are explained in summary below, with a full explanation included with each statement in the main accounts.

The Comprehensive Income and Expenditure Statement (page 31 to 32) shows the Council's financial performance for the year, measured in terms of the resources consumed and generated, as defined in the Code, over the period 1 April 2022 to 31 March 2023. However, the Council is required to set its budget and raise Council Tax on a different accounting basis than the Code, the main differences being:

- Capital investment is accounted for as it is financed, rather than when the assets are consumed (e.g. cash is paid out when an asset is purchased, however it is charged to CIES as it depreciates);
- Regulation and the Council's management accounts make distinction between capital and revenue income. Under the Code all income is treated the same and is accounted for in the CIES where required;
- Retirement benefits are charged as amounts become payable to pension funds and pensioners, rather than as future benefits are earned and become committed.

The variations in accounting treatment between the Council's management accounts and (financial) Accounts 2023 are adjusted for within the Movement in Reserves Statement on pages 34 to 37, with more detail in note 9 on pages 73 to 80. A summary reconciliation between the CIES net gain and the management accounts net declared underspend position is provided in the narrative report.

The MiRS (pages 34 to 37) also shows the movements in reserves of the Council for the year split between usable and unusable reserves. Unusable reserves relate to accounting adjustments for the differences between management and financial accounting treatment and are not 'cash backed' and cannot be used to support service activity.

The total net worth of the Council, total assets less total liabilities, as a statement of value is listed on the Balance Sheet on pages 33 to 34.

The Cash Flow statement (page 38) provides summary figures on the total movements in cash for the year and how it has been applied on three types of financial activity: inflows and outflows caused by core business operations, changes in equipment, assets or investments related to investing activities and changes in debt, loans or dividends from financing activities.

Explanatory notes to the primary statements are provided on pages 29 to 175. These notes expand on the figures, providing greater detail and information as prescribed or as necessary. Included within these notes is a statement on 2022/23 capital expenditure and how this was financed on pages 156 to 157.

The Council has the responsibility for collecting all Council Tax due in the Borough on behalf of itself, the GMCA Mayoral Police and Crime Commissioner, the GMCA Mayoral General Precept (including Fire Services) and Parish Councils. It also has the responsibility for collecting all Non-Domestic Rates (Business Rates) on behalf of itself and the GMFRA. The financial activity relating to local taxation is contained in the Collection Fund statement, pages 176 to 177.

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

Pension Valuation and Advance Pension Payment

In April 2020 the Council made a payment of £42.96m to the Greater Manchester Pension Fund to cover three years of employer related pension payments which had the impact of reducing the annual contribution rate by 1.1% per year over the period 2020/21 to 2022/23 and reducing the overall pension liability on the balance sheet over the three year period.

At 31 March 2023 the Council had an asset of £97.89m, which compares with a net liability of £235.67m at 31 March 2022, an increase of £334.56m. This net liability at 31 March 2022 includes a figure of £14.32m relating to the balance of the three year advanced pension contribution, which is yet to be utilised (i.e. one year remaining). If the cash advance balance is excluded for comparison, this would have resulted in a net liability of £221.35m and a movement of £228.92m from 2021/22 as advised by the pension fund Actuary (Hymans-Robertson).

The pension movements shown within the CIES are £32.08m in Cost of Services, £6.86m Financing and Investment Income and Expenditure and £374.6m in Other Comprehensive Income and Expenditure. These significant charges are the result of changes in the financial assumptions related used by the pension fund Actuary (Hymans-Robertson). These assumptions are determined by the Actuary and represent the market conditions at the reporting date. The Council relies and places assurance on the professional judgement of the Actuary and the assumptions used to calculate this actuarial valuation.

New Debt and purchase of investment properties

In October 2018 the Council agreed an updated investment strategy with the objective of supporting the Council's resilience over the next few years, offering an alternative solution to address future funding gaps, while investing in opportunities which support the Council's Priorities. This strategy was reviewed in February 2020, and it was agreed for the Council to continue to grow its investment with the fund value limit increased to a potential £500m. During 2022/23 a number of new investments were made, in addition to a continuation of funding for existing investment assets, at a total value of £52.32m. In addition a number of investments were repaid in year, with a total value of £57.08m. Total net investments at 31st March 2023 had a value of £268.44m.

MAH shares valuation

A firm of financial experts and valuers have been engaged by the Council to provide an independent valuation which includes reviewing the financial performance, stability and business assumptions of the Manchester Airport Holdings. As at 31 March 2023 the Council's valuers advised of an increase of £1m in the fair value Council share from £23.4m to £24.4m which has been reflected in the financial statements.

There are two elements to the valuation as follows:

- The main shares in MAH have been revalued upwards by £1.5m from £18.6m to £20.1m;
- An equity investment in Manchester Airport Car Park (Project Apollo) made by the Council (along with the other nine Greater Manchester District Councils) who have each invested £5.61m which was used to assist in funding the capital build of a car park in return for the issue of 3 C Shares in Manchester Airport Car Park Limited. An initial payment of £1.87m was made in 2019/20 and further payments totalling £3.74m made in 2020/21. No further payments have been made. The shares are valued on an annual basis and in 2022/23 there was a downward revaluation of £0.5m from £4.80m to £4.30m.

MAH Interest on Loans

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

All MAH loans attract interest which is included in the CIES under Financing and Investment Income and Expenditure. Interest of £1.8m has been accrued for 2022/23. Since 2020, due to the impact of the pandemic, the collection of all interest payments has been reduced with the accumulated interest held as a Long Term Debtor with a balance of £9.16m as at 31st March 2023.

Land and Property Revaluations

There has been a significant increase in Property Plant and Equipment of £58.0m largely due to revaluations upwards. There has been a significant increase in the Building Cost Information Service (build rates index which is an average of 7.7% reflecting increases in material and labour costs) that are applied to the valuations that represent the current market conditions. In addition, certain areas within the borough there has been a more active disposals market which has given better comparable land values which where relevant have been applied.

The increase in revaluations has been reflected in an opposite movement the Revaluation Reserve of £29.55 and in addition a net credit to the CIES of £0.29m, reflecting the writing back of downward revaluations previously held in this reserve.

Borrowing

At 31 March 2023 the Council's total external level of debt was £318.1m compared to £322.4m at 1 April 2022. During 2022/23 the Council did not undertake any new borrowing. The net reduction of £4.3m is due to of planned repayment of debt at term maturity.

Academy School Transfer of Assets

No schools transferred to Academy status during 2022/23.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Chief Finance Officer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

Responsibilities of the Chief Finance Officer

The Chief Finance Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Chief Finance Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the local authority Code.

The Chief Finance Officer has also:

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

Certification

By the Chief Finance Officer

I certify that the Statement of Accounts set out on the following pages gives a true and fair view of the financial position of Trafford Borough Council at 31 March 2023, and its expenditure and income for the year ended 31 March 2023.

*Graeme Bentley CPFA
Director of Finance and Systems
30th November 2023*

Audit opinion

These accounts are subject to audit and the External Auditor's Certificate and Opinion will be shown on this page once completed.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

About this Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

2021/22			Year ended 31 March	2022/23			
Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Service	Note	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
241,456	(181,092)	60,364	Children's Services		258,722	(192,802)	65,920
131,330	(66,307)	65,023	Adults Services		128,013	(53,515)	74,498
53,145	(23,454)	29,691	Place		55,405	(19,266)	36,139
9,426	(2,002)	7,424	Legal and Governance		4,348	(746)	3,602
16,169	(5,321)	10,848	Finance and Systems		16,984	(4,560)	12,424
13,449	(4,460)	8,989	Strategy and Resources and Traded Services		18,634	(7,779)	10,855
52,956	(47,154)	5,802	Council-wide		51,356	(47,833)	3,523
517,931	(329,790)	188,141	Cost of Services		533,462	(326,501)	206,960
39,005	(7,534)	31,471	Other Operating Expenditure	11	37,564	(5,494)	32,070
42,024	(41,872)	152	Financing and Investment Income and Expenditure	12	54,346	(48,063)	6,284
0	(209,353)	(209,353)	Taxation and Non-Specific Grant Income and Expenditure	13/40	0	(228,404)	(228,404)

Comprehensive income and expenditure statement (continued)

2021/22			Year ended 31 March	2022/23			
Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Service	Note	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
		10,411	(Surplus) or Deficit on Provision of Services				16,910
			Items that will not be subsequently classified in the Deficit on Provision of Services				
		(161,807)	Re-measurement of Net Defined Benefit / Liability	27(v)			(374,624)
		(66,261)	(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets	14			(36,596)
			Items that will be subsequently classified in Deficit on Provision of Services				
		(40)	(Surplus) or deficit on financial assets measured at fair value through other comprehensive income	27(ii)			(1,000)
		(228,108)	Other Comprehensive (Income) and Expenditure				(412,220)
		(217,697)	Total Comprehensive (Income) and Expenditure				(395,310)

BALANCE SHEET

About this Statement

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold: and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2022 £000		Notes	31 March 2023 £000
422,934	Property, Plant & Equipment	14	471,298
174,193	Infrastructure Assets	14a	181,368
979	Heritage Assets	15	973
108,873	Investment Property	16	107,166
4,466	Intangible Assets	17	4,904
66,253	Long Term Investments	18	70,351
99,406	Long Term Debtors	21	114,586
-	Pension Asset	49	97,893
877,104	Long Term Assets		1,048,539
76,348	Short Term Investments	18	22,423
7,316	Assets Held for Sale	23	2,010
81	Inventories	19	94
76,483	Short Term Debtors	21	100,252
47,504	Cash and Cash Equivalents	22	55,175
207,732	Current Assets		179,954
(5,949)	Short Term Borrowing	18	(5,994)
(95,708)	Short Term Creditors	24	(97,600)
(29,424)	Short Term Provisions	25	(18,436)
(3,778)	Grants Receipts in Advance (Revenue)	40	(4,625)
(8,587)	Grants Receipts in Advance (Capital)	40	(9,326)
(143,446)	Current Liabilities		(135,981)

Balance sheet (continued)

31 March 2022 £000		Notes	31 March 2023 £000
(36)	Long Term Creditors		(36)
(13,325)	Provisions	25	(9,666)
(318,952)	Long Term Borrowing	18	(314,606)
(113)	Capital Grants & Contributions – Long-Term Receipts in Advance (REFCUS)	40	(113)
(10,493)	Grant Receipts in Advance (Capital)	40	(10,228)
(235,666)	Other Long Term Liabilities – Pensions	49	-
(6,314)	Other long-term liabilities – Deferred	24	(6,063)
(584,899)	Long Term Liabilities		(340,712)
356,491	Net assets		751,800
(9,500)	General Fund Balance	10	(9,500)
(123,041)	Earmarked General Fund Reserves	10	(69,890)
(403)	Capital Receipts Reserve	26	(629)
(360)	Revenue Grants Unapplied (REFCUS)		(461)
(20,885)	Capital Grants Unapplied		(20,632)
(154,189)	Usable Reserves	26	(101,112)
(174,758)	Revaluation Reserve	27	(204,098)
(8,250)	Financial Instrument Revaluation Reserve	27	(8,315)
(329,542)	Capital Adjustment Account	27	(346,729)
20,242	Financial Instruments Adjustment Account	27	19,531
249,988	Pensions Reserve	27	(97,890)
34,227	Collection Fund Adjustment Account	27	(19,972)
68	DSG Adjustment Account	27	1,475
5,724	Accumulated Absences Account	27	5,310
(202,302)	Unusable Reserves		(650,688)
(356,491)	Total Reserves		(751,800)

*Graeme Bentley CPFA
Director of Finance and Systems
30th November 2023*

MOVEMENT IN RESERVES STATEMENT

About this Statement

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

	General Fund Balance £000	Earmarked General Fund Reserves £000	Total General Fund Balance £000	Capital Receipts Reserve £000	Revenue Grants Unapplied £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000
Balance as at 31 March 2022	(9,500)	(123,041)	(132,541)	(403)	(360)	(20,885)	(154,190)	(202,302)	(356,493)
MOVEMENT IN RESERVES DURING 2022/23									
(Surplus) or deficit on the provision of services	16,910	-	16,910	-	-	-	16,910	-	16,910
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	(412,220)	(412,220)
Total Comprehensive Income and Expenditure	16,910	-	16,910	-	-	-	16,910	(412,220)	(395,310)
Adjustments between accounting basis & funding basis under regulations (note 9) *	37,648	-	37,648	(227)	(101)	254	37,575	(37,575)	-

	General Fund Balance £000	Earmarked General Fund Reserves £000	Total General Fund Balance £000	Capital Receipts Reserve £000	Revenue Grants Unapplied £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000
Net (Increase)/Decrease before transfers to Earmarked Reserves	54,558	-	54,558	(227)	(101)	254	54,485	(449,795)	(312,110)
Transfers (to)/from Earmarked Reserves (note 10)	(54,558)	53,151	(1,407)	-	-	-	(1,407)	1,407	-
(Increase)/Decrease in 2022/23	-	53,151	53,151	(227)	(101)	254	53,078	(448,388)	(395,310)
Balance as at 31 March 2023	(9,500)	(69,890)	(79,390)	(629)	(461)	(20,632)	(101,112)	(650,691)	(751,800)

	General Fund Balance £000	Earmarked General Fund Reserves £000	Total General Fund Balance £000	Capital Receipts Reserve £000	Revenue Grants Unapplied £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000
Balance as at 31 March 2021	(8,000)	(174,355)	(182,355)	(281)	(64)	(17,648)	(200,348)	61,553	(138,795)
MOVEMENT IN RESERVES DURING 2021/22									
(Surplus) or deficit on the provision of services	10,411	-	10,411	-	-	-	10,411	-	10,411
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	(228,108)	(228,108)
Total Comprehensive Income and Expenditure	10,411	-	10,411	-	-	-	10,411	(228,108)	(217,697)
Adjustments between accounting basis & funding basis under regulations (note 9) *	39,471	-	39,471	(122)	(297)	(3,237)	35,815	(35,815)	-
Net (Increase)/Decrease before transfers to Earmarked Reserves	49,882	-	49,882	(122)	(297)	(3,237)	46,226	(263,924)	(217,697)
Transfers (to)/from Earmarked Reserves (note 10)	(51,382)	51,314	(68)	-	-	-	(68)	68	-
(Increase)/Decrease in 2021/22	(1,500)	51,314	49,814	(122)	(297)	(3,237)	46,158	(263,856)	(217,697)
Balance as at 31 March 2022	(9,500)	(123,041)	(132,541)	(403)	(360)	(20,885)	(154,190)	(202,302)	(356,493)

CASH FLOW STATEMENT

About this Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

2021/22 £000	Year Ended 31 March	2022/23 £000
10,411	Net (surplus) or deficit on the provision of services	16,910
(103,447)	Adjustments to net surplus or deficit on the provision of services for non-cash movements (Note 28a)	(32,546)
26,418	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities (Note 28b)	36,365
(66,618)	Net cash flows from Operating Activities (Note 28c)	20,729
17,512	Investing Activities (Note 29)	(21,960)
59,019	Financing Activities (Note 30)	7,881
(14,321)	Cash flows from Advanced Pension Contribution (Note 28d)	(14,321)
(4,408)	Net (increase) or decrease in cash and cash equivalents	(7,671)
(43,097)	Cash and cash equivalents at the beginning of the reporting period	(47,505)
-	Adjustment to the opening Cash and Cash equivalents	-
(43,097)	Cash and cash equivalents revised balance at the beginning of the reporting period	(47,505)
(47,505)	Cash & cash equivalents at the end of reporting period (Note 22)	(55,175)

Accounts 2023

Notes to the accounts

1. Expenditure and Funding Analysis

About this Statement

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax payers how the funding available to the authority (i.e. government grants, rents, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's directorates [services or departments]. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

1. (a) Expenditure and Funding Analysis

2022/23	As reported for Management Accounts Outturn £000	Adjustments to arrive at the net amount chargeable to the General Fund (note 1b) £000	Net Expenditure Chargeable to General Fund Balances £000	Adjustments between the Funding and Accounting Basis (note 1b) £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
Children's Services	46,074	2,452	48,526	17,394	65,920
Adults Services	69,289	2,680	71,969	2,528	74,497
Place	34,489	(7,583)	26,906	6,769	36,139
Legal and Governance	3,003	335	3,338	264	3,602
Finance and Systems	8,340	1,573	9,913	2,512	12,425
Strategy and Resources and Traded Services	9,049	118	9,168	1,687	10,855
Council-wide	21,272	(22,215)	(942)	4,465	3,522
Net Cost of Services	191,516	(22,638)	168,878	38,083	206,960
General Fund Financing	(191,572)	191,572	0	0	0
Other Operating Expenditure	0	31,580	31,580	490	32,070
Financing & Investment Income & Expenditure	0	(3,077)	(3,077)	9,360	6,284
Taxation and Non Specific Grant Income	0	(142,823)	(142,823)	(85,581)	(228,403)
Total Other Income and Expenditure	(191,572)	77,253	(114,319)	(75,730)	(190,050)
(Surplus) or Deficit	(56)	54,615	54,558	(37,648)	16,910

The table below shows the comparative information for 2021/22

2021/22	As reported for Management Accounts Outturn £000	Adjustments to arrive at the net amount chargeable to the General Fund (note 1b) £000	Net Expenditure Chargeable to General Fund Balances £000	Adjustments between the Funding and Accounting Basis (note 1b) £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
Children's Services	44,126	1,074	45,200	15,164	60,364
Adults Services	63,101	(1,560)	61,541	3,481	65,022
Place	32,174	(7,422)	24,752	4,939	29,691
Legal and Governance	6,367	(9)	6,358	1,066	7,424
Finance and Systems	7,882	287	8,169	2,679	10,848
Strategy and Resources and Traded Services	5,173	2,179	7,352	1,637	8,989
Council-wide	19,117	(9,902)	9,215	(3,413)	5,802
Net Cost of Services	177,940	(15,353)	162,587	25,553	188,140
General Fund Financing	(179,472)	179,472	-	-	-
Other Operating Expenditure	-	31,976	31,976	(505)	31,471
Financing & Investment Income & Expenditure	-	(10,198)	(10,198)	15,011	4,813
Taxation and Non Specific Grant Income	-	(134,483)	(134,483)	(74,870)	(209,353)
Total Other Income and Expenditure	(179,472)	66,767	(112,705)	(60,364)	(173,069)
(Surplus) or Deficit	(1,532)	51,414	49,882	(34,811)	15,071

The table below reconciles between the opening and closing balances of the General Fund (including earmarked reserves). Additional information on the movement in General Fund balances can be found on the Movement in Reserves Statement.

Movement in General Fund	2021/22 £000	2022/23 £000
Opening General Fund as at 1 April	(182,355)	(132,541)
(Surplus) or Deficit on the General Fund in year	49,814	54,558
Need Closing General Fund as at 31 March	(132,541)	(77,983)

1. (b) Note to the Expenditure and Funding Analysis

This note provides a reconciliation of the main adjustments to net expenditure chargeable to the General Fund balance to arrive at the amounts in the Comprehensive Income and Expenditure Statement. The relevant transfers between reserves are explained in the Movement in Reserves Statement.

2022/23 Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement	Levies and Precepts reported at Directorate Level/ GF Financing £000	Interest Payable, receivable, Other Investment Income and Trading profit reported at Directorate Level £000	Tax and Non Specific Grants and general funding reported at Directorate Level/ GF Financing £000	Investment Property Income and Expenditure reported at Directorate Level £000	Reserve Movements reported at Directorate Level/ GF Financing £000	Total Adjustments to arrive at the net amount chargeable to the General Fund £000
Children's Services	-	(33)	51	-	2,434	2,452
Adults Services	-		136	-	2,545	2,680
Place	(15,275)	8,150	38	(771)	276	(7,583)
Legal and Governance	-	-	-	-	335	335
Finance and Systems	-	-	1,597	-	(23)	1,573
Strategy and Resources and Traded Services	-	(598)	-	-	716	118
Council-wide	(16,206)	(3,671)	4,095	-	(6,432)	(22,215)
Net Cost of Services	(31,481)	3,848	5,916	(771)	(150)	(22,638)
General Fund Financing	(99)	-	136,907	-	54,764	191,572
Other Operating Expenditure	31,580	-	-	-	-	31,580
Financing & Investment Income & Expenditure	0	(3,848)	-	771	-	(3,077)
Taxation and Non Specific Grant Income	0	0	(142,823)	0	-	(142,823)
Total Other Income and Expenditure	31,481	(3,848)	(5,916)	771	54,764	77,253
Difference between General Fund (surplus) or deficit and Comprehensive Income and Expenditure Statement (surplus) or deficit	-	-	-	-	54,614	54,614

Adjustments between Accounting Basis and Funding Basis 2022/23				
2022/23 Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement	Adjustments for capital purposes £000 (i)	Net change for pension adjustment £000 (ii)	Other differences £000 (iii)	Total adjustments between accounting & funding basis £000
Children's Services	6,755	10,587	52	17,393
Adults Services	216	2,497	(185)	2,528
Place	7,741	1,542	(50)	9,233
Legal and Governance	3	401	(141)	264
Finance and Systems	1,021	1,559	(69)	2,512
Strategy and Resources and Traded Services	199	1,508	(20)	1,687
Council-wide	2,679	1,787	(1)	4,465
Net Cost of Services	18,614	19,882	414	38,083
General Fund Financing	-	-	-	-
Other Operating Expenditure	490	-	-	490
Financing & Investment Income & Expenditure	2,498	6,862	-	9,360
Taxation and Non Specific Grant Income	(31,381)	-	(54,200)	(85,581)
Total Other Income and Expenditure	(28,393)	6,862	(54,200)	(75,730)
Difference between General Fund (surplus) or deficit and Comprehensive Income and Expenditure Statement (surplus) or deficit	(9,778)	26,744	(54,613)	(37,648)

2021/22 Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement	Levies and Precepts reported at Directorate Level/ GF Financing £000	Interest Payable, receivable, Other Investment Income and Trading profit reported at Directorate Level £000	Tax and Non Specific Grants and general funding reported at Directorate Level/ GF Financing £000	Investment Property Income and Expenditure reported at Directorate Level £000	Reserve Movements reported at Directorate Level/ GF Financing £000	Total Adjustments to arrive at the net amount chargeable to the General Fund £000
Children's Services	-	(33)	23	-	1,084	(1,074)
Adults Services	-	(4)	136	-	(1,692)	(1,560)
Place	(15,625)	4,487	-	5,997	(2,282)	(7,422)
Governance and Community Strategy	-	-	-	-	(9)	(9)
Finance and Systems	-	-	1,054	-	(767)	287
Strategy and Resources and Traded Services	-	2,017	-	-	162	2,179
Council-wide	(16,257)	(2,267)	9,453	-	(832)	(9,902)
Net Cost of Services	(31,882)	4,200	10,666	5,997	(4,336)	(15,353)
General Fund Financing	(94)	-	123,816	-	55,750	179,472
Other Operating Expenditure	31,976	-	-	-	-	31,976
Financing & Investment Income & Expenditure	-	(4,201)	-	(5,997)	-	(10,198)
Taxation and Non Specific Grant Income	-	-	(134,483)	-	-	(134,483)
Total Other Income and Expenditure	31,882	(4,201)	(10,667)	(5,997)	55,750	66,767
Difference between General Fund (surplus) or deficit and Comprehensive Income and Expenditure Statement (surplus) or deficit	-	(1)	(1)	-	51,414	(51,414)

2021/22 Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement	Adjustments between Accounting Basis and Funding Basis 2021/22			
	Adjustments for capital purposes £000 (i)	Net change for pension adjustment £000 (ii)	Other differences £000 (iii)	Total adjustments between accounting & funding basis £000
Children's Services	2,439	12,739	(13)	15,165
Adults Services	255	3,175	52	3,482
Place	3,089	1,792	58	4,939
Governance and Community Strategy	31	1,044	(9)	1,066
Finance and Systems	850	1,832	(4)	2,678
Strategy and Resources and Traded Services	94	1,506	37	1,637
Council-wide	(6,177)	2,762	1	(3,413)
Net Cost of Services	581	24,850	122	25,554
General Fund Financing	-	-	-	-
Other Operating Expenditure	(505)	-	-	(505)
Financing & Investment Income & Expenditure	2,937	7,414	-	10,351
Taxation and Non Specific Grant Income	(19,710)	-	(55,161)	(74,871)
Total Other Income and Expenditure	(17,278)	7,414	(55,161)	(65,025)
Difference between General Fund (surplus) or deficit and Comprehensive Income and Expenditure Statement (surplus) or deficit	(16,696)	32,264	(55,039)	(39,471)

(i) Adjustments for Capital Purposes

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

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

(ii) Net Change for Pension Adjustments

The removal of pension contributions and the addition of the IAS 19 *Employee Benefits* pension related expenditure and income are reflected as follows:

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

(iii) Other Differences

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

- **For financing and investment income and expenditure** - the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts;
- **For taxation and non-specific grant income** - the charge represents the difference between what is chargeable under statute for Council Tax and Business Rates that was forecast to be received at the start of the year, and the income recognised under GAAP. This is a timing difference as any difference is brought forward in the surpluses or deficits on the Collection Fund.
- For the movement of Dedicated Schools deficit – the other difference column recognises the adjustment to earmarked reserves in recognition of statute requiring Dedicated Schools deficit to be included in a separate unusable reserve

2. Expenditure and Income Analysed by Nature

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

	2021/22 £000	2022/23 £000
Expenditure		
Employee benefit expenses	208,038	213,575
Other service expenses	311,251	310,571
Depreciation, amortisation & impairment	9,301	23,367
Interest payments	9,486	8,941
Precepts and levies	31,976	31,580
Loss on the disposal of assets	(505)	490
Loss on transfer of schools to academy status	-	-
Pension interest costs	24,976	32,077
Change in fair value of investment property	-	1,563
Total expenditure	594,524	622,164
Income		
Fees, charges and other service income	(38,438)	(43,227)
Interest and investment income	(12,517)	(12,452)
Income from Council Tax and Business Rates	(182,103)	(194,233)
Government grants and contributions	(301,669)	(302,784)
Other grants and contributions	(29,856)	(27,343)
Change in fair value of investment property	(1,968)	-
Pension expected return on assets	(17,562)	(25,215)
Total income	(584,113)	(605,253)
(Surplus) or Deficit on the Provision of Services	10,411	16,910

3a. Accounting Concepts

The Statement of Accounts summarises the Council's transactions for the 2022/23 financial year and its position at the year-end 31 March 2023. 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 2022/23 (The Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 21(2) of the Local Government Act 2003.

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

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

Underlying Assumptions

Going Concern

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

This assumption is made because local authorities carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue-raising powers arising at the discretion of central government). If an authority were in financial difficulty, the prospects are that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year. The Code is clear that transfers of services under combinations of public sector bodies (such as local government reorganisation) do not negate the presumption of going concern.

Primacy of Legislation Requirements

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

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

3b. Accounting Policies

(a) Accruals of Income and Expenditure

Economic activity is accounted for in the year that it relates, not simply when cash payments are made or received. In particular:

- Revenue is defined as income arising as a result of the Council's normal operating activities and where income arises from contracts with service recipients it is recognised when or as the Council has satisfied a performance obligation by transferring a promised good or service to the service recipient. Revenue is measured as the amount of the transaction price which is allocated to that performance obligation. Where the Council is acting as an agent of another organisation the amounts collected for that organisation are excluded from revenue;
- supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet;
- expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;
- interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract;
- where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

(b) Accounting for Non Domestic Rates (NDR) and Council Tax

Non Domestic Rates (NDR)

- Retained Business Rate income included in the Comprehensive Income & Expenditure Statement for the year will be treated as accrued income.
- Tariff Payments included in the Comprehensive Income & Expenditure Statement for the year will be treated as accrued expenditure.

Council Tax

- Council Tax income included in the Comprehensive Income & Expenditure Statement for the year will be treated as accrued income. Both NDR and Council Tax income will be recognised in the Comprehensive Income & Expenditure Statement in the line Taxation & Non-Specific Grant Income. As a billing authority the difference between the NDR and Council Tax included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund shall be taken to the Collection Fund Adjustment Account and reported in the Movement in Reserve Statement. Each major preceptor's share of the accrued NDR and Council Tax income will be available from the information that is required to be produced in order to prepare the Collection Fund Statement. The income for Council Tax and NDR is recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the authority, and the amount of the revenue can be measured reliably.

- Revenue relating to such things as Council Tax and NDR shall be measured at the full amount receivable (net of any impairment losses) as they are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates.
- The Balance Sheet includes the authority's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Accounting for Business Improvement District

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

(c) Acquisitions and Discontinued Operations

There are no acquisitions or discontinued operations to report.

(d) Cash and Cash Equivalents

Cash is represented by cash in hand and demand deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Demand deposits will include accounts where additional funds may be deposited and withdrawn at any time without prior notice e.g. a bank current account.

Cash equivalents are investments instantly repayable to the Council on demand which are readily convertible to known amounts of cash with insignificant risk of change in value. These will be balances held in Call Accounts and Money Market Funds with associated accrued interest.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

(e) Exceptional Items

When exceptional items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are due to an understanding of the Council's financial performance.

(f) Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

(g) Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service;
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off;
- amortisation of intangible non-current assets attributable to the service.

Charges are based on the opening balance sheet value of the asset. Where assets are revalued during the year charges are based on the revaluation amount.

The Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses, and amortisation are replaced by Minimum Revenue Provision (MRP). This adjusting transaction is done through the Movement in Reserves Statement with the Capital Adjustment Account charged with the difference between the two amounts.

(h) Employee Benefits

Benefits Payable During Employment

Short term employee benefits are those due to be settled within 12 months of the year-end. They include benefits such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave e.g. time off in lieu) earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. Termination Benefits are charged on an accrual basis to the appropriate service line within Cost of Services in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

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

Post-Employment Benefits

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

- the Teachers' Pension Scheme, administered nationally by Capita plc on behalf of the Department for Education (DfE);
- The Greater Manchester Pensions Fund (part of the Local Government Pension Scheme), administered by Tameside Metropolitan Borough Council.

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

However, the arrangements for the Teachers' scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. These schemes are therefore accounted for as if they are a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Children's and Education Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year.

The Local Government Pension Scheme

The Greater Manchester Local Government Pension Scheme is accounted for as a defined benefits scheme.

The liabilities of the Greater Manchester Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of future earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate of 2.7% (based on the indicative rate of return on a basket of high quality corporate bonds, Government gilts and other factors).

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

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

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

Service cost comprising:

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

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- net interest on the net defined benefit liability i.e. net interest expense for the Council - the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement - this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period - taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

Remeasurement comprising:

- the return on plan assets – excluding amounts included in net interest on the net defined benefit liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

Contributions paid to the Greater Manchester Pension Fund:

- cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners, and any such amounts payable but unpaid at the year end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

(i) Events After the reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of event can be identified:

- Adjusting Events - those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events;
- Non-adjusting Events - those that are indicative of conditions that arose after the reporting period – the Statement of Accounts are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

(j) Financial Instruments

Financial Liabilities (Debt and Interest Charges)

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

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

For stepped Lender Option Borrower Option loans the effective interest rate has been calculated over the life of the loan. This is an average and differs from the amounts actually paid in the year. The difference between the calculated interest charge and the interest paid has been adjusted in the carrying amount of the loan and the amount charged in the Comprehensive Income and Expenditure Statement is the effective interest rate for the life of the loan rather than the amount payable per the loan agreement.

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

Financial Assets

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

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

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

Financial Assets Measured at Amortised Cost

Financial assets, including simple deposits, treasury bills and gilts, money market funds, measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income

and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

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

Expected Credit Loss Model

The authority recognises expected credit losses on all of its financial assets held at amortised cost [or where relevant FVOCI], either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the authority.

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

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

Loans

- Group 1 – the Council has previously made three loans to Manchester Airport Holdings
 - £8.7m in 2009/10 set to expire in 2055,
 - £11.3m in 2018/19, in two tranches of £5.6m for repayment in 2056 and 2057, and
 - £9.7m in 2020/21 set to expire in 2058.
- Group 2 – Loans made under Investment Strategy – The scope of the Council’s investment strategy covers direct investment in properties (see policy covering investment property) as well as loans made to third party developers. The Council has made a number of developer loan advances in respect of redevelopment purposes. Loss allowances for this type of loan will be assessed on an individual basis using common industry-related risk characteristics and the financial health of the companies.
- Group 3 – Town Centre Loans – The Council offers an interest-free loan scheme for businesses that want to occupy ground floor, vacant premises in Altrincham, Sale, Urmston or Stretford town centres to part-fund works, overheads and marketing costs that are needed to bring a vacant unit back into use. The loans are advanced in two instalments and the first instalment is made within Long Term Debtors and Prepayments. Once the second instalment is made, the debt is transferred into our debtor collection system and appears in Short Term Debtors. Due to the immaterial value of these loans, Credit losses will be calculated under the simplified approach adopted for all Trade Debtors.
- Group 4 - Homestep Loans – these are loans provided to first time buyers to assist key workers to purchase a home. The amount advanced has been included as a long term debtor and is repayable when the property is sold. Credit losses are considered, but the council has assessed there to be no potential loss implications.

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

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

Fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.

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

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

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

The Council has one investment, the CCLA Property Investment Fund, which is currently classified as Fair Value through Profit and Loss. Subsequently, any Fair Value gains and losses should be recognised as they arrive in the Surplus or Deficit on the Provision of Services, thus impacting on the Council's General Fund balance. However, investments in CCLA property funds fall under the category of "pooled investment funds" as defined in Statutory Instrument SI 2018/1207. This means that until 31 March 2024, English Local Authorities are prohibited from charging to a revenue account fair value gains or losses, unless the gain or loss relates to an impairment or the sale of the asset.

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

Fair Value through Other Comprehensive Income (FVOCI)

Financial assets that are measured at FVOCI are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in other comprehensive income.

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

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

- Manchester Airport Holding Limited - Main Shareholding
- Manchester Airport Holding Limited Class - C Shareholding (used to part fund a new car parking facility).

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

(k) Foreign Currency Translation

Where the Council has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are re-converted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

(l) Government Grants and Contributions

Government grants and other contributions are accounted for on an accruals basis and are recognised when there is reasonable assurance that;

- the Council will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

The grants are recognised in the Comprehensive Income and Expenditure Statement once any conditions, which stipulate how the grant is to be used to avoid repayment, are satisfied. Where they have not been satisfied they are carried on the Balance Sheet as creditors. Where grants are recognised in the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where a grant has yet to be used to finance capital expenditure it is posted to the Capital Grants Unapplied Reserve, or Revenue Grants Reserve where they support revenue expenditure funded from capital under statute. Where it has been applied it is posted to the Capital Adjustment Account.

Where capital expenditure is classified as Revenue Expenditure Funded from Capital under Statute then any related grants or contributions are transferred to the service account in the Comprehensive Income and Expenditure Statement.

(m) Heritage Assets

Heritage assets are assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical value. They are therefore held by the Council in relation to the maintenance of heritage. The Council's separate policy on Heritage Assets includes details of the records maintained by the Authority of its collection of assets.

Heritage Assets are recognised and measured in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below. The de-minimis threshold for a heritage asset is set at £10,000 in order to remain consistent with the Council's capitalisation policy. Where valuations or historic cost figures are available, the assets will be recognised on the Balance Sheet.

As there are no council-owned museums or galleries, the majority of the Council's heritage assets are retained for historical and cultural importance but not for public display. The heritage assets held by the Council include silver, paintings, furniture, statues, civic regalia, artefacts, sculptures and historic buildings. Where it is disproportionately expensive to obtain valuations, the Code allows authorities to exclude such items from the Balance Sheet. Many of the assets are therefore not recognised on the Balance Sheet as valuations are not cost effective.

Trafford Town Hall Collection

The collection of silver, statues, paintings, furniture and other miscellaneous items are held at Trafford Town Hall due to their historical and cultural importance. These items are reported in the Balance Sheet at insurance valuations provided by Vivienne Milburn FRICS (Independent Antiques

Valuer and Auctioneer) in July 2011. These assets are deemed to have indeterminate lives and a high residual value; hence the Council does not consider it appropriate to charge depreciation.

Historic Buildings

The historic buildings were valued by the Council's Asset Manager – Estates and Valuations who is a member of the Royal Institute of Chartered Surveyors as part of the five year rolling programme. These buildings are non-operational and held for their cultural and historical value.

Depreciation on historic buildings will be charged in accordance with the Council's policy on property, plant and equipment.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment. Proceeds from the disposal of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

Heritage Assets not reported on the balance sheet

Trafford owns 25 listed assets that have heritage status per the National Planning Framework, e.g. Trafford Town Hall, Stretford Public Hall and numerous war memorials. Listed buildings like the Town Hall are used in the delivery of services and as such are included in the balance sheet as Property Plant and Equipment. In respect of other listed assets e.g. war memorials no valuation is available and cannot be obtained at a cost which is commensurate with the benefits to users of the financial statements; those assets have not been included on the balance sheet.

(n) Intangible Assets

Intangible assets do not have physical substance but are controlled by the Council, for example software licences. Intangible assets are capitalised when it is expected that the future economic benefits or service potential will flow to the Council.

(o) Interests in Companies and Other Entities

The Council owns minority interests in a small number of companies, mainly arising from the dissolution of the former Greater Manchester County Council. In the Council's accounts, the interest in companies and other entities are recorded as financial assets at cost, less any provisions for losses.

In addition, two community interest companies (CIC's) were established during 2015/16 for the provision of leisure and youth services but were not considered material in 2015/16.

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

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

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

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

(p) Inventories and Long-Term Contracts

Inventories are included in the Balance Sheet at the lower of cost or net realisable value. The cost of inventories is assigned using the weighted average costing formula.

Work in progress on capital projects is included in the Balance Sheet within Assets Under Construction at historic cost.

(q) Investment Property

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

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

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

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

(r) Joint Ventures

On 20 March 2018 the Council set up a joint venture with Bruntwood (K Site Ltd) called Trafford Bruntwood LLP. The entity will deliver a new university campus on the former Kelloggs headquarters site at Talbot Road Stretford. From 2018/19 the entity forms part of the Council's group accounts and will be treated as a Joint Venture and consolidated on an equity basis.

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

(s) Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

Leases and lease-type arrangements have been reviewed. No reclassification has been required under the Code. The Council has no finance leases.

The Council as Lessee

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease; even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

The Council as Lessor

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained on the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

(t) Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service. The main basis of apportionment is by estimation of time spent on the various services. The cost of administrative buildings has been recharged on the basis of floor area occupied. The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received.

(u) Property, Plant and Equipment (PPE)

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

All expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis. Expenditure on assets is capitalised, provided that the item yields benefits to the Council for a period of more than one year and can be measured reliably. Routine repairs and maintenance of PPE are charged direct to service revenue accounts.

Measurement

Assets are initially measured at cost comprising:

- the purchase price;
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

- infrastructure, community and assets under construction – depreciated historical cost;
- surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective;
- all other assets – current value, determined as the amount that would be paid for the asset in its existing use.

Depreciated replacement cost is used as an estimate of current value when there is no market based evidence of current value because of the specialist nature of the asset.

Assets are revalued with sufficient regularity by a qualified valuer to ensure that the carrying amount is not materially different from their current value at year end and as a minimum at least every five years. Increases in asset value are matched by a credit to the Revaluation Reserve to represent the unrealised gain. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement for a particular asset where the Comprehensive Income and Expenditure Statement have previously been charged with an impairment loss for that asset. Losses on revaluation are written off to the Revaluation Reserve, or if no Revaluation Reserve exists for that asset, charged to the Comprehensive Income and Expenditure Account.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment with a finite useful life, which can be determined at the time of acquisition or revaluation, according to the following policies:-

- Freehold land, Investment Properties and Assets Held For Sale are not depreciated;
- newly acquired assets are not depreciated in the year of acquisition, and assets in the course of construction are not depreciated until they are brought into use.

For all other assets depreciation is calculated using the straight line method over the estimated useful life of the asset and are as follows:

- vehicles, plant and equipment between 3 and 8 years;
- all other property, including infrastructure and community assets between 10 and 60 years;

Where an asset value exceeds £1m a review is undertaken to determine whether any major components comprising plant, equipment and services exist and these components are depreciated separately.

Revaluation and Impairment Losses

Assets are reviewed annually at each year end for any impairment or revaluation loss. Where a loss has occurred on an asset used by the service these are written off to the Revaluation Reserve, where a balance exists, or charged to the service revenue account where there is no remaining balance on the Revaluation Reserve.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Any charges for the use of Property, Plant and Equipment with the exception of external interest payments have a neutral impact on the amount to be raised from local taxation and are reversed from service revenue accounts through the Movement in Reserves Statement to the Capital Adjustment Account.

Disposals and Non-current Assets Held for Sale

When it becomes probable that an asset will be sold then it is reclassified as an Asset Held for Sale. These assets are then carried at a value of the lower of its carrying amount and current value less costs to sell.

When assets are disposed of or decommissioned the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal and matched against any capital receipt from the disposal. Any revaluation gains on the asset held in the Revaluation Reserve are transferred to the Capital Adjustment Account. Resultant gains or losses following the transfer of schools to academy status are included under financing and investment income and expenditure.

Individual asset disposal proceeds in excess of £10,000 are categorised as capital receipts.

Capital Receipts

Capital receipts from the disposal of assets are treated in accordance with provisions of the Local Government Act 2003. They can be used to fund capital expenditure in the year, to meet debts or other liabilities, or used to cover payments to the Secretary of State under receipts pooling arrangements.

(v) Schools

In accordance with the Code of Practice the Council includes all maintained schools under its control in the single entity accounts and where control exists includes all income, expenditure, assets, liabilities, reserves and cash-flows is recognised in the Council's single entity accounts. Other assets

and funds under the control of the school such as school funds are also included in the Council's accounts where material.

Community and Foundation schools are owned by the Council and are recognised on the balance sheet.

Voluntary aided and controlled schools are owned by the respective diocese with no formal rights to use the assets passed onto the school or governing body, therefore these are not included on the balance sheet.

(w) Private Finance Initiative (PFI) and Similar Contracts

PFI contracts are agreements to receive services where the responsibility for making available the assets needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes, and as the Council controls the residual interest in the asset at the end of the contract, the Council carries the assets used under the contract on the Balance Sheet.

The Council has entered into a Private Finance Initiative (PFI) contract for the provision of new office and community facilities in Sale Town Centre. The contract commenced in October 2003 with the initial period ending in 2028/29.

The original recognition of these assets was balanced by the recognition of a liability for the amounts due to the scheme operator to pay for the assets.

Assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council.

The amounts payable to the PFI operators each year are analysed into five elements:

- current value of the services received during the year - debited to the relevant service in the Comprehensive Income and Expenditure Statement;
- finance cost - an interest charge on the outstanding Balance Sheet Liability, debited to Interest Payable and Similar Charges in the Comprehensive Income and Expenditure Statement;
- contingent rent - increases in the amount to be paid for the property arising during the contract, debited to Interest Payable and Similar Charges in the Comprehensive Income and Expenditure Statement;
- payment towards liability - applied to write down the Balance Sheet liability towards the PFI operator;
- lifecycle replacement costs - recognised as Property, Plant and Equipment on the Balance Sheet.

(x) Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits, but where the timing of the transfer is uncertain. Provisions are charged to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made,

they are charged to the provision set up on the balance sheet. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed in the future by events not wholly within the control of the Council. Contingent liabilities can also arise where it is either not probable economic benefits will flow out from the Council or the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but are disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable there will be an inflow of benefits or service potential to the Council.

(y) Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. In line with the Code, expenditure is charged to revenue and not directly to any reserve.

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

Insurance

The Council essentially self-insures on its major risk areas and operates with significant excess levels, for example liability insurance policies carry an excess of £0.275m and property insurance £0.250m. A provision is maintained to cover costs for which it is responsible for liability claims and a reserve is maintained for property related costs. Further details can be found in note 10 and 25.

(z) Revenue Expenditure Funded from Capital Under Statute (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account is made. This reverses out the amounts charged so there is no impact on the level of Council Tax.

(aa) VAT

VAT payable is included as an expense only to the extent that it is irrecoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

(ab) Fair Value Measurement

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date;

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;

Level 3 – unobservable inputs for the asset or liability.

4. Accounting Standards that have been issued but have not yet been adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard which has been issued but is yet to be adopted by the 2022/23 Code.

Changes that will be introduced by the 2023/24 Code are:

- IFRS 16 Leases (but only for those Local Authorities that have decided to voluntarily implement IFRS 16 in the 2023/24 year);
- Where an Authority adopted IFRS 16 in 2022/23 but chose to defer implementation of IFRS 16 to PFI/PPP arrangements until 2023/24 information on that more specific accounting change will be required in its 2022/23 Statements of Accounts;
- Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021;
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021;
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021; and
- Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020.

The Council is working on implementing these changes to the code with the full impact of these changes is yet unknown. However these changes are not expected to have a material impact on the Council's single entity statements or group statements.

5. Critical Judgements in Applying Accounting Policies

In applying the accounting policies the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- There continues to be a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of future changes in levels of service provision.
- Leases - lease agreements have been reviewed and a determination made on whether these are finance or operating leases. This judgement has been based upon the degree to which the lease transfers the risks and rewards of ownership to the Council in accordance with IAS 17. It has been determined that all current lease arrangements are operating leases, with the exception of the PFI arrangements for Sale Waterside.

- Group accounts - arrangements with partners and third party bodies have been reviewed to assess the extent to which the Council is able to influence decisions or exert control over their operations. The CIPFA Code of Practice requires that where a Council has material financial interests and a significant level of control over one or more entities, it should prepare Group Accounts. From October 2015 the services provided by Trafford Community Leisure Trust were transferred into a Community Interest Company (CIC), Trafford Leisure CIC Ltd, wholly owned by the Council. Due to the material size of the CIC turnover, the Council has produced Group Accounts from 2016/17. Please see pages 183 to 191 for the core group statements and relevant disclosure notes. The Council has entered into three joint ventures, with Trafford Bruntwood, and all entities forms part of the Council's group accounts and have been consolidated on an equity basis. Whilst two of the joint ventures could be excluded from the consolidation on the ground of immateriality, the Council has included them as part of the group accounts for completeness.
- Transfer of Schools to Academy Schools - When a school that is held on the Council's balance sheet transfers to Academy status the Council accounts for this as a disposal for nil consideration, on the date that the school converts to Academy status, rather than as an impairment on the date approval was granted. Where the Council has entered into construction contracts for replacement schools on behalf of an Academy, the Council charges the cost of construction against Revenue Financed from Capital Under Statute (REFCUS) in the year in which costs are incurred.
- Accounting for Schools – Balance Sheet Recognition of Schools - The Council recognises schools in line with the provisions of 'the Code'. It states that property used by local authority maintained schools should be recognised in accordance with the asset recognition tests relevant to the arrangements that prevail for the property. The Council recognises the school's land and buildings on its Balance Sheet where it directly owns the assets, the school or school Governing Body own the assets or rights to use the assets that have been transferred from another entity.

Where the land and building assets used by the school are owned by an entity other than the Council, school or school Governing Body then it is not included on the Council's Balance Sheet.

The Council has completed a school by school assessment across the different types of schools it controls within the Borough. Judgements have been made to determine the arrangements in place and the accounting treatment of the land and building assets. The types of schools that have been assessed are shown below:

Type	Number
Community schools	35
Voluntary Controlled (VC) schools	1
Voluntary Aided (VA) schools	21
Foundation schools	3
Sub-Total Maintained Schools	60
Academies	28
Total Number of Schools	88

All Community schools are owned by the Council and the land and buildings used by the schools are included on the Council's Balance Sheet.

Foundation schools were created to give greater freedom to the Governing Body responsible for school staff appointments and who also set the admission criteria. For a Foundation school, the school Governing Body has legal ownership of the land and buildings and thus are included on the Council's Balance Sheet

The legal ownership of Voluntary Controlled, Voluntary Aided and Academy schools buildings belong to a charity. This is normally a religious body or Trust in the case of Academy schools and therefore the Council does not recognise these non-current assets on the Balance Sheet. However, the adjoining school playing fields remain in Council ownership and are therefore included on the Council's Balance Sheet.

- Investment properties have been assessed using the identifiable criteria under the international accounting standards and are being held for rental income or for capital appreciation. Properties have been assessed using these criteria, which is subject to interpretation to determine if there is an operational reason for holding the property such as regeneration.

The Council has a 3.22% shareholding in Manchester Airport Holdings Limited (MAHL) and an equity investment relating to strategic car park infrastructure developments at the airport. Following the adoption of accounting standard IFRS 9 Financial Instruments which came into effect on 1 April 2018, the default valuation method of the Council's equity holdings would be Fair Value through Profit and Loss. However, the shareholdings are strategic investment and not held for trading and therefore the Council has designated the investment as fair value through other comprehensive income. It is the Council's view that this is a reasonable and reliable accounting policy for the investment.

6. Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, especially in the current climate, certain estimates cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. Treasury management risk is considered in note 52.

The following items are considered in further detail as potential risk:-

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Business Rates	Following the introduction of the Business Rate Retention Scheme in April 2013, the Council is now responsible for a share of the cost of successful appeals by businesses against their rateable value. A provision has therefore been included for the cost of appeals as at 31 March 2023 of £22.73m (of which the Council's share is £22.49) based on VOA office data on appeals.	If the cost of appeals settled exceeds the provision then this will be charged against future business rate income and the cost of which will be financed, in part, 99% by the Council.
Provisions	Insurance Claims: Annually the Council reassesses the amount to be set aside to cover the cost of outstanding liability claims. As at 31 March 2023 the provision stands at £3.317m.	In the event that the cost of insurance claims exceeds this amount then the excess will be met from the insurance reserve.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pensions liability	<p>The pensions liability is based on assumptions relating to discount rates used, future changes in salaries, changes in retirement ages, mortality rates and expected returns on pension fund assets. These assumptions are reviewed regularly. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.</p>	<p>Changes in liability are actuarially measured every three years, and increases in contributions spread over the following three years. The pension contribution is a key financial assumption in the medium term financial plan. During 2022/23 the net pension liability had decreased by £333.56m to a surplus position of £97.89m. In line with the Code of Practice, the Council requested the actuary provide an Asset Ceiling calculation. The Asset Ceiling was calculated to be greater than the pension asset and therefore the full value of £97.89m has been included in the Council's balance sheet.</p>
Long Term Assets – Manchester Airport Holdings	<p>The Council's shareholding in the Manchester Airport Group is 3.22% as at 31 March 2023. The asset is valued using the earnings based method resulting in the asset being valued at fair value rather than historic cost, therefore requiring an annual valuation. A firm of financial experts and valuers have been engaged by the Council to provide an independent valuation which includes reviewing the financial performance, stability and business assumptions of the MAHL. The valuation provided is based on estimations and assumptions and therefore should the Council sell its shareholding the value held in these statements may not be realised.</p> <p>The Council also holds a 10% holding in Manchester Airport Car Park (1) Limited which is valued on the updated financial forecast, taking into account the continuing recovery from the impact of COVID-19 on earnings at Manchester Airport as evidenced in the Council valuation of its shareholding in MAHL. The data is then adjusted by discount factors to allow for the fact that the shares are not publicly traded and that the Council holds a minority interest with no voting rights.</p>	<p>As at 31 March 2023 the Council's valuers advised of an increase of £1m in the fair value of the Council's share from £23.4m to £24.4m which has been reflected in the financial statements.</p>
PFI Arrangements	<p>PFI and similar arrangements have been considered to have an implied finance lease within the agreement. In reassessing the</p>	<p>The Council has one PFI scheme and the impact is not material.</p>

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
	<p>leases the Council has estimated the implied interest rate within the leases to calculate interest and principal payments. In addition, the future RPI increase within the contracts has been estimated as remaining constant throughout the remaining period of the contract.</p>	

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

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

There are some significant items in the Comprehensive Income and Expenditure Statement related to revenue expenditure funded from capital under statute (REFCUS); these items are detailed within Note 43 Capital Expenditure and Capital Financing.

There are no material items of income and expense not otherwise disclosed in the financial statements or accompanying notes.

8. Events After the reporting Period

The Director of Finance and Systems authorised The Statement of Accounts for issue on xx September 2023. Events taking place after this date are not reflected in the financial statements or notes. Events taking place before this date where information about conditions existed at 31 March 2023, are adjusted in all material aspects in the financial statements and notes. There are no non-adjustment events after the Balance Sheet date.

9. Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year (see following tables). This is in accordance with proper accounting practice to the resources that are specified by statutory provision as being available to the Council to meet future capital and revenue expenditure.

2022/23	Usable Reserves 2022/23						2022/23	
	General Fund Balance £000	Earmarked General Fund Reserves £000	Total General Fund Balance £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Revenue Grants Unapplied £000	Capital Grants Unapplied £000	Movements in Unusable Reserves £000
ADJUSTMENTS PRIMARILY INVOLVING THE CAPITAL ADJUSTMENT ACCOUNT:								
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:								
Charges for depreciation, impairment and downward revaluations of non-current assets.	(20,616)	-	(20,616)	-	-	-	-	(20,616)
Revaluation losses on Property, Plant & Equipment.	(2,751)	-	(2,751)	-	-	-	-	(2,751)
Movements in the fair value of Investment Properties.	(1,563)	-	(1,563)	-	-	-	-	(1,563)
Amortisation of intangible assets.	-	-	-	-	-	-	-	-
Capital grants and contributions applied.	-	-	-	-	-	-	-	-
Movement in the Donated Assets Account.	-	-	-	-	-	-	-	-
Revenue expenditure funded from capital under statute.	(139)	-	(139)	-	-	-	-	(139)
Amounts of non-current assets and current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement.	(490)	-	(490)	(5,475)	-	-	-	(5,965)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:-								
Statutory provision for the financing of capital investment.	4,272	-	4,272	-	-	-	-	4,272
Voluntary provision above MRP	17,428	-	17,428	-	-	-	-	17,428
Capital expenditure charged against the General Fund balance.	238	-	238	-	-	-	-	238

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

2022/23	Usable Reserves 2022/23 (continued)							2022/23
	General Fund Balance £000	Earmarked General Fund Reserves £000	Total General Fund Balance £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Revenue Grants Unapplied £000	Capital Grants Unapplied £000	Movements in Unusable Reserves £000
Adjustments primarily involving the Capital Grants Unapplied Account:								
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement.	31,381	-	31,381	-	-	-	(31,381)	-
Application of grants to capital financing transferred to the Capital Adjustment Account.	-	-	-	-	-	(101)	31,635	31,534
Adjustments primarily involving the Capital Receipts Reserve:								
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement.	-	-	-	-	-	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure.	-	-	-	4,920	-	-	-	4,920
Use of the Capital Receipts Reserve to repay Debt.	(17,756)	-	(17,756)	328	-	-	-	(17,428)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals.	-	-	-	-	-	-	-	-
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	-	-	-	-	-	-	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash.	-	-	-	-	-	-	-	-
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement.	-	-	-	-	-	-	-	-

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

2022/23	Usable Reserves 2022/23 (continued)							2022/23
	General Fund Balance £000	Earmarked General Fund Reserves £000	Total General Fund Balance £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Revenue Grants Unapplied £000	Capital Grants Unapplied £000	Movements in Unusable Reserves £000
ADJUSTMENT PRIMARILY INVOLVING THE MAJOR REPAIRS RESERVE:								
Reversal of Notional Major Repairs Allowance credited to the HRA.	-	-	-	-	-	-	-	-
Use of the Major Repairs Reserve to finance new capital expenditure.	-	-	-	-	-	-	-	-
ADJUSTMENT PRIMARILY INVOLVING THE FINANCIAL INSTRUMENTS REVALUATION RESERVE:								
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements.	710	-	710	-	-	-	-	710
ADJUSTMENTS INVOLVING THE FIRR								
Gain/loss on revaluation of Financial Instruments charged to FVPL	(935)	-	(935)	-	-	-	-	(935)
ADJUSTMENTS PRIMARILY INVOLVING THE PENSION RESERVE:								
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see note 50).	(46,633)	-	(46,633)	-	-	-	-	(46,633)
Employer's pension contributions and direct payments to pensioners payable in the year.	19,889	-	19,889	-	-	-	-	19,889
ADJUSTMENTS PRIMARILY INVOLVING THE COLLECTION FUND ADJUSTMENT ACCOUNT:								
Amount by which council tax and non-domestic rating income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rating income calculated for the year in accordance with statutory requirements: Council Tax	(1,575)	-	(1,575)	-	-	-	-	(1,575)
NDR	55,774	-	55,774	-	-	-	-	55,774

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

	Usable Reserves 2022/23 (continued)							2022/23
2022/23	General Fund Balance £000	Earmarked General Fund Reserves £000	Total General Fund Balance £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Revenue Grants Unapplied £000	Capital Grants Unapplied £000	Movements in Unusable Reserves £000
ADJUSTMENTS PRIMARILY INVOLVING THE EQUAL PAY ADJUSTMENT ACCOUNT:								
Amount by which amounts charged for Equal Pay claims to the Comprehensive Income and Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements.	-	-	-	-	-	-	-	-
ADJUSTMENTS PRIMARILY INVOLVING THE ACCUMULATED ABSENCES ACCOUNT:								
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements.	414	-	414	-	-	-	-	414
Total Adjustments	37,648	-	37,648	(227)	-	(101)	(254)	37,575

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

2021/22	Usable Reserves 2021/22							2021/22
	General Fund Balance £000	Earmarked General Fund Reserves £000	Total General Fund Balance £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Revenue Grants Unapplied £000	Capital Grants Unapplied £000	Movements in Unusable Reserves £000
ADJUSTMENTS PRIMARILY INVOLVING THE CAPITAL ADJUSTMENT ACCOUNT:								
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:								
Charges for depreciation, impairment and downward revaluations of non-current assets.	(18,140)	-	(18,140)	-	-	-	-	(18,140)
Revaluation losses on Property, Plant & Equipment.	8,838	-	8,838	-	-	-	-	8,838
Movements in the fair value of Investment Properties.	1,968	-	1,968	-	-	-	-	1,968
Amortisation of intangible assets.	-	-	-	-	-	-	-	-
Capital grants and contributions applied.	-	-	-	-	-	-	-	-
Movement in the Donated Assets Account.	-	-	-	-	-	-	-	-
Revenue expenditure funded from capital under statute.	(136)	-	(136)	-	-	-	-	(136)
Amounts of non-current assets and current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement.	505	-	505	(7,313)	-	-	-	(6,808)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:-								
Statutory provision for the financing of capital investment.	8,401	-	8,401	-	-	-	-	8,401
Voluntary provision above MRP	66,248	-	66,248	-	-	-	-	66,248
Capital expenditure charged against the General Fund balance.	224	-	224	-	-	-	-	224

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

2021/22	Usable Reserves 2021/22 (continued)							2021/22
	General Fund Balance £000	Earmarked General Fund Reserves £000	Total General Fund Balance £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Revenue Grants Unapplied £000	Capital Grants Unapplied £000	Movements in Unusable Reserves £000
Adjustments primarily involving the Capital Grants Unapplied Account:								
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement.	19,710	-	19,710	-	-	-	(19,710)	-
Application of grants to capital financing transferred to the Capital Adjustment Account.	-	-	-	-	-	(296)	16,473	16,177
Adjustments primarily involving the Capital Receipts Reserve:								
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement.	-	-	-	-	-	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure.	-	-	-	6,863	-	-	-	6,863
Use of the Capital Receipts Reserve to repay Debt.	(66,575)	-	(66,575)	328	-	-	-	(66,247)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals.	-	-	-	-	-	-	-	-
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	-	-	-	-	-	-	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash.	-	-	-	-	-	-	-	-
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement.	-	-	-	-	-	-	-	-

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

2021/22	Usable Reserves 2021/22 (continued)							2021/22
	General Fund Balance £000	Earmarked General Fund Reserves £000	Total General Fund Balance £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Revenue Grants Unapplied £000	Capital Grants Unapplied £000	Movements in Unusable Reserves £000
ADJUSTMENT PRIMARILY INVOLVING THE MAJOR REPAIRS RESERVE:								
Reversal of Notional Major Repairs Allowance credited to the HRA.	-	-	-	-	-	-	-	-
Use of the Major Repairs Reserve to finance new capital expenditure.	-	-	-	-	-	-	-	-
ADJUSTMENT PRIMARILY INVOLVING THE FINANCIAL INSTRUMENTS REVALUATION RESERVE:								
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements.	(5,194)	-	(5,194)	-	-	-	-	(5,194)
ADJUSTMENTS INVOLVING THE FIR								
Gain/loss on revaluation of Financial Instruments charged to FVPL	847	-	847	-	-	-	-	847
ADJUSTMENTS PRIMARILY INVOLVING THE PENSION RESERVE:								
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see note 50).	(50,298)	-	(50,298)	-	-	-	-	(50,298)
Employer's pension contributions and direct payments to pensioners payable in the year.	18,033	-	18,033	-	-	-	-	18,033
ADJUSTMENTS PRIMARILY INVOLVING THE COLLECTION FUND ADJUSTMENT ACCOUNT:								
Amount by which council tax and non-domestic rating income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rating income calculated for the year in accordance with statutory requirements: Council Tax	4,173	-	4,173	-	-	-	-	4,173
NDR	50,988	-	50,988	-	-	-	-	50,988

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

	Usable Reserves 2021/22 (continued)							2021/22
2021/22	General Fund Balance £000	Earmarked General Fund Reserves £000	Total General Fund Balance £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Revenue Grants Unapplied £000	Capital Grants Unapplied £000	Movements in Unusable Reserves £000
ADJUSTMENTS PRIMARILY INVOLVING THE EQUAL PAY ADJUSTMENT ACCOUNT:								
Amount by which amounts charged for Equal Pay claims to the Comprehensive Income and Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements.	-	-	-	-	-	-	-	-
ADJUSTMENTS PRIMARILY INVOLVING THE ACCUMULATED ABSENCES ACCOUNT:								
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements.	(122)	-	(122)	-	-	-	-	(122)
Total Adjustments	39,471	-	39,471	(122)	-	(297)	(3,237)	35,815

10. Transfers to/from Earmarked Reserves (Balance Sheet page 33)

This note sets out the amounts set aside from the General Fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2022/23.

	Balance as at 1 April 2021 £000	Movements Out 2021/22 £000	Movements In 2021/22 £000	Balance at 31 March 2022 £000	Movements Out 2022/23 £000	Movements In 2022/23 £000	Balance at 31 March 2023 £000
General Fund	(8,000)	-	(1,500)	(9,500)	-	-	(9,500)
Earmarked Reserves:							
Balances held by schools under a scheme of delegation	(13,414)	13,432	(14,322)	(14,304)	14,322	(13,107)	(13,089)
Other Earmarked Reserves:							
Synthetic Pitch Replacement Reserve							
This will be used towards replacing one synthetic pitch within the Borough.	(93)	-	(15)	(108)	-	(15)	(123)
Insurance Reserve							
Funds earmarked for future claims and to carry out various risk management initiatives.	(1,700)	250	(89)	(1,539)	-	(161)	(1,700)
Delegated Service Budgets							
Revenue budget under/overspends to be carried forward as part of the Council's Medium Term Financial Plans.	(6,620)	2,512	(2,978)	(7,086)	2,559	(4,037)	(8,564)
ICT Development							
Investment in new ICT to improve efficiency Council-wide.	(589)	241	(911)	(1,259)	697	(796)	(1,358)
Dedicated Schools Grant (DSG)							
Government grant specifically for the funding of schools and schools' related services.	(1,753)	1,821	(68)	-	97	(97)	-

10. Transfers to/from Earmarked Reserves (continued)

	Balance as at 1 April 2021 £000	Movements Out 2021/22 £000	Movements In 2021/22 £000	Balance at 31 March 2022 £000	Movements Out 2022/23 £000	Movements In 2022/23 £000	Balance at 31 March 2023 £000
Elections Reserve							
To smooth the elections budget across the 4 year Municipal cycle.	(308)	50	(5)	(263)	159	(1)	(105)
Transformation Reserve							
Money set aside to pump prime the achievement of the next stage of efficiencies through the Transformation Programme.	(306)	-	-	(306)	235	-	(71)
Interest Rate Reserve							
To smooth the effect on the Council's budget of volatile movements in interest rates.	(2,161)	213	(619)	(2,567)	-	(540)	(3,107)
Waste Levy Reserve							
To smooth the effects on the Council's budget of movements in the waste levy over the medium term.	(571)	-	(780)	(1,351)	-	(133)	(1,484)
Long Term Accommodation Decant Reserve							
To cover the cost of accommodation changes arising from the Long Term Accommodation Project.	(758)	130	(132)	(760)	152	(116)	(724)
Employment Rationalisation Reserve							
To cover the cost of rationalising the employment of staff by the Council.	(1,166)	366	-	(800)	-	-	(800)

10. Transfers to/from Earmarked Reserves (continued)

	Balance as at 1 April 2021 £000	Movements Out 2021/22 £000	Movements In 2021/22 £000	Balance at 31 March 2022 £000	Movements Out 2022/23 £000	Movements In 2022/23 £000	Balance at 31 March 2023 £000
Capital Reserve							
Investment in disabled facility schemes.	(1,000)	-	-	(1,000)	-	-	(1,000)
Winter Maintenance Reserve							
To provide emergency funds to cover the costs of highway & footway maintenance during periods of adverse weather conditions.	(120)	-	-	(120)	-	-	(120)

10. Transfers to/from Earmarked Reserves (continued)

	Balance as at 1 April 2021 £000	Movements Out 2021/22 £000	Movements In 2021/22 £000	Balance at 31 March 2022 £000	Movements Out 2022/23 £000	Movements In 2022/23 £000	Balance at 31 March 2023 £000
Economic Development Reserve							
Reserve set aside to earmarked grant specifically for economic development related projects (previously held within Service Earmarked Reserve).	(704)	58	(792)	(1,438)	543	(799)	(1,694)
Manchester Airport Dividend Smoothing Reserve							
Dividends received above budget to be used to support future years' Revenue Budgets.	-	-	-	-	-	-	-
Budget Support Reserve							
To smooth out potential volatility in Revenue Budget funding and the significant level of savings required over the medium term.	(6,347)	7,303	(12,607)	(11,651)	5,336	(6,929)	(13,244)
Business Rates and NDR deficit Reserve							
The business rate risk reserve was established to be used to offset any fluctuation in the significant level of business rate income that will be supporting the budget in 2018/19 and later years. It is also used to meet Trafford's share of the NDR Deficit.	(90,118)	88,192	(42,162)	(44,088)	50,333	(2,313)	3,932
Transformation Fund Reserves							
Monies allocated from Greater Manchester Health and Social Care Partnership for the transforming of health and social care services, in addition to monies set aside by the Council to match fund expenditure in the Transformation Fund.	(4,282)	2,458	-	(1,824)	237	-	(1,587)
Strategic Investment Property Risk Reserve							
The strategic investment property risk reserve was established to be used to offset any fluctuations in investment property	(6,201)	946	(1,054)	(6,309)	1,683	(379)	(5,005)
Council Tax Risk Reserve							

	Balance as at 1 April 2021 £000	Movements Out 2021/22 £000	Movements In 2021/22 £000	Balance at 31 March 2022 £000	Movements Out 2022/23 £000	Movements In 2022/23 £000	Balance at 31 March 2023 £000
Reserve to manage risk of shortfall in Council Tax Income due to uncertainty in take up of LCTSS/Hardship	-	-	-	-	-	(500)	(500)
COVID-19 General Reserve							
New Reserve created to support local COVID-19 pressures	(20,672)	13,575		(7,097)	7,097	-	-
Council Tax Collection Fund Reserve							
To smooth the timing difference in Trafford's shortfall of estimated Council Tax Surplus	(285)	285	-	-	-	(940)	(940)
Bus Reform Reserve							
Potential contribution to the Bus reform in 2021	(1,500)	-	-	(1,500)	-	-	(1,500)
Other Reserves							
Other amounts earmarked for specific purposes.	(6,714)	1,582	(8,137)	(13,269)	3,927	(4,864)	(14,206)
SALE PFI RESERVE							
Reserve set aside to fund the final bullet payment	(1,086)	-	(146)	(1,232)	-	(87)	(1,319)
Council Tax Hardship reserve							
Unspent grant set aside to pay for future costs of the scheme	(1,131)	1,131	-	-	-	-	-
Council Tax Income Guarantee Grant COVID-19 reserve (*)							
75% Tax income guarantee grant used to offset the deficit over the next 3 financial years	(767)	258	-	(509)	257	-	(252)
Business Rates Tax Income Guarantee Grant COVID-19 reserve (*)							
75% Tax income guarantee grant used to offset the deficit over the next 3 financial years	(3,990)	1,330	-	(2,660)	1,330		(1,330)
Total Other Earmarked Reserves	(160,942)	122,700	(70,495)	(108,737)	74,642	(22,707)	(56,801)
Total Earmarked Reserves (incl. Schools)	(174,356)	136,132	(84,817)	(123,041)	88,964	(35,814)	(69,890)
Total Reserves	(182,355)	136,132	(86,317)	(132,541)	88,964	(35,814)	(79,390)

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

2021/22 £000		2022/23 £000
94	Parish council precepts (i)	99
31,881	Levies (ii)	31,479
6,808	Amount written off on disposal of non-current assets	5,965
(7,533)	Sale proceeds from disposal of non-current assets	(5,492)
221	Cost of disposal of non-current assets	19
31,471	Total	32,070

- (i) Partington Town Council at its meeting on 1 November 2021, elected to keep the level of Band D council Tax at £52.04 in 22/23, the same as in 2021/22. With a Parish Tax Base of 1,669 (1,578 in 2021/22) in 2022/23 the precept was £86,855 (£82,119 in 2021/22). The Council also agreed to provide grant of £10,000 to support the 2022/23 precept, the same as in 2021/22, in addition to the Parish Council grant of £26,569 (£26,569 in 2021/22), both of which are contained within the Cost of Services.

Carrington Parish Council passed a resolution on 21 June 2021 to keep the Band D Council Tax at £30.00 in 2022/23, the same as in 2021/22. With a Parish Tax Base of 144 (126 in 2021/22) in 2022/23 the precept was £4,320 (£3,780 in 2021/22). The Parish council also received a grant of £2,098 the same as in 21/22, which is contained within the Cost of Services.

Warburton Parish Council at its meeting on 4 January 2022, elected to keep the Band D Council Tax at £50.00 in 2022/23, the same as in 2021/22. With a Parish Tax Base of 163 (165 in 2021/22) in 2022/23 the precept was £8,150 (£8,250 in 2021/22). The Parish council also received a grant of £2,098 the same as in 21/22, which is contained within the Cost of Services.

Dunham Massey Parish Council did not set a Precept in 2022/23, the same as in 2021/22.

- (ii) Included are levies as follows:

2021/22 Expenditure £000		2022/23 Expenditure £000
146	Flood Defence	151
15,625	Waste Disposal Authority	15,273
16,110	GM Combined Authority	16,055
31,881	Total	31,479

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

2021/22 £000		2022/23 £000
9,486	Interest payable and similar charges	8,941
(17,562)	Interest income on plan assets (pensions)	(25,215)
24,976	Interest cost on defined benefit obligation (pensions)	32,077
(2,529)	Interest receivable and similar income (i)	(5,169)
(7,965)	Income and expenditure in relation to investment properties and changes in their fair value (ii)	2,334
(847)	Gains and losses arising from the revaluation of financial assets measured at fair value through profit and loss	935
(2,017)	Residual (Surplus)/deficit on trading undertakings (iii)	598
5,751	Other Charges (iv)	-
(9,141)	Other investment income (v)	(8,218)
-	(Profit)/Loss on Disposal of Academy non-current assets	-
152	Total	6,283

(i) During 2022/23 the average amount invested in the money market was £119.6m, at an average interest rate of 2.28%. Investment interest generated for the year was £6.00m, including £3.14m of interest receivable from Manchester International Airport following the renegotiation of loan debt held by each of the Greater Manchester Authorities in February 2010 and additional loan debt issued in 2018. For 2021/22 the average amount invested was £122.0m at an average rate of 0.35%, producing £3.585m of investment interest, including £2.171m from the Airport.

(ii) Includes increase/(decrease) in the fair value of investment properties £(3.098)m 22/23 (£1.968m in 2021/22). Net expenditure/(income) on investment properties is £771k, (£(5.997)m in 2021/22), also included in Note 16.

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

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

(v) This includes Strategic Property Investment income of £(8.218)m in 2022/23 (£(9.141)m in 2021/22).

13. Taxation and Non-Specific Grant Income (Comprehensive Income & Expenditure Statement page 31)

2021/22 £000		2022/23 £000
(109,593)	Council Tax income	(113,358)
(69,383)	Non domestic rates*	(77,749)
(10,667)	Non ring-fenced government grants*	(5,916)
(19,710)	Capital grants and contributions*	(31,381)
(209,353)	Total	(228,404)

* Further detail on grants is shown in note 40.

14. Property, Plant and Equipment (Balance Sheet page 33) Movements on Balances 2022/23:

	Other land & buildings £000	Vehicles, plant & equipment assets £000	Community assets £000	Surplus assets £000	Assets under construction £000	Total £000
As at 1 April 2022	413,121	25,160	23,889	24,166	12,284	498,620
Additions	6,806	875	2,185	2	21,232	31,100
Disposals (incl. adj. for academy school transfers)	(619)	(19)	-	-	-	(638)
Accumulated depreciation written out on revaluation	(11,634)	-	-	-	-	(11,634)
Reclassification to Assets Held for Sale	-	-	-	-	-	-
Other Reclassifications	1,277	847	31	-	(2,931)	(776)
Revaluation increases/(decreases) recognised in the revaluation reserve	36,495	-	-	101	-	36,596
Revaluation increases/(decreases) recognised in the surplus/deficit on the provision of services	-	-	-	-	-	-
As at 31 March 2023	445,446	26,863	26,105	24,269	30,585	553,268

14. Property, Plant and Equipment (continued):

	Other land & buildings £000	Vehicles, plant & equipment assets £000	Community assets £000	Surplus assets £000	Assets under construction £000	Total £000
As at 1 April 2022	(42,107)	(21,384)	(6,418)	(5,774)	-	(75,683)
Depreciation charged to CIES (ii)	(14,135)	(795)	(372)	-	-	(15,302)
Revaluation downwards charged to CIES	-	-	-	-	-	-
Impairment written off to Revaluation Reserve	-	-	-	-	-	-
Revaluation Reserve	-	-	-	-	-	-
Disposals	127	6	-	-	-	133
Reclassifications	-	-	-	-	-	-
Accumulated depreciation and impairment written out on revaluation adj.	11,634	-	-	-	-	11,634
Revaluations	(2,749)	-	-	(2)	-	(2,749)
As at 31 March 2023	(47,230)	(22,173)	(6,790)	(5,776)	-	(79,505)
Balance Sheet amount as at 31 March 2023	398,216	4,690	19,315	18,493	30,585	473,763
Nature of Asset Holding	-	-	-	-	-	-
Owned	392,170	4,690	19,315	18,493	30,585	465,253
Finance Lease	-	-	-	-	-	-
PFI (i)	6,046	-	-	-	-	8,510
Total	398,216	4,690	19,315	18,493	30,585	471,298

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

Movement in PFI Asset Value	£000
Opening Value 1 April 2022	11,792
Additions	225
Less Depreciation	(249)
Less Impairment	(3,258)
Closing Value 31 March 2022	8,510

(ii) Depreciation is provided for on all non-current assets, with the exception of freehold land, investment property and assets held for sale. New assets are not depreciated in the year of acquisition and assets under construction are not depreciated until they become operational.

All other assets, including components, are written down using the straight line method over the estimated useful life of the asset, or in the case of intangible assets (software licences), the length of the licence.

The estimated useful lives of the assets are shown below:-

Asset Category	Useful Life
Vehicles, plant and equipment	Between 3 and 8 years
Intangibles	Between 5 and 20 years
Infrastructure and Community assets	Between 10 and 40 years
Buildings	Between 15 and 60 years

There are no changes to depreciation methods used between 2021/22 and 2022/23.

Comparative Movements in 2021/22:

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

Comparative Movements in 2021/22 (Continued):

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

Valuation of Non-Current Assets held at current value

This statement shows the progress of the Council's rolling programme for the revaluation of non-current assets. The valuations were carried out by Nigel MacDonald MRICS, Registered Valuer. The basis for valuation is set out in the statement of accounting policies.

	Other land & buildings £000	Vehicles, plant & equipment £000	Surplus assets £000	Total £000
Held at historic cost		4,690		4,690
Valued at current value in:				
Current Year (31 March 2023)	294,213		18,493	312,706
Previous Year (1 April 2022)	59,690			59,690
Two years ago (1 April 2021)	28,706			28,706
Three years ago (1 April 2020)	8,410			8,410
Four years ago (1 April 2019)	9,661			9,661
Total	400,680	4,690	18,493	423,863

Assets have been revalued within a five year period by the Council's internal valuation service, except for the valuation of land at Manchester Airport which has been provided by the valuation service of Manchester City Council. All assets are reviewed during the year to ensure that the carrying amount of the asset on the balance sheet does not differ materially from that which would be determined using the current value at the end of the reporting period.

Significant commitments under capital contracts as at 31 March 2023

As at 31 March 2023 the Council was contractually committed to capital expenditure which amounted to approximately £7.80m. Major contracts included the following schemes:

	£000
Moorlands Junior School - Expansion works	2,751
Templemoor Primary School - Expansion works	2,093
The Willows Primary School - Expansion works	1,607
Altrincham TC - Public Realm Works	1,348
Total at 31 March 2023	7,799

14a. Infrastructure Assets

In accordance with the temporary relief offered by the Update to the Code on Infrastructure Assets introduced through the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because

historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position of the Council to the users of the financial statements.

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

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

Net Book Value (modified historic cost)	2021/22 £000	2022/23 £000
Balance at 1 April	173,058	174,193
Additions	5,561	11,183
Depreciation	(5,247)	(4,783)
Impairment	821	776
Net Book Value Balance at 31 March	174,193	181,367

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

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

15. Heritage Assets (Balance Sheet page 33)

The Council is required to recognise and measure Heritage Assets at current valuation. Heritage assets are assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical value.

The heritage assets held by the Council include silver, paintings, furniture, statues, civic regalia, artefacts, sculptures and historic buildings. The movement in asset values is shown below:-

Movement in Heritage Asset Value	2021/22 £000	2022/23 £000
Opening Value 1 April	985	979
Additions	-	-
Reclassifications	-	-
Disposals	-	-
Less Depreciation	(6)	(6)
Less Impairment	-	-
Closing Value 31 March	979	973

16. Investment Properties (Balance Sheet page 33)

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

	2021/22 £000	2022/23 £000
Balance at start of year	108,124	104,211
Additions:		
Purchases		
Construction		
Subsequent expenditure	-	11
Disposals		(155)
Net gains/(losses) from fair value adjustments	(1,968)	3,099
Transfers:		
to/from Inventories		
to/from Property, Plant & Equipment	(1,219)	
Other changes		
Balance at end of year	108,873	107,166

The fair value for the investment properties has been based on the market approach using comparable market data, including income streams, tenure, lease terms and other relevant information for similar assets in the local authority area. As such all of the Council's directly held investment assets have been assessed as Level 2 in the fair value hierarchy. Additionally, there have been no transfers between Levels during the year.

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure statement:

	2021/22 £000	2022/23 £000
Rental income from investment property	(7,807)	(9,461)
Direct operating expenses arising from investment	1,810	10,232
Net (gain)/loss	(5,997)	771

17. Intangible Assets (Balance Sheet page 33)

The Council accounts for its software as intangible assets, to the extent that software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include both purchased licenses and internally generated software.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful lives assigned to the major software suites used by the Council are:

Useful Life	Other Assets
5 years	Telephony Software System – Voice over IP
7 years	Payroll System
10 years	Easy Software Upgrade
10 years	Liquid Logic – Social Care System
20 years	SAP - Finance System Council Tax System

None of the software are internally generated.

The carrying amounts of intangible assets is amortised on a straight-line basis. The amortisation of £0.525m charged to revenue in 2022/23 (£0.523m in 2021/22) was charged to the ICT, Finance and HR cost centres and then absorbed as an overhead across all the service headings in the Net Expenditure of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

The movement on Intangible Asset balances during the year is as follows:

	2021/22			2022/23		
	Internally Generated Assets £000	Other Assets £000	Total £000	Internally Generated Assets £000	Other Assets £000	Total £000
Balance at start of year:						
Gross carrying amounts		9,109	9,109		9,348	9,348
Accumulated amortisation		(4,358)	(4,358)		(4,881)	(4,881)
Net carrying amount at start of year		4,751	4,751		4,467	4,467
Additions:						
Purchases		239	239		963	963
Amortisation for the period		(523)	(523)		(525)	(525)
Other changes						
Net carrying amount at end of year		4,467	4,467		4,905	4,905
Comprising:						
Gross carrying amounts		9,348	9,348		10,311	10,311
Accumulated amortisation		(4,881)	(4,881)		(5,406)	(5,406)
Balance at the end of the year		4,467	4,467		4,905	4,905

Intangible assets relate to software licences acquired as part of the development of the Council's Integrated Business Information System (SAP) and HR Shared Service System and social care system.

There are no items of capitalised software that are individually material to the financial statements.

18. Financial Instruments

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

Financial Assets

	Long Term				Short Term				Total
	Investments		Debtors		Investments		Debtors		
	31	31	31	31	31	31	31	31	
	March	March	March	March	March	March	March	March	
	2022	2023	2022	2023	2022	2023	2022	2023	2023
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Fair value through profit and loss									
Church Commissioner Local Authority Fund - Principal	5,674	4,739	-	-	-	-	-	-	4,739
Sub-total – Fair value through profit and loss	5,674	4,739	-	-	-	-	-	-	4,739
Amortised Cost									
Other Investments									
Principal (i)	-	-	-	-	76,199	21,999	-	-	21,999
Accrued Interest (i)	-	-	-	-	95	366	-	-	366
Cash and cash equivalent:									
Cash at Bank	-	-	-	-	16,743	23,842	-	-	23,842
Principal	-	-	-	-	30,740	31,280	-	-	31,280
Accrued interest	-	-	-	-	20	53	-	-	53
Other Financial Instruments									
MAH Loans (included within Long term debtors)	-	-	29,650	29,650	-	-	-	-	29,650
MAH Loans (included within Long term debtors)- Accrued Interest	-	-	7,329	9,160	-	-	-	-	9,160
Homestep Loans (included within Long term debtors)	-	-	586	544	-	-	-	-	544
Capital Loans (included within Long term debtors)	-	-	47,738	61,039	-	-	46,776	59,303	120,342
Treasury Asset Investments (included within Long term debtors)	-	-	11,934	11,934	-	-	-	-	11,934
Trafford Leisure CIC	-	-	1,140	1,180	-	-	-	-	1,180
Trafford Leisure CIC Accrued Interest	-	-	27	67	-	-	-	-	67

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	Long Term				Short Term				Total
	Investments		Debtors		Investments		Debtors		
	31	31	31	31	31	31	31	31	
	March	March	March	March	March	March	March	March	
	2022	2023	2022	2023	2022	2023	2022	2023	2023
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Trade Debtors (included within Short term debtors)	-	-	-	-	-	-	10,407	13,036	13,036
Church Commissioner Local Authority Fund – Accrued Interest (i)	-	-	-	-	54	58	-	-	58
Sub-total – amortised cost	-	-	98,404	113,573	123,851	77,598	57,183	72,339	263,510
Fair value through other comprehensive income –designated equity instruments									
Manchester Airport Holdings (MAH) Shareholding (See note on “Interest in Companies” on page 59	18,600	20,100	-	-	-	-	-	-	20,100
Manchester Airport Holdings (MAH) Shareholding Car Park (iii)	4,800	4,300	-	-	-	-	-	-	4,300
Sub-total – Fair value through other comprehensive income	23,400	24,400	-	-	-	-	-	-	24,400
Total financial Instruments (included in Financial Assets)	29,074	29,139	98,404	113,573	123,851	77,598	57,183	72,339	292,649
Other Financial Assets:									
Investments included in Group Accounts (ii)									
Equity - Trafford Bruntwood LLP – K site	11,308	11,825	-	-	-	-	-	-	11,825
Equity - Trafford Bruntwood LLP – Stamford & Stretford Malls	25,871	29,387	-	-	-	-	-	-	29,387
Sub-total – amortised cost	37,179	41,212	-	-	-	-	-	-	41,212
Other (ii)									

	Long Term				Short Term				Total
	Investments		Debtors		Investments		Debtors		
	31	31	31	31	31	31	31	31	
	March	March	March	March	March	March	March	March	
	2022	2023	2022	2023	2022	2023	2022	2023	2023
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Section 106 debtors (included within Short term debtors)	-	-	-	-	-	0	1,026	1,850	1,850
Total Financial Assets	66,252	70,351	98,404	113,573	123,851	77,598	58,209	74,190	335,713

- (i) The sum Short Term Investment Principal (£21.999m), Accrued Interest (£0.366m) and (£0.058m) equals Short Term Investments and as per the balance sheet (£22.423m).
- (ii) The Equity Investment in Trafford Bruntwood LLPs is not classified as a financial instrument under IFRS9 on the basis that the investment is included in the authority' group accounts
- (iii) The MAH shareholding has been designated at cost to Fair Value through Other comprehensive Income on the basis that the MAH Shareholding is regarded as a Strategic investment and is not held for trading purposes. The shares originated through a policy initiative with the other Greater Manchester authorities to promote economic generation and tourism.

Financial Liabilities

	Long Term				Short Term				Total
	Borrowings		Creditors		Borrowings		Creditors		
	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000	
Amortised Cost									
Principal	(318,167)	(313,837)	-	-	(4,256)	(4,331)	-	-	(318,167)
Accrued Interest	-	-	-	-	(1,693)	(1,663)	-	-	(1,663)
Market loans EIR adjustments	(785)	(769)	-	-	-	-	-	-	(769)
Trade Creditors (included within short term creditors)	-	-	-	-	-	-	(5,146)	(14,898)	(14,898)
Sub-total amortised cost - (per balance sheet)	(318,952)	(314,606)	-	-	(5,949)	(5,994)	(5,146)	(14,898)	(335,497)
Market loans EIR adjustments	-	-	-	-	(15)	(16)	-	-	(16)
PFI and finance lease liabilities	(4,104)	(3,753)	-	-	(328)	(351)	-	-	(4,104)
Sub-total - Other (included in long term liabilities and short term creditors)	(4,104)	(3,753)	-	-	(343)	(367)	-	-	(4,120)
Total financial liabilities	(323,056)	(318,359)	-	-	(6,292)	(6,361)	(5,146)	(14,898)	(339,618)

Under accounting requirements the carrying value of the financial instruments is shown in the balance sheet which includes the principal amount borrowed or lent and further adjustments for breakage costs or stepped interest loans (measured by an effective interest rate calculation) including accrued interest. Accrued interest is shown separately in current assets or liabilities where the payments or receipts are due within one year. The effective interest rate (EIR) is effectively accrued interest receivable under the instrument, adjusted for the amortisation of any premiums or discounts reflected in the purchase price.

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

	2022/23		2021/22	
	Surplus or Deficit on the Provision of Services £000	Other Comprehensive Income and Expenditure £000	Surplus or Deficit on the Provision of Services £000	Other Comprehensive Income and Expenditure £000
Net gains/losses on:				
Financial assets measured at fair value through profit or loss				
- CCLA share revaluation	935		(847)	
- CCLA Interest	(236)		(217)	
Investments in equity instruments designated at fair value through other comprehensive income				
- MAH Share revaluation		13,300		(940)
- MAH Shares (project Apollo)		500		900
- MAH Share dividend		0		0
Total net (gains)/losses	699	13,800	(1,064)	(40)
Interest revenue:				
Financial assets measured at amortised cost				
- Investment interest	(2,261)		(197)	
Total interest revenue	(2,261)		(197)	
Interest expense				
Financial assets measured at amortised cost				
- Loan interest payable	8,610		9,400	
Total interest expense	8,610		9,400	

Fair values

IFRS 13, paragraphs 76–90 stipulates that the Council must ensure consistency and comparability in the way it reports its Financial Assets and Liabilities and in order to be able to do so the following 3 techniques have been used:

Level 1 Inputs – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date.

Level 2 Inputs – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 Inputs – unobservable inputs for the asset or liability.

Fair Value of Financial Assets

Some of the authority's financial assets are measured in the balance sheet at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them.

Financial assets measured at fair value				
Recurring fair value measurements	Input level in fair value hierarchy	Valuation technique used to measure fair value	As at 31/3/23 £000	As at 31/3/22 £000
Church Commissioners Local Authority Property Fund	Level 1	Unadjusted quoted prices in active markets for identical shares	4,739	5,674
Manchester Airport Holdings *	Level 2	Earning Based	20,100	18,600
Manchester Airport Holdings	Level 2	Initial investment at cost	4,300	4,800
Total			29,139	29,074

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

31 March 2023	Other significant observable inputs (Level 2)	Total
	£000	£000
Financial liabilities		
Financial liabilities held at amortised cost:		
- PWLB	175,558	175,558
- Non-PWLB	36,419	36,419
- Trade Creditors	14,898	14,898
PFI and finance lease liability	3,307	3,307
Total	230,182	230,182
Financial assets		
Financial assets held at amortised cost:		
- Investments	54,111	54,111
- Cash at Bank	23,842	23,842
MAH loans	29,649	29,649
Homestep loans	544	544
Capital Loans	117,496	117,496
Treasury Asset Investment	11,934	11,934
Trafford Leisure CIC	1,180	1,180
Trade debtors	13,036	13,036
Total	251,792	251,792

Comparator year

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

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

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

Equity shareholding

Manchester Airport Holdings & Car Park shareholding: shares in this company originated through a policy initiative with other Greater Manchester Local Authorities to promote economic generation and tourism. In addition to this on 28 January 2019 the Council committed to a further equity investment of £5.61m relating to strategic car park infrastructure developments at the airport (project Apollo). The shares for these 2 holdings are not traded in an active market and their fair value has been calculated on an analysis of the assets and liabilities in the Company's latest audited accounts by an independent accountancy firm BDO to be £20.1m and £4.3m respectively. The method involves the application of a price earnings ratio to maintainable or prospective earnings or post tax profits and draws on data from comparable quoted companies. The data is then adjusted by discount factors to allow for the fact that the shares are not publically traded and that the Council holds a minority interest with no voting rights. These unobservable inputs have been developed using the best information about the assumptions that the market participants would use when pricing the asset.

The valuation has been made using annual audited accounts of Manchester Airport Holdings for 2020, 2021, and 2022 along with interim 6 month reports for the period ending 30 September 2022. These shares are subject to an annual valuation and in 2022/23 increased in value by £1.50m for the main shareholding and a reduction of £0.5m for the car park shareholding (project Apollo).

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The valuation provided is based on estimations and assumptions and therefore, should the Council sell its shareholding, the value held in these statements may not be realised.

Trafford Bruntwood LLP;-

Ksite: Trafford Council has a 50% equity shareholding in Trafford Bruntwood LLP with the remaining 50% being held by Bruntwood (K Site Ltd). The entity holds assets in the form of the former Kelloggs headquarters site at Talbot Road, which was purchased in April 2018 for £11.9m. The site has been redeveloped in line with the Civic Quarter Masterplan and hosts the University of Lancaster and Education 92 Limited (UA92). The shares in this company are not traded in an active market and for the financial year 2022/23 the fair value of the shares are £11.83m compared to £11.31m in 2021/22. The fair value of these shares has been calculated based on the initial price of the land and building plus an uplift based on the expenditure incurred on the building refurbishment up to 31st March 2023.

Trafford Bruntwood (Stretford Mall) LLP

The Council owns a 50% equity shareholding in Trafford Bruntwood (Stretford Mall) LLP which was set up to purchase the Stretford Mall. This LLP holding is key in the Council's regeneration masterplan for the town of Stretford due to the Mall's importance and prime location. Redevelopment is currently underway to aid with the redevelopment of the area, as part of the Stretford Masterplan. The shares in this company are not traded in an active market and for the financial year 2022/23 the fair value of the shares are £9.30m, compared to £8.68m in 2021/22. The fair value of these shares has been calculated based on the initial price of the land and building plus an uplift based on the expenditure incurred on the site redevelopment up to 31st March 2023.

Trafford Bruntwood (Stamford Quarter) LLP

The Council owns a 50% equity shareholding in Trafford Bruntwood (Stamford Quarter) LLP which was set up to purchase the Stamford Quarter and Clarendon House in Altrincham. The Council deems these assets important for the continued regeneration of Altrincham Town Centre. The shares in this company are not traded in an active market and for the financial year 2022/23 the fair value of the shares are £20.00m, compared to £16.91m in 2021/22. The fair value of these shares has been calculated based on the initial price of the land and building plus an uplift based on the expenditure incurred on the site redevelopment up to 31st March 2023.

Transfers between Levels of the Fair Value Hierarchy

There were no transfers between input levels 1 and 2 during the year.

Changes in the Valuation Technique

There has been no change in the valuation technique used during the year for the financial instruments.

Fair value of Assets and Liabilities carried at Amortised Cost

Financial liabilities and financial assets are carried on the balance sheet at amortised cost (in long term assets / liabilities with accrued interest in current asset / liabilities). Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the PWLB and other loans payable, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures as these are considered the most appropriate basis. As the Debt Management Office provides a transparent approach allowing the exit cost to be calculated without undertaking a repayment or transfer it is appropriate to disclose the exit price.
- For investments the prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the principal outstanding or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount;

The fair values calculated are as follows:

Liabilities							
	31 March 2022		31 March 2023				
	Carrying Amount	Fair Value	Principal	Add EIR adjustment	Add accrued Interest	Carrying Amount	Fair Value
	£000	£000	£000	£000	£000	£000	£000
Financial Liabilities (Long and Short Term) – Measured at amortised cost							
PWLB	287,624	346,494	282,167	-	1,421	283,588	175,558
Market	37,277	55,519	36,000	(769)	242	35,473	36,419
Trade creditors (included within short term creditors)	5,146	5,146	(14,898)	-	-	(14,898)	(14,898)
Sub total	330,047	407,159	303,269	(769)	1,663	304,163	197,079
PFI & finance lease	4,434	5,317	4,104	-	-	4,104	3,307
Sub total	4,434	5,317	4,104	-	-	4,104	3,307
Total	334,481	412,476	307,373	(769)	1,663	308,267	200,386

Assets						
	31 March 2022		31 March 2023			
	Carrying Amount £000	Fair Value £000	Principal £000	Add accrued Interest £000	Carrying Amount £000	Fair Value £000
Loans & Receivables						
Cash & Cash equivalents						
- Cash at bank	16,743	16,743	23,842	-	23,842	-
- Deposits	30,760	30,760	31,280	53	31,333	31,333
Sub total	47,503	47,503	55,122	53	55,175	31,333
Financial Instruments						
Deposits over 1 year	-	-	-	-	-	-
Deposits under 1 year	76,294	76,294	21,999	367	22,366	22,366
CCLA Property Fund	5,728	5,728	4,739	58	4,797	4,797
MAH Loans (included within Long term debtors)*	36,978	33,590	29,649	9,160	38,809	52,654
Homestep Loans (included within Long term debtors)	586	586	544	-	544	544
Capital Loans (included within Long term debtors)	94,514	81,782	120,342	-	120,342	119,881
Treasury Asset Investment (included within Long term debtors)	11,934	18,606	11,934	-	11,934	11,705
Trafford Leisure CIC	1,167	1,167	1,180	67	1,247	1,247
Trade Debtors (included within short term debtors)	10,407	10,407	13,036	-	13,036	13,036
Sub total	237,608	228,160	203,423	9,652	213,075	226,230

Assets						
	31 March 2022		31 March 2023			
	Carrying Amount £000	Fair Value £000	Principal £000	Add accrued Interest £000	Carrying Amount £000	Fair Value £000
Other Financial Instruments						
MAH Shareholding	18,600	18,600	20,100	-	20,100	20,100
MAH Shareholding Car Park	4,800	4,800	4,300	-	4,300	4,300
Sub total	23,400	23,400	24,400	-	24,400	24,400
Total	308,511	299,063	282,945	9,705	292,650	281,963

The fair value is lower than the carrying amount because the Council's portfolio of liabilities and assets includes a number of fixed rate instruments where the interest rate payable and receivable are lower than the rates available for similar transactions in the market at the balance sheet date.

The authority has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. Should the Council choose to repay its loans, then the exit price including principal, accrued interest and the penalty charge or discount for PWLB loans would be £225.5m and for Market loans £41.4m.

19. Inventories (Balance Sheet page 33)

The Council held the following inventories at 31 March 2022 and 2023. All are related to consumable stores.

Consumable Stores		
	2021/22 £000	2022/23 £000
Balance outstanding at start of year	78	81
Purchases *	6	3,225
Recognised as an expense in the year *	(3)	(3,212)
Written off balances	-	-
Balance outstanding at year-end	81	94

* Due to the COVID-19 pandemic it was not possible to perform a full and accurate stock take for a number of services in 2021/22. Estimates based on 18/19 figures were therefore used where appropriate.

20. Work in Progress (Construction Contracts)

This refers to work in progress, but not yet complete, that the Council is undertaking on behalf of other organisations on a fee basis. There are no such contracts to report.

21. Debtors (Balance Sheet page 33)

Long Term Debtors & Prepayments

2021/22 £000		2022/23 £000
461	Her Majesty's Prison & Probation Service (previously Probation Service) (i)	396
36,978	Manchester Airport Plc. (ii)	38,809
429	Sale PFI – lifecycle replacement (iii)	541
586	Homestep Loans (iv)	544
59,672	Capital Loans (v)	72,973
73	Town Centre Loans (vi)	76
1,207	Loans to Leisure Organisations(vii)	1,247
99,406	Total	114,586

- (i) The Council acts as 'lead' authority in providing loans to the Greater Manchester Probation Service (GMPS) to assist in the financing of their capital programme. These advances are repaid with interest over varying periods finishing in 2031/32.
- (ii) the Council has made three loans to Manchester Airport Holdings, to finance capital expenditure, to a total value of £29.6m:

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

Since 2020, due to the impact of the pandemic the collection of interest payments on all loans has been reduced with the accumulated interest held as a Long Term Debtor. The balance on the accumulated loan interest deferred debtor is £9.2m as at 31st March 2023 (£7.3m 2021/22).

- (iii) Private Finance Initiative (PFI) – The Council has a PFI scheme for the provision of new office and community facilities in Sale Town Centre. Amounts payable under the arrangement to the PFI operator in respect of lifecycle costs are included as prepayments. These amounts will be written down to the asset when lifecycle works are undertaken.
- (iv) Homestep Loans – these are loans provided to first time buyers to assist key workers to purchase a home. The amount advanced has been included as a long term debtor and is repayable when the property is sold.
- (v) Capital loans – there has been a number of new schemes have been approved during the year, including the provision of a £21.5m and a £12.0m loan facilities for a commercial redevelopment in Broadheath and Trafford Park respectively. The Council has also committed to provide a £27.0m facility for an office led redevelopment in Manchester City Centre.
- (vi) Town Centre Loans – The Council offers an interest-free loan scheme for businesses that want to occupy ground floor, vacant premises in Altrincham, Sale, Urmston or Stretford town centres to part-fund works that are needed to bring a vacant unit back into use. The loans are advanced in two instalments and the first instalment is made within Long Term Debtors and Prepayments. Once the second instalment is made, the debt is transferred into our debtor collection system and appears in Short Term Debtors.
- (vii) Trafford Leisure Loans - The Council has agreed two loan agreements, one with Trafford Leisure CIC to provide finance to mitigate liquidity issues experienced by the CIC due to trade deficits during the redevelopment of the leisure centre estate. To date a total of £1.2m has been advanced under this agreement. An advance of £0.04m has been made to George Carnell.

Short Term Debtors and Payments in Advance		
2021/22 £000	Amounts falling due within one year	2022/23 £000
8,689	Council Tax	9,396
12,435	Business Rates	11,053
12,675	Other Government Departments	10,949
5,588	Payments in advance	5,998
46,777	Capital loans (i)	59,304
16,104	Other (ii)	28,658
102,268	Sub Total	125,358
(25,785)	Less Provision for Expected Credit Loss	(25,106)
76,483	Total	100,252

- (i) Capital Loans – the 2022/23 balance reflects development loans and deferred interest on four loan schemes, due for repayment in 2023/24. The figure in 2021/22, represents two loans and accrued interest, of which one was repaid, whereas the other (£36.0m) was partially repaid in 2022/23 by £1.8m and the balance of £34.2m is included in the 2022/23 figure.
- (ii) Other Debtors – Includes Debtors relating to Housing Benefit Overpayment £3.9m, Adults Social Care Debtors £5.36m, General System Debtors and Manual Accruals £12m, Capital Debtors and Section 106 of £7.09m.

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

Short Term Debtors and Payments in Advance by Party		
2021/22 £000		2022/23 £000
8,216	Central Government Bodies	4,314
978	Other Local Authorities	1,858
4,459	National Health Service Bodies	6,635
62,830	Bodies External to General Government	87,445
76,483	Total	100,252

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

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

2021/22 £000		2022/23 £000
16,744	Cash held by the Council/Bank current accounts	23,842
30,740	Short-term deposits	31,280
20	Short-term deposits - Accrued Interest	53
47,504	Total Cash and Cash Equivalents	55,175

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

All assets held for sale are classified as current as they are expected to be sold within the next financial year; there are no long term assets held for sale.

	Current assets	
	2021/22 £000	2022/23 £000
Balance at start of year	4,481	7,316
Assets newly classified as held for sale:		
Property, Plant and Equipment	6,700	
Assets held as declassified for sale:		
Assets sold	(2,565)	(5,306)
Transfers from Assets Held for Sale to Surplus Assets (i)	(1,300)	
Balance at year-end	7,316	2,010

Strict criteria restricts what assets can be classified as held for sale and the Council's surplus property included within Property, Plant and Equipment (note 14) has been reviewed by the Council's valuers and reclassified where necessary to this category.

(i) Relates to property no longer included in the land sales programme

24. Creditors and Receipts in Advance (Balance Sheet page 33)

Long Term Creditors

Long-Term Liabilities – Deferred		
2021/22 £000		2022/23 £000
(4,104)	Sale PFI – Finance Lease liability (i)	(3,753)
(839)	Environmental Surcharge Crematoria (ii)	(947)
(57)	Trafford Park Development Corporation (iii)	(50)
(1,313)	Commuted sums/S106 agreements (iv)	(1,313)
(6,313)	Total	(6,063)

- (i) This relates to the lease liability on the Sale Waterside PFI scheme (note 44).
- (ii) Since 2007 the Council has included an Environmental Surcharge within its Crematoria fees associated with works required to comply with statutory mercury abatement guidance issued by DEFRA at that time. The sum is either spent on essential environmental works in-year or carried forward as a liability to fund works in future years as required.
- (iii) Prior to its wind up on 31 March 1998 the Trafford Park Urban Development Corporation paid the sum of £1.3m in recognition of the Council agreeing to pay some of the corporation's outstanding liabilities and carrying out certain works. There is a remaining balance of £0.050m as at 31 March 2023.
- (iv) The Council has also received commuted sums from developers, in particular for the development and maintenance of open spaces. This will be released to the revenue account when the cost of providing these services falls due.

	Short Term Creditors		
2021/22			2022/23
£000			£000
(3,427)	HM Revenue and Customs		(3,435)
(38,240)	Other Government Departments		(17,991)
(33,579)	Sundry Creditors		(51,773)
(5,724)	Employees – accumulated absences		(5,310)
(3,641)	Receipts in Advance – Council Tax		(4,412)
(8,232)	Receipts in Advance – NDR		(11,811)
(2,865)	Other Receipts in Advance		(2,868)
(95,708)	Total		(97,600)

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

	Short Term Creditors by Party		
2021/22			2022/23
£000			£000
(39,241)	Central Government Bodies		(16,755)
(4,044)	Other Local Authorities		(10,118)
(582)	National Health Service Bodies		(160)
-	Public Corporations and Trading Funds		-
(51,841)	Bodies External to General Government		(70,567)
(95,708)	Total		(97,600)

25. Provisions (Balance Sheet page 33)

The Council has the following total provisions at 31 March 2023:

Total Provision	Balance 1 April 2021 £000	Net Movement in Year £000	Balance 1 April 2022 £000	Net Movement in Year £000	Balance 31 March 2023 £000
Insurance (i)	(3,217)	(108)	(3,325)	8	(3,317)
Equal Pay (ii)	(218)	1	(217)	-	(217)
VAT on DFG Admin fees (iii)	(191)	55	(136)	-	(136)
Employment Rationalisation (iv)	(230)	160	(70)	70	-
MMI Clawback (v)	(92)	-	(92)	(8)	(100)
NDR Appeals (vi)	(40,318)	3,131	(37,187)	14,691	(22,496)
Land charges litigation costs (vii)	(34)	-	(34)	-	(34)
Ordinary Residence Cases (viii)	(283)	(47)	(330)	(52)	(382)
Section 117 Aftercare (ix)	(440)	(64)	(504)	18	(486)
Schools with deficit cash balances (x)	(229)	229	-	-	-
Planning Inquiry (xi)	(103)	-	(103)	-	(103)
Impact of COVID-19 on Let Estate rents (xii)	(253)	(499)	(752)	(79)	(831)
Total	(45,608)	2,858	(42,750)	14,648	(28,102)

- (i) Insurance £3.317m – The Council is effectively self-insured with high excesses on most insurance policies. The Council mitigates its insurance risk with the use of reserves, provisions and catastrophe cover from an insurance company, which for 2022/23 was primarily Zurich Municipal. The Council is therefore obliged to make a provision each year in respect of potential claims, most of which are received in future years. The level of provision is assessed annually. In 2022/23, from a starting balance of £3.325m net contributions of £0.549m were made to the provision, £0.557m of claims were paid, leaving a balance on the provision of £3.317m which is deemed an appropriate balance to cover any outstanding liabilities. This balance includes the outstanding claims estimate under Municipal Mutual Insurance Scheme of Arrangement, as shown in note 50(a).
- (ii) Liabilities arising from claims under Equal Pay legislation from employees who may have been disadvantaged under the Council's previous pay scheme operating up to 31 December 2008 have been estimated at £0.217m, no movements since 31 March 2022.
- (iii) VAT on DFG Admin fees of £0.136m. These monies are held pending the outcome of a Tax Tribunal case.
- (iv) Employment Rationalisation – the Council has severance agreements with a number of staff which may or may not be taken up pending the rationalisation of employment within the Council. The estimated cost of these agreements is £Nil (£70k in 2021/22).

- (v) The MMI clawback clawback is a note highlighting that the scheme of delegation was triggered back in 2012/13, resulting in us paying 25% of past and future claim payments. There is also a possibility this amount could increase if the insufficient assets still cannot meet liabilities. As it stands this is not the case so we have no financial obligations currently outstanding.
- (vi) In 2013/14, the administration of NDR changed following the introduction of a business rates retention scheme which aims to give Councils a greater incentive to grow businesses but also increases the financial risk due to volatility, caused by for example new appeals and changes in reliefs, and non-collection of rates. Authorities are expected to finance an element of appeals made in respect of rateable values as defined by VOA as at 31 March 2023. As such, authorities are required to make a provision for these amounts. Appeals are charged and provided for in proportion of the precepting shares. The total provision charged/(credited) to the collection fund for 2022/23 has been calculated at £14.839m, of which Trafford's share at 99% is £14.691m.
- (vii) Land charges litigation costs - Local Land Charges – a group of property search companies sought to claim refunds of fees paid to the Council for land charges data. This provision covers the anticipated costs set aside to settle these claims.
- (viii) The Council is in discussion with a Local Authority regarding the Ordinary Residence of two clients, the council would be liable for payment of Care Packages should any ruling be in favour of the Claiming Local Authority. The provision covers the anticipated costs of reimbursement to the claimant for the period of care in question. The increase in year represents the amount for estimated costs in 22/23.
- (ix) Section 117 Aftercare - legislation requires Councils and CCG's to fund the requirements of an individuals after-care under the Mental Health Act to build effective support and rehabilitation packages after a period of compulsory detention. Changes to Local Authority's responsibility for Section 117 clients has resulted in backdated costs being sought by other local authorities. The net decrease of £18k in year is due to the settlement of one existing provision at a lower value than originally anticipated an increase for another existing case to account for the costs incurred in the 22/23 financial year.
- (x) Schools with deficit cash balances - are monies set aside to cover estimated deficits on schools in special measures transferring to academy status.
- (xi) Planning Inquiry – in respect of the appeal referred to the Planning Inspectorate.
- (xii) Provision to compensate 3rd party provider as unable to fulfil contractual commitments on collection of Let Estate rents due to COVID-19

Movement in provisions at 31 March 2023 is summarised as follows:

	Outstanding Legal Cases £000	Injury and Damage Compensation Claims £000	Business Rates Appeals £000	Other Provisions £000	Total £000
Balance at 1 April 2022	(457)	(3,779)	(37,188)	(1,326)	(42,750)
Additional provisions made		(601)	-	(898)	(1,499)
Amounts used		548	14,692	907	16,147
Balance as at 31 March 2023	(457)	(3,832)	(22,496)	(1,317)	(28,102)

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An element of the above provisions have been classified as short-term on the balance sheet based on the assumption that there is a high likelihood that they will be used within 12 months of the balance sheet date:

2021/22 £000	Provisions	2022/23 £000
(509)	Insurance	-
(217)	Equal Pay	(217)
(70)	Employee Rationalisation	-
(92)	MMI Clawback	(100)
(28,172)	NDR Appeals	(16,872)
(34)	Land charges litigation costs	(34)
(330)	Ordinary Residence Cases	(382)
-	Impact of COVID-19 on Let Estate rents	(831)
(29,424)	Total Short Term	(18,436)
(2,814)	Insurance	(3,316)
(9,015)	NDR Appeals	(5,625)
(103)	VAT on DFG Admin fees	(136)
(504)	Section 117 aftercare	(486)
(136)	Planning Inquiry	(103)
(752)	Impact of COVID-19 on Let Estate rents	-
(13,324)	Total Long Term	(9,666)
(42,749)	Total	(28,102)

26. Usable Reserves (Balance Sheet page 33)

Movement in the Council's usable reserves are detailed in the Movement in Reserves Statement and in note 9. The following additional information is provided relating to reserves held by schools.

2021/22 £000	Usable reserves	2022/23 £000
(9,500)	General Fund	(9,500)
(14,303)	Schools Reserves (i)	(13,089)
(108,738)	Earmarked Reserves (ii)	(56,801)
(403)	Capital receipts Reserve (iii)	(629)
(360)	Revenue Grants Unapplied	(461)
(20,885)	Capital Grants Unapplied	(20,632)
(154,189)		(101,112)

(i) Reserves & Balances held by Schools under Delegated Schemes

In accordance with the Council's approved scheme for delegating budgets to schools, the amount of any budget not spent in the year is carried forward. These reserves are not available to the Council for general use, it is for each school to determine how they are spent. The net surplus revenue balances at 31 March 2023 were £(13.044)m (£(14.371)m at 31 March 2022).

At 31 March 2023 there were 9 schools with a deficit balance on their revenue reserves, amounting to £303k, whilst 51 schools had surplus balances amounting to £(13.347)m.

In addition, there are unspent devolved formula capital balances of £(1.357)m, which are included within Capital Grants and Contributions on the balance sheet (note 40).

(ii) Earmarked Reserves

Details of all earmarked reserves and movements are shown in Note 10. The balance at 31st March 2023 was £56.801m.

(iii) Capital Receipts Reserve

2021/22 £000	Capital Receipts Reserve	2022/23 £000
(281)	Balance carried forward at 1 April	(404)
(73,233)	Capital receipts in the year from sale of assets(net of disposal costs)	(22,942)
(73,514)	Sub-total	(23,346)
3,790	Amount used to finance capital expenditure in year	5,289
69,320	Use of Capital Receipts to reduce CFR	17,428
(404)	Balance carried forward at 31 March	(629)

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

27. Unusable Reserves (Balance Sheet page 33)

Total unusable reserves balances and movements are shown in the Movement in Reserves Statement and in note 9. The following notes give an explanation by individual reserve.

2021/22 £000	Unusable Reserves	2022/23 £000
(174,758)	Revaluation Reserve (i)	(204,098)
(8,250)	Financial Instruments Revaluation Reserve (ii)	(8,315)
(329,543)	Capital Adjustment Account (iii)	(349,193)
20,242	Financial Instruments Adjustment Account (iv)	19,531
249,988	Pensions Reserve (v)	(7,565)
34,227	Collection Fund Adjustment Account (vi)	(19,972)
68	DSG Adjustment Account (vii)	1,475
5,724	Accumulated Absences Account (viii)	5,310
(202,302)	Total Unusable Reserves	(562,827)

(i) Revaluation Reserve

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

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

2021/22 £000	Revaluation Reserve	2022/23 £000
(116,112)	Balance as at 1 April	(174,552)
-	Adjustment for prior years accumulated impairment *	(206)
(116,112)	Sub-Total	(174,758)
(66,261)	Upward revaluation of assets	(36,596)
	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	
(182,373)		(211,354)
-	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	
4,187	Difference between fair value depreciation and historical cost depreciation	7,043

3,428	Accumulated gains on assets sold or scrapped	213
7,615	Amount written off to the Capital Adjustment Account	7,256
(174,758)	Balance as at 31 March	(204,098)

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

(ii) Financial Instruments Revaluation Reserve

The financial Instruments Revaluation Reserve contains the gains made by the Council arising from the increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are:-

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

In 2022/23 the Council revalued its shareholding in Manchester Airport which resulted in an increase in value from £23.4m to £24.4m and the original investment of £10.214m together with £5.61m in respect of the car park forms part of the Capital Adjustment Account balance.

The Council during 2015/16 invested £5m in the Church Commissioners Local Authority Property fund and this enabled 1,643,872 units to be purchased. The value of these units decreased from an opening position of £5.7m at 1 April 2022 to close at £4.7m at 31 March 2023 and it is expected that this investment will be in place for a minimum period of 5 years.

2021/22 £000	Financial Instruments Revaluation Reserve	2022/23 £000
(7,363)	Balance as at 1 April	(8,250)
(40)	Downward / (Upward) revaluation of investment - Airport	(1,000)
(847)	Downward / (Upward) revaluation of investment - CCLA	935
(8,250)	Balance as at 31 March	(8,315)

(iii) Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Capital Adjustment Account contains amounts required by statute to be set aside from capital receipts and Government grants together with the amount set aside from revenue accounts for the repayment of debt. It also contains the amounts used from revenue, capital receipts and grants to finance the capital programme. The reserve is not available to supplement spending programmes of the Council. A credit balance on this account reflects that capital finance has been set aside at a faster rate than non-current assets have been consumed.

2021/22 £000	Capital Adjustment Account	2022/23 £000
(304,540)	Balance as at 1 April	(329,543)
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
17,616	- Charges for depreciation and impairment of non-current assets	20,091
(8,838)	- Revaluation losses on Property, Plant and Equipment	2,751
523	- Amortisation of intangible assets	525
136	- Revenue expenditure funded from capital under statute	139
6,808	- 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	5,965
16,244		29,471
(7,615)	Adjusting amounts written out of the Revaluation Reserve	(7,256)
8,629	Net written out amount of the cost of non-current assets consumed in the year	22,215
	Capital financing applied in the year:	
(6,863)	- Use of the Capital Receipts Reserve to finance new capital expenditure	(4,920)
(16,176)	- Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(31,534)
(8,401)	- Statutory provision for the financing of capital investment charged against the General Fund Balance	(4,272)
(224)	- Capital expenditure charged against the General Fund Balance	(238)
(31,664)		(40,964)
(1,968)	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	1,562
(329,543)	Balance as at 31 March	(346,730)

(iv) Financial Instruments Adjustment Account

The financial instruments adjustment account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. Trafford uses the account to manage premiums paid on the early redemption of loans. Premiums are debited to the comprehensive income and expenditure statement when they are incurred, but reversed out of the general fund balance to the account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund balance in accordance with statutory arrangements for spreading the burden on council tax. In the authority's case, this period is the unexpired term that was outstanding on the loans when they were redeemed.

2021/22 £000	Financial Instruments Adjustment Account	2022/23 £000
15,048	Balance as at 1 April	20,242
5,194	Less annual charge for premiums incurred in previous financial years and stepped loan EIR adjustment (*)	(711)
20,242	Balance at 31 March	19,531

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

(v) Pensions Reserve/Liability

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible.

Any difference between the IAS19 values and the statutory pension fund contributions is accounted for in the Movement in Reserves Statement via a transfer to the Pensions Reserve. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2021/22 £000	Pensions Reserve	2022/23 £000
(379,528)	Balance as at 1 April	(249,988)
161,805	Re-measurements of the net defined benefit (liability)/asset	284,299
(50,298)	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	(46,633)

18,033	Employer's pension contributions and direct payments to pensioners payable in the year	19,887
(249,988)	Balance as at 31 March	7,565

(vi) Collection Fund Adjustment Account

Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2021/22 £000	Collection Fund Adjustment Account	2022/23 £000
89,388	Balance as at 1 April	34,227
(4,173)	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	1,575
(50,988)	Amount by which non domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from non-domestic rates income calculated for the year in accordance with statutory requirements	(55,774)
34,227	Balance as at 31 March	(19,972)

(vii) Dedicated Schools Grant (DSG) Adjustment Account

On 6 November 2020, the Secretary of State for the Department of Levelling Up, Housing and Communities previously the Ministry of Housing, Communities and Local Government laid before Parliament a statutory instrument (the instrument) to amend The Local Authorities (Capital Finance and Accounting) Regulations (the 2003 Regulations). The provisions came into effect from 29 November 2020. The instrument amends the 2003 Regulations by establishing new accounting practices in relation to the treatment of local authorities' schools budget deficits such that where the Council has a deficit on its schools budget relating to its accounts for a financial year beginning on 1 April 2020, 1 April 2021 or 1 April 2022, it must not charge the amount of that deficit to a revenue account. The Council must record any such deficit in a separate account established solely for the purpose of recording deficits relating to its school's budget. The new accounting practice has the effect of separating schools budget deficits from the Councils' General Fund for a period of three financial years. This issue can only be fully resolved by closing the deficits. Therefore, the accounting treatment introduced by this regulation is limited to the financial reporting periods 2020/21, 2021/22 and 2022/23 to provide time for Government and the Council to look at budgetary and financial management strategies to reduce the deficit.

2021/22 £000	Dedicated Schools Grant Adjustment Account	2022/23 £000
-	Balance as at 1 April	68
68	In year DSG over/under spend	1,407
68	Balance as at 31 March	1,475

(viii) Accumulated Absences Account

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

2021/22 £000	Accumulated Absences Account	2022/23 £000
5,603	Balance as at 1 April	5,724
(5,603)	Settlement or cancellation of accrual made at the end of the preceding year	(5,724)
5,724	Amounts accrued at the end of the current year	5,310
121	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(414)
5,724	Balance as at 31 March	5,310

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

The cash flow from Operating Activities includes the following:

28a - Adjustments to net surplus or deficit on the provision of services for non-cash movements		
2021/22 £000		2022/23 £000
(8,778)	Depreciation/Impairment charged to I and E	(2,842)
(523)	Amortisation of Intangible Assets	(525)
(22,274)	(Increase)/Decrease in Creditors	(2,761)
(37,643)	Increase/(Decrease) in Debtors	13,677
3	Increase/(Decrease) in Inventories	13
(32,265)	Pensions Liability	(26,744)
-	Advance Pension Payment	-
2,858	Contributions to/(from) Provisions	14,648
-	Revaluation Losses	-
(6,808)	Carrying value on disposal of Property, Plant and Equipment, Investment Property and Intangible Assets	(5,965)
1,968	Investment Properties Losses (Gains)	1,563
15	Other non-cash adjustments	(484)
(103,447)		(32,546)

28b - Adjustments for items included in the net surplus or deficit on the provision of services that are investing or financing activities		
2021/22 £000		2022/23 £000
-	Proceeds from short-term and long-term investments	-
19,433	Capital Grants credited to the surplus or deficit on the provisions of services	31,218
6,985	Proceeds from the sale of non-current assets	5,146
26,419		36,365

28c - The cash flows for operating activities include the following items:		
2021/22 £000		2022/23 £000
(3,740)	Interest received	275
3,613	Interest paid	46

28d - The cash flows relating to the Advanced Pension Contribution		
2021/22 £000		2022/23 £000
-	Pension Advance Payment covering 3 years (20/21, 21/22 & 22/23)	-
14,321	1/3 Drawn down	14,321
14,321		14,321

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

The cash flows for investing activities include the following items:

2021/22 £000		2022/23 £000
22,301	Purchase of property, plant and equipment, investment property and intangible assets	38,226
27,692	Purchase / (proceeds) of short-term and long-term investments	4,034
(2,283)	Other payments for investing activities	26,930
(6,985)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(5,146)
-	Proceeds from short-term and long-term investments	(54,200)
(23,213)	Other receipts from investing activities – Capital Grants Received	(31,803)
(17,512)	Net cash flows from investing activities	(21,960)

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

The cash flows for financing activities include the following items:

2021/22 £000		2022/23 £000
-	Cash receipts of short and long-term borrowing	-
327	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	328
59,594	Repayments of short and long-term borrowing	4,156
(901)	Other payments for financing activities – Net Cash inflow from NDR Agency arrangements	3,397
59,020	Net cash flows from investing activities	7,881

Reconciliation of liabilities arising from Financing Activities:

	BALANCE AT 1ST APRIL 2022	Financing Cash Flows	Non-cash Changes		BALANCE AT 31ST MARCH 2023
			Acquisition	Other non- cash changes	
	£000s	£000s	£000s	£000s	£000s
Long Term Borrowing	318,952	(4,347)			314,606
Short term borrowing	5,949	44			5,994
Deferred Liabilities:					
Sale PFI – Finance Lease liability	(4,104)	351			(3,753)
Environmental Surcharge Crematoria	(839)	(108)			(947)

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Trafford Park Development Corporation	(57)	7			(50)
Commuted sums/S106 agreements	(1,313)	-			(1,313)
Total liabilities from financing activities	318,589	(4,053)	-	-	314,536

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

31. Acquired and Discontinued Operations

None to report.

32. Trading Operations (See also note 12)

		2020/21 £000	2021/22 £000	2022/23 £000
Building Cleaning	Turnover	(2,338)	(2,452)	(2,489)
	Expenditure	2,365	2,404	2,693
	(Surplus)/Deficit	27	(48)	204
Cumulative (Surplus)/Deficit over last three financial years was £183k				
Education Catering	Turnover	(6,119)	(7,684)	(8,544)
	Expenditure	7,655	5,715	8,938
	(Surplus)/Deficit	1,536	(1,969)	394
Cumulative (Surplus)/Deficit over last three financial years was £2,236k				
Net (surplus)/deficit on trading operations		1,563	2,017	598

All the above figures are inclusive of depreciation.

Trading operations are incorporated into the Comprehensive Income and Expenditure Statement. Some are an integral part of one of the Council's services to the public whilst others are support services to the Council's services to the public (e.g. Schools Catering and Cleaning). The expenditure of these operations is allocated or recharged to headings in the Net Operating Expenditure of Continuing Operations. Only a residual amount of the net surplus on trading operations is charged as Financing and Investment Income and Expenditure (see note 12):

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	2021/22 £000	2022/23 £000
Net (surplus)/deficit on trading operations	(2,017)	598
Services to the public included in Expenditure of Continuing Operations	-	-
Support services recharged to Expenditure of Continuing Operations	-	-
Net (surplus)/deficit credited to Other Operating Expenditure	(2,017)	598

33. Agency Services

Council Tax and NDR

The Code determines that billing authorities act as agent when collecting local taxes, as follows:

- Council tax – the billing authority acts as the agent of its major preceptors when collecting council tax on their behalf. In Trafford, the two major preceptors are the GMCA Mayoral Police and Crime Commissioner and the Mayoral General Precept (including Fire Services). No fee is chargeable for this service;
- Non-Domestic Rates (NDR) – the billing authority acts as agent for Central Government and Greater Manchester Fire and Rescue Authority in collecting NDR. The Government paid Trafford an allowance for the cost of this collection in 2022/23 of £0.450m (£0.455m in 2021/22).

Greater Manchester Combined Authority

The Council is acting as the lead authority on behalf of the Greater Manchester Combined Authority providing the Working Well Expansion Programme. The full costs of this are met from grants received from the Mental Health Trailblazer and the Transformation Challenge Award, and performance related funding from the Department of Work and Pensions and the European Social Fund. This income and expenditure does not form part of the Council's Income and Expenditure Account. Transactions relating to the Working Well Expansion Programme have now concluded, and any funds not spent have been carried forward and included within the Council's balance sheet under short term liabilities to be repaid to the GMCA. Details of the Income and Expenditure are shown below:

	2021/22 £000	2022/23 £000
Expenditure Incurred on Working Well and Talking Therapies	699	-
Total Expenditure	699	-
Income Received from grants	-	-
Net (Surplus)/Deficit for the year	699	-
Balance b/fwd.	(1,881)	(1,182)
Repayments to GMCA	-	1,101
Balance c/fwd.	(1,182)	(81)

The Council has not acted in an agency capacity for any other external bodies in the 2022/2023 financial year.

34. Road Charging Schemes

The Council does not operate any such schemes.

35. Pooled Budgets

Learning Disability Pooled Budget

Trafford has operated a pooled fund for Learning Disability Services in conjunction with NHS Trafford Integrated Care Board (ICB) formerly known as Trafford Clinical Commissioning Group (CCG) until July 2022 and before that Trafford Primary Care Trust (PCT)) since 1 April 2003. Trafford MBC acts as the lead accounting officer for the pooled fund, which is managed jointly by the Council and the ICB to support joint working arrangements. The pool provides a wide variety of services to Learning Disability adults in Trafford, including a joint community team, extensive specialist residential provision, a range of supported placements, support in the home and external and in-house day care.

The gross 2022/23 budget was £33.214m, which after grant income and fees of £3.009m left net planned expenditure of £30.205m to be funded jointly by the Council and the CCG. The net budget was underspent by £1.982m in year and is included in the Adults Services outturn figure.

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

	2021/22 £000	2022/23 £000
Funding provided to the pooled budgets:		
the Council	(25,337)	(29,125)
Trafford CCG	(2,359)	(1,080)
Total funding	(27,696)	(30,205)
Expenditure met from the pooled budget:	27,497	28,223
Net (surplus)/deficit arising on the pooled budget during the year	(199)	(1,982)
Contribution (to)/from Service Outturn	(199)	(1,982)
Previous year's (surplus)/deficit carried forward	-	-
Contribution to Reserve	-	-
Balance to be carried forward	-	-

Better Care Pooled Fund Account

The Better Care Pooled Fund Account is a joint pooled account with NHS Trafford Integrated Care Board (ICB) (formerly known as Trafford Clinical Commissioning Group (CCG)) and Trafford Council's Adult Care service to jointly commission services in line with Government requirements under section 75 of the Health Act 2006. The fund is hosted by NHS Trafford ICB and commenced on 1st April 2015. Trafford Council's accounts reflect only the Council's share of the overall budget and exclude the share(s) attributable to the ICB.

The Better Care Fund creates a local single pooled budget to incentivise the NHS and local government to work more closely together around people, placing their well-being as the focus of health and care services. Locally, the primary aims of the fund are:

- Reducing non-elective admissions and reducing residential admissions by providing the right care and support within the community
- Facilitating earlier hospital discharge

- Supporting Carers in their caring role
- Supporting people to remain independent in the community

Financial performance in the year to 31st March 2023 was as follows:

	2021/22 £000	2022/23 £000
Total Allocation	(33,202)	(32,320)
Funding provided to the pooled budgets:		
Trafford Council	(10,453)	(11,483)
Trafford CCG	(22,749)	(20,837)
Total Funding	(33,202)	(32,320)
Expenditure met from the pooled budget:		
Trafford Council	16,442	18,551
Trafford CCG	16,054	13,769
Total Expenditure	32,496	32,320
Net (surplus)/deficit arising on the pooled budget during the year	(706)	-

On 11 February 2021, the Secretary of State for Health and Social Care presented to Parliament, Integration and Innovation: Working Together to Improve Health and Social Care for All, setting out legislative proposals for a Health and Care Bill. The Bill received Royal Assent on 28 April 2022 becoming the Health and Care Act 2022, a consequence of which was that Clinical Commissioning Groups (CCG's) ceases to exist after June 2022. The functions of NHS Trafford CCG have continued to be carried out by the NHS, and a new body, Greater Manchester Integrated Care Board (ICB) was created effective from 1st July 2022 to undertake these functions, both in Trafford and in the other localities across Greater Manchester.

36. Members' Allowances

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

	2021/22 £000	2022/23 £000
Basic Allowances	452	460
Special Responsibility Allowances	323	301
Expenses	2	1
Total	777	762

The Council consists of 63 elected Members (Councillors) and 8 co-opted/independent Members to whom £0.762m was paid in allowances in the year (£0.777m in 2021/22).

37. Officers' Remuneration

The number of employees whose remuneration, excluding employer's pension contributions, was £50,000 or more in bands of £5,000 in 2021/22 and 2022/23 was:

2021/22		Remuneration Band	2022/23	
Schools Staff	Other Staff		Schools Staff	Other Staff
-	-	£145,000 - £149,999	-	1
-	-	£140,000 - £144,999	-	-
-	1	£135,000 - £139,999	-	-
-	1	£130,000 - £134,999	-	1
-	-	£125,000 - £129,999	-	-
-	3	£120,000 - £124,999	-	2
-	-	£115,000 - £119,999	-	-
-	-	£110,000 - £114,999	-	-
-	-	£105,000 - £109,999	-	1
-	1	£100,000 - £104,999	-	2
-	1	£95,000 - £99,999	1	7
1	9	£90,000 - £94,999	3	5
4	4	£85,000 - £89,999	2	2 (1)
4	3	£80,000 - £84,999	7	4
5	1	£75,000 - £79,999	6	7
10	6	£70,000 - £74,999	8	2
7	9	£65,000 - £69,999	8	8
14	11	£60,000 - £64,999	11	16
17	16	£55,000 - £59,999	23	18
27	24 (1)	£50,000 - £54,999	26	42
89	91	Total	95	119 (1)

Note: The number of leavers included in the main figures are shown in (brackets).

Remuneration includes gross taxable pay, including expenses (chargeable to income tax), plus benefits in kind and compensation payments. It excludes employer's pension contributions.

The above table excludes employees from Academy, Foundation and Voluntary Aided Schools as these staff are not employed by the Council.

37. Officers' Remuneration (Continued)

The numbers of redundancy/early retirement (R&ER) packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

(a) R&ER package cost band (including special payments)	(b) Number of compulsory redundancies		(c) Number of other departures agreed		(d) Total number of R&ER packages by cost band [(b) + (c)]		(e) Total cost of R&ER packages in each band £		(f) Number of pension strain costs agreed		(g) Total cost of pension strain in each band £	
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
£0 - £20,000	2	-	33	15	35	15	277,150	87,849	19	4	139,825	17,441
£20,001 - £40,000	-	-	4	2	4	2	118,018	43,577	6	1	184,753	39,489
£40,001 - £60,000	-	-	-	-	-	-	-	-	5	-	223,879	-
£60,001 - £80,000	-	-	-	1	-	1	-	70,050	1	-	60,003	-
£80,001 - £100,000	-	-	-	-	-	-	-	-	-	1	-	88,008
£100,001 - £120,000	-	-	-	-	-	-	-	-	-	-	-	-
£120,001 - £140,000	-	-	-	-	-	-	-	-	-	-	-	-
Total	2	-	37	18	39	18	395,168	201,476	31	6	608,460	144,938

Pension Strain costs - occur where an employee is permitted by the employer to take pension benefits without actuarial reduction. This subsequently gives rise to the pension strain cost being met by the employer. The employee derives a benefit from the difference between the pension actually received and what the pension would have been had the actuarial reduction taken effect. The benefit therefore needs to be included in the R&ER packages disclosure above. However, these are **not payments to employees** but are costs written down against the Council's annual allowance for the early payment of pension benefits and are therefore shown separately in the above table. The numbers of pension strain costs agreed above relate to employees already included in the total number of R&ER packages shown in column (d) and are not in addition to them.

Senior Officers Remuneration

The following tables set out the remuneration disclosures for Senior Officers (**excluding** teachers), identified by job title, whose **salary** is:

- (i) £150,000 per year or more; or
- (ii) less than £150,000 but equal to or more than £50,000 per year and who meet at least one of the following criteria:
 - Statutory chief officers (per section 2(6) of the Local Government and Housing Act 1989 as amended), e.g. head of paid service, director of children’s services, section 151 officer etc.
 - a person who has responsibility for the management of the authority, to the extent that the person has power to plan, direct or control the major activities of the authority (in particular activities involving expenditure of money), whether solely or collectively, in accordance with accounting regulations.

37. Officers' Remuneration (Continued)

Senior Officers Salary 2022/23 Postholder	Note	Salary, fees & allowances £	Compensation for loss of office £	Bonuses £	Expense allowances £	Benefits in kind (e.g. Car allowance) £	Employers Pension contributions £	Total £
S Todd, Chief Executive	1	182,527	-	-	61	-	37,436	220,024
Acting Chief Executive/Deputy Chief Executive/Corporate Director of Strategy and Resources	2	147,070	-	-	-	-	1,696	148,766
Director of Finance and Systems (Section 151 Officer)	3	101,384	-	-	83	-	19,873	121,340
Corporate Director of Governance & Community Strategy (Monitoring Officer)	4	16,347	70,050	-	-	-	2,285	88,682
Director of Legal and Governance Services (Monitoring Officer)	5	92,439	-	-	-	-	18,939	111,378
Corporate Director of Children's Services	6	132,290	-	-	-	-	27,160	159,450
Corporate Director of Adults and Wellbeing	7	123,636	-	-	87	-	24,418	148,141
Corporate Director of Adults and Wellbeing	8	30,587	-	-	23	-	6,240	36,850
Corporate Director of Place	9	123,679	-	-	201	-	25,392	149,272
Director of Public Health	10	101,002	-	-	-	-	20,814	121,816

Notes:

- (1) The Chief Executive was also paid Returning Officer fees of £5,040 for the 5 May 2022 Local Election and £5,750 for the 15 December 2022 Stretford & Urmston By-Election.
- (2) The Acting Chief Executive/Corporate Director of Strategy and Resources was appointed as the Deputy Chief Executive/Corporate Director of Strategy and Resources on 1/3/2023. They were also paid Deputy Returning Officer fees of £2,520 for the 5 May 2022 Local Elections and £2,875 for the 15 December 2022 Stretford & Urmston By-Election.
- (3) The Director of Finance and Systems was also paid Accountant fees of £625 for the 5 May 2022 Local Election and £400 for the 15 December 2022 Stretford & Urmston By-Election.
- (4) The Corporate Director of Governance & Community Strategy left the Council under the voluntary severance scheme on 7 May 2022. They were also paid Deputy Returning Officer Fees of £2,520 for the 5 May 2022 Local Election.
- (5) The Head of Governance was appointed to the new role of Director of Legal and Governance Services on 18 April 2022. They were also paid Deputy Returning Officer fees of £2,520 for the 5 May 2022 Local Elections and £2,875 for the 15 December 2022 Stretford & Urmston By-Election.
- (6) The Corporate Director of Childrens Services was also paid Operational Deputy Returning Officer fees of £625 for the 5 May 2022 Local Elections and Supervisor fees of £200 for the 15 December 2022 Stretford & Urmston By-Election.
- (7) The Corporate Director of Adults and Wellbeing was also paid Operational Deputy Returning Officer fees of £625 for the 5 May 2022 Local Elections and Supervisor fees of £200 for the 15 December 2022 Stretford & Urmston By-Election. They also retired from the Council on 7 April 2023.
- (8) The new Corporate Director of Adults and Wellbeing was appointed on 2 January 2023 in order to facilitate a two month handover period, whilst the previous Corporate Director was focusing on preparation for a Care Quality Commission Inspection.
- (9) The Corporate Director of Place was also paid Operational Deputy Returning Officer fees of £1,250 for the 5 May 2022 Local Elections and Supervisor fees of £200 for the 15 December 2022 Stretford & Urmston By-Election.
- (10) The Director of Public Health was also paid Supervisor fees of £200 for the 15 December 2022 Stretford & Urmston By-Election.

Where individual Senior Officers were 'Acting' or 'Interim' during the year, the amounts shown represent the total remuneration received for the period they were acting in that capacity.

37. Officers' Remuneration (Continued)

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

Notes:

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

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

Where individual Senior Officers were 'Acting' or 'Interim' during the year, the amounts shown represent the total remuneration received for the period they were acting in that capacity.

38. External Audit Costs

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

	2021/22 £000	2022/23 £000
Fees payable to Mazars with regard to external audit services carried out by the appointed auditor	121*	112**
Total	121	112

* The Council incurred an additional fee in relation to the external audit of the Statement of Accounts by the Council's External Auditors Mazars LLP for 2020/21. The additional fee of £29,501 approved by the Public Sector Audit Appointments Limited (PSAA) takes the total cost for 2021/22 to £120,509.

** The Council is estimated to incur an additional fee in relation to the external audit of the Statement of Accounts by the Council's External Auditors Mazars LLP for 2021/22. The additional fee of £21,372 approved by the Public Sector Audit Appointments Limited (PSAA) would take the total cost for 2022/23 to £112,380.

39. Dedicated Schools Grant

The council's expenditure on schools is funded primarily by grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). An element of DSG is recouped by the Department to fund academy schools in the council's area. DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance (England) Regulations 2011. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school. Details of the deployment of DSG receivable for 2022/23 are as follows:

		Central Expenditure £000	ISB £000	Total £000
A	Final DSG 2022/23 before Academy and high needs recoupment			(250,798)
B	Academy and high needs figure recouped for 2022/23			93,663
C	Total DSG 2022/23 after Academy and high needs recoupment			(157,135)
D	Brought forward from 2021/22			-
E	Carry forward to 2023/24 agreed in advance			-
F	Agreed initial budgeted distribution in 2022/23	(31,443)	(125,692)	(157,135)
G	In year adjustments	(106)	(29)	(135)
H	Final budgeted distribution for 2022/23	(31,549)	(125,721)	(157,270)
I	Less: actual central expenditure	32,956	-	32,956
J	Less: actual ISB deployed to schools	-	125,721	125,721
K	Local authority contribution for 2022/23	-	-	-
L	In year carry forward to 2023/24	1,407	-	1,407
M	Plus: Carry-forward to 2023/24 agreed in advance			-
N	Carry forward to 2023/24			-
O	DSG unusable reserve adjustment at the end of 2021/22			68
P	Addition to DSG unusable reserve at the end of 2022/23			1,407
Q	Total of DSG unusable reserve at the end of 2022/23			1,475
R	Net DSG position at the end of 2022/23	-	-	1,475

- A. Final DSG figure before any amount has been recouped from the authority as published in March 2023, excluding the January 2023 early years block adjustment.
- B. Figure recouped from the authority in 2022/23 by the DfE for the conversion of maintained schools into academies and for high needs payments made by the ESFA.
- C. Total DSG figure after academy and high needs recoupment for 2022/23, as published March 2023.

- D. Balance brought forward from 2021/22.
- E. The amount which the authority decided after consultation with the School's Forum to carry forward to 2023/24 rather than distribute in 2022/23.
- F. Budgeted distribution of DSG as agreed with the School's Forum.
- G. Changes to the initial distribution, for High Needs block adjustments and for the final Early Years Block adjustment.
- H. Budgeted distribution of DSG as at the end of the financial year.
- I. Actual amount of central expenditure items in 2022/23.
- J. Amount of ISB distributed to schools in 2022/23.
- K. There was no contribution from Trafford Council in 2022/23.
- L. In year carry-forward to 2023/24.
- M. Carry-forward to 2023/24 already agreed.
- N. Carry-forward to 2023/24 (before any unusable reserve brought forward).
- O. DSG unusable reserve adjusted at the end of 2021/22.
- P. Addition to DSG unusable reserve at the end of 2022/23.
- Q. Total of DSG unusable reserve at the end of 2022/23.
- R. Net DSG position at the end of 2022/23

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

(i) Grant and Other Income included in the Comprehensive Income and Expenditure Statement

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement:

2021/22 £000	Grants	2022/23 £000
	Credited to Taxation and Non Specific Grant Income	
(109,594)	Council Tax	(113,359)
(109,594)	Council Tax Income	(113,359)
	Non Domestic Rates	
(151,541)	Non Domestic Rates Income	(137,722)
95,552	NDR Tariff Payment	95,023
7,374	GM Pool No Detriment Payment	10,669
(5,530)	No detriment Rebate from GM Pool	(8,002)
-	No Detriment Rebate from GM Pool	(305)
5,928	CAP grant Tariff adjustment	11,628
(55,337)	Section 31 Compensation Grants	(37,055)
-	Growth Pilot Income	-
(83)	Renewable Energy Disregard	(83)
(50,988)	NDR Collection Fund (Surplus)/Deficit	(55,774)
87,591	Local Share Contribution to Accumulated Deficit	43,954
(4,124)	Local Share of Collection Fund Surplus	(1,855)
1,773	NDR 1/3 rd Deficit	1,773
(69,385)	Non-Domestic Rates Sub-total	(77,749)
	Revenue Grants:	
(1,077)	New Homes Bonus	(1,291)
-	Council Tax Income Guarantee Grant	-
(1,651)	Council Tax Support Grant	-
(538)	Housing Benefit Admin Grant	(551)
(266)	Lower Tier Service Grant	(286)
(136)	Local Reform & Community Voices Grant	(136)
(455)	NDR Cost of Collection Grant	(450)
(62)	DWP Housing Welfare Reform Grant	(84)
(6,450)	COVID-19 Support Grants (*)	(127)
(31)	Other Grants	(2,990)
(10,666)	Revenue Grants Sub-total	(5,915)

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2021/22 £000	Grants	2022/23 £000
	Capital Grants :	
(3,896)	Schools Primary Capital Programme	-
(329)	Schools Devolved Formula Capital Grant	(479)
(2,244)	Schools Condition and Modernisation	(2,477)
(1,622)	Schools – Send and Healthy Pupils Grants	(6,248)
-	Social Care Grants	-
(3,924)	Highway Structural Maintenance	(8,019)
(1,740)	Integrated Transport Grant – TfGM	(179)
(917)	Future High Streets Fund Grant	(2,075)
(2,110)	Greater Manchester Combined Authority	(1,075)
	Public Sector Decarbonisation Grant	(4,313)
	Levelling Up Fund	(97)
	Homes England (HIF)	(3,844)
(2,928)	Other Grants and Contributions	(2,575)
(19,710)	Capital Grants Sub-total	(31,381)
(209,355)	Total Credited to Taxation & Non Specific Grant Income	(228,404)

Contributions and Donations

Large items of Income included in Other Contributions and Donations

2021/22 £000	Grants	2022/23 £000
(6,695)	Contribution from CCG – Better Care Fund	(7,068)
(2,359)	Contribution from CCG – Learning Disability Pooled Fund	(1,080)

2021/22 £000	Grants	2022/23 £000
	Grants Credited to Services	
	Revenue Grants Credited to services:-	
(147,851)	Dedicated School Grant (DSG) incl. EY allocation	(157,135)
(41,588)	Rent Allowances and Rent Rebate Subsidy	(40,279)
(5,926)	Other Education Grants	(6,368)
(7,983)	Improved better care fund	(8,863)
(1,265)	Learning Skills Council Grant	(1,466)
(658)	Sale PFI Grant	(658)
(467)	Tackling Troubled Families Grant	(707)
(102)	Section 106 Other Capital Maintenance Grants	(18)
(6,516)	Adult Social Care Grant	(8,989)
-	Individual Electoral Registration Grant	-

(1,006)	PE & Sport Grant	(1,000)
(239)	Local Council Tax support Admin Grant	(237)
(2,541)	Universal Infants Free School Grant	(2,492)
(361)	Independent Living Fund Grant	(361)
(88)	Techers Pay Grant	(71)
(379)	Asylum Seekers Grant	(1,116)
(1,048)	Homelessness Prevention Grant	(794)
(433)	Domestic Abuse Services Grant	(447)
(1,133)	Adult Social Care Winter Grant	(1,660)
(321)	Serious Violence Grant	(222)
(24,437)	COVID-19 Grants (for breakdown see table in Narrative Report)	(7,892)
(1,944)	Other Grants	(9,744)
-	Lower Tier Services Grant	(286)
-	Section 31 Compensation Grants	(3,915)
(246,286)	Revenue Grants Credited to Services Sub-total	(254,720)
	Capital Grants Credited to services (REFCUS):-	
(3,946)	Schools Basic Need Expansion Programme	(92)
(12)	Schools Devolved Formula Capital Grant	
(1)	Schools Capital Maintenance Grants	
(54)	Schools - SEND & Healthy Pupils Grants	(601)
(1,764)	Disabled Facilities Grants	(2,427)
(974)	DLUHC - Estates Regeneration Fund : Sale West	
	Homes England - Trafford Waters	(4,055)
(378)	Other Grants and Contributions	-
(7,129)	Capital Grants Credited to services (REFCUS) Sub-total	(7,175)
(253,415)	Total Grants Credited to Services	(261,895)

(ii) Grant Income included in the Balance Sheet

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. These are included in the balance sheet at the year-end as follows:

2021/22 £000	Grants	2022/23 £000
Short Term Liabilities:-		
Capital Grants & Contributions Receipts in Advance:-		
(706)	Devolved Formula Capital	(1,357)

(1)	Personal Social Care Grant	(1)
(191)	S278 Contributions	(238)
	Local Authority Housing Fund	(890)
-	PSDS - Leisure Centres	(132)
(798)	Brownfield Fund Grant	(798)
(5,177)	Future High Street Fund	(4,092)
(10)	Other Grants and Contributions	(163)
(6,883)	Total	(7,671)

2021/22 £000	Grants	2022/23 £000
Capital Grants & Contributions Receipts in Advance (REFCUS):-		
(178)	Schools Primary Capital Programme	(86)
(1,463)	Disabled Facilities Grant	(1,507)
(63)	Other Grants and Contributions	(62)
(1,704)	Total REFCUS	(1,655)
(8,587)	Total Capital Grants Receipts in Advance	(9,326)

2021/22 £000	Grants	2022/23 £000
Other Revenue Grants Receipts in Advance:-		
(372)	Council Tax Rebate – Discretionary scheme	-
(250)	Cyber Resilience Grant	(201)
(160)	Design Code Grant	(56)
(68)	Future High Street Fund Grant	(67)
(76)	Children in Need Grant	(74)
(87)	Homeless Prevention Grant	(105)
(105)	Levelling Up Fund	-
(90)	Custom Build Grant	(52)
(76)	Community Accommodation Service Grant	(87)
(99)	A Bed Every Night Grant	(106)
(1,610)	COVID-19 Support Grants	-
-	Homeless Families lease Grant	(306)
-	UK Shared Prosperity Fund	(485)
-	Homes for Ukraine Grant	(1,958)
(785)	Other	(1,128)
(3,778)	Total Short Term Grants Receipts in Advance (Revenue)	(4,625)

2021/22 £000	Grants	2022/23 £000
Long Term Liabilities		
Capital Grants & Contributions Receipts in Advance:-		
(10,493)	Section 106 and S278 Contributions	(10,228)
(10,493)	Total Capital Grants	(10,228)
Revenue Grants & Contributions Receipts in Advance (REFCUS):-		
(113)	S106 & S111 Contributions	(113)
(113)	Total REFCUS	(113)
-	Other Revenue Grants & Contributions Receipts in Advance (Long Term) :-	-
-	Total Other	-
(10,606)	Total Long Term Grants Receipts in Advance	(10,341)

The capital grants and contributions are used to assist in the financing of capital projects. They are carried forward until such time that they are required for specific schemes.

Included in the balance of Capital Grants & Contributions is £8.31m (£9.39m in 2021/22) of contributions received from developers, as part of their obligation under Section 106 of the Town & Country Planning Act 1990. The amounts are received as a result of the granting of planning permission where works are required to be carried out or new facilities provided as a result of that permission. The contributions are restricted to being spent only in accordance with the agreement concluded with the developer. The major balances of Section 106 receipts held by the Council during the year were as follows:

	Balance at 1 April 2022 £000	Receivable in year £000	Contributions applied £000	Balance at 31 March 2023 £000
Open Space schemes	1,702	150	(344)	1,508
Education Schemes	5	-	-	5
Affordable Housing schemes	1,902	192	-	2,094
Highways/Transport schemes	5,777	306	(1,376)	4,707
Total	9,386	648	(1,720)	8,314

41. Related Parties

The Code requires the Council to disclose material transactions with related parties. These are organisations or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Central Government has effective control over the general operations of the Council. Details of transactions with Government departments are set out in note 40, with outstanding government debtors and creditors included in notes 21 and 24.

Members of the Council have direct control over the Council's financial and operating policies. All Members' pecuniary interests and non-financial interests which could conflict with those of the Council are available for public inspection and on the Council's website. There were no material transactions with any bodies where a Member has a controlling interest in the organisation. Similarly there were no material transactions to disclose with respect to senior officers of the Council.

During the year a number of transactions were made to other public sector bodies. Payments to the Teachers' Pensions Agency and Tameside MBC in respect of pension contributions are disclosed in the notes to the accounts (notes 48 & 49) and precept payments are shown in the collection fund accounts.

The Council also has pooled budget arrangements with Trafford CCG in relation to Learning Disability Services and the Better Care Fund (BCF). Transactions are detailed in Note 35.

A transport levy of £16.055m (£16.110m in 2021/22) and a waste levy of £15.275m (£15,625m in 2021/22) were paid to the Greater Manchester Combined Authority (GMCA).

There were no other material related party transactions with the Council. However, the following notes are provided for information purposes only.

The Council no longer provides services directly through its leisure centres. These leisure centres were leased to Trafford Community Leisure Trust (TCLT) who provided relevant leisure services direct to the public until September 2015. The Council made service payments to the Trust to help ensure the provision of some services at a discounted rate to particular population demographics of the community. From October 2015 the services provided by TCLT were transferred into a Community Interest Company (CIC), Trafford Leisure CIC Ltd, wholly owned by the Council. For the years 2019/20 and 2020/21, the Council made no service payments to the CIC. During 2019/20 and 2020/21 the Council has agreed a loan agreement with Trafford Leisure CIC to provide finance to mitigate liquidity issues experienced by the CIC due to trade deficits during the redevelopment of the leisure centre estate. To date a total of £1.205m has been advanced under this agreement.

Trafford Council also has interests in three Joint Venture Companies, Trafford Bruntwood LLP is a Joint Venture Company with K Site Ltd (a wholly owned Subsidiary of Bruntwood Development Holdings Ltd) and Trafford Bruntwood (Stretford Mall) and Trafford Bruntwood (Stamford Quarter) are joint venture companies with Bruntwood Development Holdings Ltd with each investor owning a 50% share in each of the companies. In 2022/23 £100k in dividends have been received by Trafford Council, with a deferment of other distributions. In 2021/22, Trafford Council received a share of profits in the form of dividends totalling £302k.

The CIPFA Code of Practice requires that where a Council has material financial interests and a significant level of control over one or more entities, it should prepare Group Accounts.

The three Trafford Bruntwood Joint Ventures have been included in group accounts in 2022/23

The Council has paid grants to voluntary organisations for 2022/23 as follows:

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2021/22 £	Organisation	2022/23 £
2,098	Carrington Parish Council	2,098
5,845	Dunham Massey Parish Council	5,845
26,569	Partington Town Council	26,569
2,098	Warburton Parish Council	2,098
36,610	Total Grants	36,610

In addition to the above grants, as detailed in Note 11, the Council also collected and paid over a Parish precept for Partington TC of £86,855 (£82,119 in 2021/22). The Council also agreed to provide grant of £10,000 to Partington Town Council to support the 2022/23 precept, the same as in 2021/22, in addition to the Parish Council grant of £26,569 above.

The Council also collected and paid over a Parish precept for Carrington TC of £4,320 (£3,780 in 2021/22), and for Warburton TC of £8,150 (£8,250 in 2021/22). There are no debtors or creditors relating to these transactions at year end or income received from these bodies by the Council.

In 2022/23 Trafford Council administered the fifth year of its main Voluntary Sector Grant scheme, the Inclusive Neighbourhoods Grant scheme, which made £133,562 available to support community projects and events; £128,757 of the grants supported 59 events and projects. The underspend has been reallocated to the Community Hubs.

In 2022/23 we allocated grants to 10 projects over three rounds that met the 'Standing Together' priorities around keeping people safe, reducing harm and offending, and strengthening communities in places. The types of projects that were supported in 2022/23 had aims to tackle anti-social behaviour, support victims and families of domestic abuse, prevent gender-based violence, improve personal safety, tackle racism and support community cohesion.

The Council also made payments totalling £0.194m (£0.193m in 2021/22) to Trafford Centre for Independent Living, under a Service Level Agreement within Adult Social Services, for an advocacy service.

Shareholdings

Manchester Airport Holdings plc.

2021/22 £m	Manchester Airport Consolidated Profit and Loss Account and Balance Sheet (Extract)	2022/23 £m
(288.6)	Profit/(Loss) before Tax	(197.4)
(321.3)	Profit/(Loss) after Tax	(159.5)
724.90	Net Assets	703.0

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

There were no dividends received in the year 2022/23, the same as in 2021/22. Further information on these accounts can be obtained from the Head of Financial Accounting, Manchester Airport Holdings plc., 6th Floor Olympic House, Manchester Airport, Manchester M90 1QX (telephone no. 0161 489 2766).

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MaST LIFTCo Ltd

The Council has a 2% shareholding of £200 (200 £1 equity shares) in MaST LIFTCo Ltd. This is a cross-sector partnership company, set up with the intent of improving primary health care facilities. Further information and details of the financial statements of MaST LIFTCo Ltd. can be obtained from: 1st Floor, Anchorage 2, Anchorage Quay, Salford Quays, Manchester M50 3YW.

42. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that is financed from borrowing. The CFR is analysed in the second part of this note.

	2021/22 £000	2022/23 £000
Opening Capital Financing Requirement Capital Investment	423,488	376,353
Capital Investment:		
Property, Plant and Equipment	22,656	42,282
Assets Held for Sale	-	-
Investment Properties	-	11
Intangible Assets	239	962
Capital Debtors	27,319	46,611
Equity Shareholding	492	4,034
Revenue Expenditure Funded from Capital under Statute	7,265	7,314
Sources of finance:		
Capital receipts	(3,790)	(4,920)
Government Grants and other Contributions	(23,305)	(38,709)
Sums set aside from revenue:		
Direct revenue contributions	(224)	(151)
MRP/loans fund principal	(8,074)	(3,943)
Use of Capital Receipts to reduce CFR	(69,321)	(17,429)
Other Adjustments (including Probation)	(392)	(393)
Closing Capital Financing Requirement	376,353	412,022
Explanations of movements in the year:		
Increase in underlying need for borrowing (supported by government financial assistance)	-	-
Increase/(decrease) in underlying need for borrowing (unsupported by government financial assistance)	(47,135)	(35,669)
Assets acquired under finance leases	-	-
Assets acquired under PFI/PPP contracts	-	-
Increase/(decrease) in Capital Financing Requirement	(47,135)	(35,669)

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

Year ended 31 March	2021/22 £000	2022/23 £000
Children's Services	10,101	12,620
Adult Care Services	1,884	2,658
Place	14,432	32,129
Legal and Governance	107	8
Finance & Systems	551	1,464
Asset Investment Fund	30,897	52,336
Total	57,971	101,215
The main items of capital expenditure during the year included:		
Asset Investment Fund	30,897	52,336
Housing Development – Trafford Waters	-	4,086
Highways Structural Maintenance (incl. bridges & S.278 schemes)	5,754	14,543
Schools - Places Expansion Programme (* in part)	6,408	8,713
Housing Grants (Disabled Facility, Owner Occupier & Housing Standards Grants) (*)	3,252	2,535
Town Centre Regeneration Initiatives	1,090	3,500
Traffic & Transport Schemes (inc. Integrated Transport & Parking)	557	605
Schools - Capital Maintenance Programme (* in part)	2,822	1,841
Public Buildings - DDA Compliance, Repairs & Refurbishments	1,861	2,865
Leisure Strategy - "Increasing Physical Activity"	1,347	4,473
Mayors Challenge Fund	1,534	991
Schools - SEND and Healthy Pupil Fund (* in part)	218	1,236
Schools - Devolved Formula Capital (* in part)	341	479
Additional Burial Land	772	1,884
ICT Initiatives	399	803
Parks, Playgrounds & Greenspace improvements	499	4
Other General Infrastructure Investment	220	321
Total	57,971	101,215
(*) REFCUS		

The type of capital expenditure in the year and how it was financed was as follows:			
	£000		£000
Fixed and Intangible Assets	43,256	Borrowing	57,435
Revenue Expenditure Funded from Capital under Statute (i)	7,314	Grants and Contributions	38,709
Debtors	46,611	Revenue Contributions & Reserves	151
Equity Shareholding	4,034	Capital Receipts	4,920
Total Capital Expenditure on an accruals basis	101,215		101,215

(i) Revenue Expenditure Funded from Capital under Statute (REFCUS)

This represents expenditure which is classified as revenue under the Code, but which is permitted to be funded from capital under statute, e.g. capital spending where there is no tangible asset, such as grants awarded for economic development purposes.

This expenditure, and any offsetting capital grants, is now charged directly to the appropriate service in the Comprehensive Income and Expenditure Statement, with the effect on council tax neutralised by an equivalent compensating entry in the MiRS and Capital Adjustment Account.

The deficit on the Comprehensive Income and Expenditure Statement includes revenue costs of £7.314m under this category, offset by £7.175m of Government grants applied. This amounts to a net cost of £0.139m, offset by a corresponding credit entry in the MiRS. These amounts are still treated as capital for control purposes and are hence included in the Capital Expenditure Statement above.

43. Leases

a) Council as Lessee – Finance Leases

The Council does not have any finance lease arrangements.

Operating Leases

Vehicles, Plant, Furniture and Equipment - the Council uses vehicles financed under the terms of an operating lease. The amount charged under these arrangements in 2022/23 was £20,540 (£19,300 in 2021/22).

Land and Buildings - the Council leases numerous buildings which have been accounted for as operating leases. The rentals payable in 2022/23 were £54,648 (£117,648 in 2021/22).

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

	2021/22 £000	2022/23 £000
Not later than one year	135	61
Later than one year and not later than five years	221	210
Later than five years	1,319	1,273
	1,675	1,544

* The Council's grounds maintenance, highways and street cleaning services were transferred to Amey on 4th July 2015 as part of the One Trafford Partnership. As an interim measure, the Council continued to lease vehicles to maintain service provision until such point Amey had completed the implementation of their own fleet solution. Costs were recoverable from Amey and the final remaining vehicle leased by the Council associated with the One Trafford Partnership was terminated on 27 March 2019. Only a small number of vehicles are now leased for use directly by the Council.

Council as Lessor – Finance Leases

The Council does not have any finance lease arrangements.

Operating Leases

The Council leases out property under operating leases for the following purposes:

- to assist organisations in the provision of services in support of the Council's policy objectives in respect of sports facilities, community centres, scout groups, and various third sector charitable and voluntary bodies.
- to generate rental income from assets held for investment.

The Council also has six lease agreements for commercial development schemes under which a "participation" rent is payable to the Council, determined annually by reference to the profitability of the investment asset. These rents are classed as contingent rents and are not included in the minimum lease payments receivable. In 2022/23 these rents were £0.367m (£0.378m in 2021/22).

Total rents receivable in 2022/23 were £2.336m (£2.408m in 2021/22).

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

	2021/22 £000	2022/23 £000
Not later than one year	2,030	1,945
Later than one year and not later than five years	7,530	7,192
Later than five years	107,432	105,125
	116,992	114,262

44. PFI and Similar Contracts

The Council occupies premises at Sale Waterside under a PFI arrangement. Annual rental payments are made to the private sector provider, ENGIE, and are partially offset by PFI grant from the Government.

The PFI grant received from MHCLG is £0.658m per annum, over 25 years. This income is included within the accommodation charges in the Net Cost of Services.

Under such arrangements the responsibility for operating the facilities rests with the private sector partner. A number of surplus assets were transferred to the private sector partner at the commencement of the scheme in 2003, the value of which contributed to a reduction in the annual Unitary Service Payment to ENGIE.

ENGIE can sell its interest to another company who can then seek to negotiate a new contract, subject to agreement with the Council.

An analysis of the payments due under the contract is shown in the table below. As all the payments under PFI & similar contracts are linked in full or in part to the Retail Price Index, the figures below are estimates of the cash amounts that will be paid. Lifecycle replacement costs have been included in the Service charges element

	Payment for services £000	Reimbursement of Capital Expenditure £000	Interest £000	Total £000
Payable in 2023/24	930	351	282	1,563
Payable within two to five years	3,944	1,662	869	6,475
Payable within six to ten years	544	2,092	144	2,289
Total	5,418	4,105	1,295	10,327

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

The estimated value of the remaining PFI payments is £10.327m. At the end of the initial period, the Council will have a number of courses of action available to it:

- walk away from the contract;
- take control of the facilities and purchase the building for a payment of £1.4m;
- negotiate with ENGIE for an extension to the contract.

The liability outstanding to pay any final sums to the contractor for capital expenditure is as follows:

	2021/22 £000	2022/23 £000
Balance outstanding as at start of year	(4,760)	(4,433)
Payments during the year	327	328
Adjustment for in year variation to contract	-	-
Balance outstanding at year-end	(4,433)	(4,105)
Split on Balance Sheet (see also note 24):		
Short term liability (creditor)	(328)	(351)
Long term liability – deferred	(4,105)	(3,754)
Balance outstanding at year-end	(4,433)	(4,105)

The fair value of the PFI liability is shown in note 18.

45. Impairment Losses

These are disclosed in note 14.

46. Capitalisation of Borrowing Costs

The Council capitalised £100k of borrowing costs in 2022/23 relating to a regeneration and housing scheme currently being undertaken within the borough.

47. Termination Benefits

The Council has terminated the contracts of a number of employees in 2022/23. These are included in the Comprehensive Income and Expenditure Statement as paid, or accrued where appropriate. Provision has been made for outstanding payments to employees where agreed but subject to final payment.

48. Pension Schemes Accounted for as Defined Contribution Schemes

Pension costs included in the Income & Expenditure Account

Teachers' Pensions Scheme

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

The scheme is a multi-employer defined benefit scheme. Although the scheme is unfunded, the Department for Education use a notional fund as the basis for calculating the employers' contribution rate applied to all scheme employees. Valuations of the notional fund are undertaken every four years.

It is not possible to identify each authority's share of the underlying liabilities in the scheme attributable to its own employees. For the purpose of the Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2022/23 the Council paid £12.348m (£11.782m in 2021/22) in respect of teachers' retirement benefits. This was based on 23.68% of the teachers' pensionable pay (23.68% in 2021/22).

In addition, the Council is responsible for added years and premature enhancement benefits which it has awarded to teachers at its discretion, together with the related annual increases. In 2022/23, these amounted to £1.232m, representing 2.36% of pensionable pay (£1.258m or 2.53% in 2021/22). These benefits are fully accrued in the pension liability described below.

The total contributions expected to be made to the Teachers' Pension Scheme by the Council in the year to 31 March 2024 are £13.01m.

49. Defined Benefit Pension Schemes

Other Employees

The majority of other employees of the Council participate in the Greater Manchester Pension Fund administered by Tameside Metropolitan Borough Council. The scheme provides its members with defined benefits relating to pay and service.

The actual contribution rates to maintain the solvency of the fund vary by employing authority, reflecting the differing profiles of members, and in Trafford's case are phased in over the three years the actuarial valuation relates to. The Council's employer's contribution rate was 19.3% in 2022/23 (19.3% 2021/22), reflecting a reduction due to the advance payment to cover three years of pension contributions. In 2022/23, the Council paid an employer's contribution of £17.773m (£15.831m in 2021/22) into the Greater Manchester Pension Fund, representing 19.3% of pensionable pay (19.3% in 2021/22). The Council is also responsible for pension payments relating to the historic award of added years, together with related increases. In 2022/23 these amounted to £0.884m, which is 0.9% of pensionable pay (£0.944m or 1.1% in 2021/22).

Further information regarding the Pension Fund and its accounts can be obtained from the Pensions Office, Guardsman Tony Downes House, 5 Manchester Road, Droylsden , M43 6SF (Helpline: 0161 301 7000). www.gmpf.org.uk

Transactions Relating to Retirement benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment / retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

2021/22 £000		2022/23 £000
COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT		
Cost of Services:		
	Service Cost comprising:	
41,834	• current service cost	39,178
1,050	• past service costs	593
-	• (gain)/loss from settlements	-
	Financing and Investment Income and Expenditure:	
7,414	• net interest cost	6,862
50,298	Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	46,633
	<i>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>	
	Re-measurement of the net defined benefit liability comprising:	
(80,945)	• Return on plan assets (excluding the amount included in the net interest cost)	8,802
(11,256)	• Actuarial gains and losses arising on changes in demographic assumptions	(7,908)
(77,756)	• Actuarial gains and losses arising on changes in financial assumptions	(442,829)
8,150	• Other	67,311
(111,509)	Total Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement	(327,991)
	Movement in Reserve Statement	
(50,298)	• reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(46,633)
	Actual amount charged against the General Fund Balance for pensions in the year:	
16,774	• employers' contributions payable to scheme	18,657
1,259	• retirement benefits payable to pensioners	1,232

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

2021/22 £000		2022/23 £000
(1,180,886)	Present value of the defined benefit obligation	(845,582)
945,220	Fair value of plan assets	943,475
(235,666)	Net Liability arising from defined benefit obligation	97,893

Reconciliation of the Movements in the Fair Value of Scheme Assets

2021/22 £000		2022/23 £000
889,701	Opening fair value of scheme assets	945,220
-	Effect of Settlements	-
17,562	Interest income	25,215
	Re-measurement gain/(loss):	
58,877	<ul style="list-style-type: none"> • The return on plan assets, excluding the amount included in the net interest expense • Other 	(8,802)
3,712	Contributions from employer	5,568
5,224	Contributions from employees into the scheme	5,824
(29,856)	Benefits paid	(29,550)
945,220	Closing fair value of scheme assets	943,475

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

2021/22 £000		2022/23 £000
1,240,588	Opening present value of scheme liabilities	1,180,886
41,834	Current service costs	39,178
-	Effect of Settlements	-
24,976	Interest costs	32,077
5,224	Contributions from scheme participants	5,824
	Re-measurement (gains) and losses:	
(11,256)	<ul style="list-style-type: none"> • Actuarial gains/losses arising from changes in demographic assumptions 	(7,908)
(77,756)	<ul style="list-style-type: none"> • Actuarial gains/losses arising from changes in financial assumptions 	(442,829)
(13,918)	<ul style="list-style-type: none"> • Other 	67,311
1,050	Past service cost	593
(29,856)	Benefits paid	(29,550)
1,180,886	Closing present value of scheme liabilities	845,582

Pension Scheme Assets comprised:

Asset category	Period ended 31 March 2023				Period ended 31 March 2022			
	Quoted prices in active markets £000	Scheme Asset Values not from quoted active markets £000	Total £000	Per-centage of total asset %	Quoted prices in active markets £000	Scheme Asset Values not from quoted active markets £000	Total £000	Per-centage of total asset %
Equity Securities:								
Consumer	56,688	-	56,688	6%	62,556	-	62,556	7%
Manufacturing	52,159	-	52,159	6%	61,716	-	61,716	7%
Energy & Utilities	46,574	-	46,574	5%	51,077	-	51,077	5%
Financial Institutions	80,494	-	80,494	9%	93,433	-	93,433	10%
Health & Care Information	47,254	-	47,254	5%	49,459	-	49,459	5%
Technology	66,590	-	66,590	7%	46,160	-	46,160	5%
Other	10,727	-	10,727	1%	10,569	-	10,569	1%
Debt Securities:								
Corporate Bonds (investment grade)	37,600	-	37,600	4%	36,299	-	36,299	4%
Corporate Bonds (non-investment grade)	-	-	-	0%	-	-	-	0%
UK Government	22,547	-	22,547	2%	17,610	-	17,610	2%
Other	28,083	-	28,083	3%	29,937	-	29,937	3%
Private Equity:								
All	-	70,573	70,573	7%	-	69,145	69,145	7%
Real Estate:								
UK Property	-	36,707	36,707	4%	-	42,860	42,860	5%
Overseas Property	-	-	-	0%	-	-	-	0%
Investment Funds and Unit Trusts:								
Equities	50,397	-	50,397	7%	59,144	-	59,144	6%
Bonds	83,723	-	83,723	10%	92,717	-	92,717	10%
Hedge Funds	-	-	-	0%	-	-	-	0%
Commodities	-	-	-	0%	-	-	-	0%
Infrastructure	-	75,395	75,395	6%	-	63,316	63,316	7%
Other	23,000	131,031	154,031	13%	17,145	110,744	127,889	13%
Derivatives:								
Inflation	-	-	-	0%	-	-	-	0%
Interest Rate	-	-	-	0%	-	-	-	0%
Foreign Exchange	-	-	-	0%	-	-	-	0%
Other	-	-	-	0%	(5,256)	-	(5,256)	(1)%
Cash & Cash Equivalents:								
All	23,934	-	23,934	3%	36,589	-	36,589	4%
Totals	629,770	313,705	943,475	100%	659,155	286,065	945,220	100%

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc.

Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been estimated by Hymans Robertson LLP, an independent firm of actuaries, estimates being based on the latest full valuation of the scheme as at 31 March 2023.

The significant assumptions used by the actuary have been:

2021/22	Mortality assumptions:	2022/23
Longevity at 65 for current pensioners:		
20.6 years	• men	20.6 years
23.7 years	• women	23.9 years
Longevity at 65 for future pensioners:		
21.8 years	• men	21.5 years
25.4 years	• women	25.4 years
3.65%	Rate of inflation	3.20%
3.98%	Rate of increase in salaries	3.75%
3.2%	Rate of increase in pensions	2.95%
2.7%	Rate for discounting scheme liabilities	4.75%

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

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

Change in assumptions at 31 March 2023:	Approximate % increase to Employer Liability	Approximate monetary amount £000
0.1% decrease in real discount rate	2%	14,687
0.1% increase in the salary increase rate	0%	1,509
0.1% increase in the pension increase rate	2%	13,395

Pensions - Summary

Prior to 2022/23 there has always been a Pension Liability (21/22 £235.67m) however, following the pensions valuation by the Council's actuary in 2022/23 there was a Pension Asset for the first time of £97.893m.

Earlier to 2017/18 the Pension Reserve and Pension Liability items in the Balance Sheet have been equal and opposite. However, as a result of the accounting treatment of the three year Advanced Pension payment, which the Council made in 2017/18 and again in 2020/21, this has meant for the financial years since 2017/18 the pension reserve and pension liability have not always been equal. This is a natural consequence of three year's payment being made and accounted for as a reduction of the Pension Liability but only one year being charged to the general fund. 2022/23 is the last of the previous three year advance, therefore in the balance sheet the Pension Asset and Pension Reserve are equal.

Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. Funding levels are monitored on an annual basis. The next triennial valuation will take effect from 1 April 2026.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the act, the Local Government Pension Scheme in England and Wales and other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits.

The Council made a three-year advance payment of employer contributions on 14 April 2020 amounting to £42.96m. The Council anticipated paying £14.32m contributions to the scheme in 2022/23, however as a result of applying 1/3 of the advanced cash payment, no further payments were made in 2022/23 other than any adjustment based on the difference between the actuals and estimated 1/3 draw down of the advance.

The Council anticipates paying £16.716m contributions to the scheme in 2023/24. The weighted average duration of the defined benefit obligation for scheme members is 18 years as per the actuary report.

50. Contingent Liabilities

(a) Municipal Mutual Insurance

In January 1994 the Council's former insurer, Municipal Mutual Insurance, made a scheme of agreement with its creditors. Under this scheme, claims are initially paid out in full, but if the eventual winding up of the company results in insufficient assets to meet all liabilities a clawback clause will be triggered which could affect claims already paid.

The scheme of arrangement was triggered during 2012/13 and a provision was made based on an initial levy of 15%, equating to £0.419m which was paid during 2013/14. By way of a second notice the levy was subsequently increased to 25% as from 1 April 2016, equating to an additional £0.281m which was met from insurance reserves. A contingent liability still exists if the proceeds from the initial levy are not sufficient to cover the cost of future claims. In the event that an additional levy becomes payable then this will be met from the insurance reserve.

(b) Trafford Housing Trust

A number of warranties were provided to Trafford Housing Trust (THT) and related stakeholders as a consequence of the housing stock transfer agreement entered into on 14 March 2005.

A brief summary of the salient points of the major warranties follows – complete details are available from the Director of Legal and Democratic Services.

- i) Warranties of Truth; the Council has made a number of statements and assertions within the transfer agreement, such as land ownership, value of assets, and the right to exercise certain legal powers. The Council has indemnified THT against any liability should any of those statements prove to be untrue. This risk will also diminish, but over a much longer time frame.
- ii) Unadopted Drains; The Council has indemnified THT for maintenance and repair works relating to unadopted drainage systems. Should a liability arise it is likely to be of small amounts and will be paid out of the Council's revenue budget in the year of occurrence.
- iii) There are a number of Environmental warranties that the Council in aggregate has indemnified THT up to £90m and an unlimited indemnification to THT's funders, the Prudential Trustee Company Ltd. The risk of these warranties is partially off-set by VAT receipts from works done by THT on the Council's behalf. The liabilities and risks of the warranties will be kept under constant review.
- iv) Asbestos; The Council has given THT a 30 year indemnification against any cost of works arising from asbestos above an excess in any one year of £308,500. This is a rolling excess in that should any excess in one year be unused, it will roll over into the next financial year.
- v) Pollution and Contaminated Land; The Council has extended a 30 year indemnification for any pollution clear up on land transferred where the pollution occurred before the transfer date.

NB. Trafford Housing Trust were acquired by L&Q in 2019. THT are now a self-managed subsidiary of L&Q and all previous agreements are unchanged

(c) Timperley Sports Club

The Council has a lease agreement with Timperley Sports Club for an artificial sports pitch which was previously the responsibility of the Council.

In the event that the Club constructs a further replacement full size sports pitch with artificial turf or other artificial playing surface at any time during the demised term after 2016 and has given not less than 6 months' notice to the Landlord of the proposed timetable for construction of such new pitch, the Landlord undertakes to pay to the Club (within 28 days after the construction of such pitch and all lighting and ancillary services and access has been practically completed to the reasonable satisfaction of an independent chartered surveyor) £250,000 indexed from the date hereof until the date of payment.

The Council is however, negotiating a variation to the lease whereby the outstanding amounts due will be paid prior to the new agreement being signed and there will no longer be a financial liability for the Council.

(d) Athletics Track

There are 3 athletics stadiums in the borough, all of which Trafford pays a management fee to the clubs to run the stadium. Under the terms of the management agreements the Council has an obligation to replace the tracks at the end of life. The costs of the tracks are approximately £350,000. The clubs may be able to pay a contribution towards the cost of a new track through fundraising and applying for grants, however any shortfall in meeting the Council's obligations will be prioritised within the Council's Capital Programme at the appropriate time.

(e) Section 106 Agreements

A number of agreements in accordance with Section 106 of the Town and Country Planning Act 1990 exist between the Council and developers associated with the planning conditions attached to new developments. In respect of contributions received to date, should the conditions in the agreement not be met by the Council then amounts would become repayable to developers, these total £3.97m.

(f) AMEY Contract – Warranties, Indemnities – TUPE and Pension

A number of warranties, guarantees and indemnities are provided for within the Partnership Agreement covering the One Trafford partnership with AMEY Plc. Complete details are available from the Director of Legal and Democratic Services, however the most significant one relates to TUPE, whereby the Council has agreed to indemnify AMEY Plc against any liability which arises, partly as a result of any omission by the Council before or after the Service Commencement, in relation to any Transferring Employee who transfers in accordance with TUPE.

(g) Litigation Claims

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

51. Contingent Assets

(a) Section 106 Agreements

A number of agreements in accordance with Section 106 of the Town and Country Planning Act 1990 exist between the Council and developers associated with the planning conditions attached to new developments. In respect of contributions received to date, should the conditions in the agreement not be met by the Council then amounts would become repayable to developers and these are included under contingent liabilities. Should developments proceed and conditions within agreements be met then the estimated value of contributions the Council will receive is £7.41m.

52. Nature and Extent of Risks Arising from Financial Instruments

Key Risks

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

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

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

Overall Procedures for Managing Risk

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

The annual treasury management strategy which incorporates the policies to be adopted covering both debt and investments together with the prudential indicators for 2022/23 was approved by Council on 16 February 2022 and is available on the Council website. The strategy also includes the Annual Investment Strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance.

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

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

This risk is minimised through the Annual Investment Strategy which is incorporated within the annual treasury management strategy and this stipulates that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poors Credit Ratings Services.

The Council uses the creditworthiness service provided by Link Group which uses a sophisticated approach incorporating;

- Credit ratings from all three rating agencies,
- Credit watches and credit outlooks from credit rating agencies,
- Credit Default Swaps spreads to give an early warning of likely changes in credit ratings,
- Sovereign ratings to select counterparties from only the creditworthy countries.

The following analysis summarises the Council's maximum exposure to credit risk on other financial assets, based on experience of default, adjusted to reflect current market conditions.

Deposits with banks and financial institutions	Amount at 31 March 2023	Historical experience of default*	Estimated maximum exposure to default	Expected Credit Losses
	£000	%	£000	£000
AAA rated counterparties	26,280	0.00	-	-
AA rated counterparties	-	0.00	-	-
A rated counterparties	22,355	0.01	2	16
Non rated counterparties	21,749	n/a	-	-
Trade debtors **	13,036	Local experience	400	597
Total	83,420		502	613

* The historical default rates used are Moody's average cumulative issuer-weighted global default rates 1983-2021

** The estimated maximum exposure to default for trade debtors of £0.5m is based on the gross debt raised rather than debt outstanding at one particular date. There is no adjustment to be made for market conditions from the balance sheet date of 31 March 2023.

The Council's maximum exposure to credit risk in relation to its investments in financial institutions of £2k cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of non-recoverability applies to all of the Council's deposits, but there was no evidence at the 31 March 2023 that this was likely to crystallise.

No breaches of the Council's counterparty criteria occurred during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to its investments.

The Council does not generally allow credit for its trade debtors, such that £13.0m of the £83.42m balance is past its due date for payment. The past due amount can be analysed by age as follows:

	2021/22 £000s	2022/23 £000s
Less than one year	9,769	12,044
More than one year	638	992
Total	10,407	13,036

Liquidity Risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when it is needed.

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

Refinancing & Maturity Risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The approved prudential indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk.

The Council's approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of financial assets based on original principal lent excluding the Manchester airport loan and sums due from customers;

Period	2021/22 £000	2022/23 £000
Instant access	30,740	26,280
Up to 3 Months	22,700	27,355
3 to 6 Months	27,870	-
6 to 9 Months	18,500	-
9 to 12 Months	7,500	-
Over 1 Year	23,274	17,010
Total	130,584	70,645

The analysis of financial liabilities is based on both the carrying amount and original maturity date – all trade and other payables due to be paid in less than one year are not shown in the table below:

Period	2021/22 £000	2022/23 £000
Under 1 Year	6,293	6,362
1 year to 2 years	4,698	542
2 years to 5 years	29,275	34,873
5 years to 10 years	16,729	10,800
10 years to 20 years	17,434	33,468
20 years to 30 years	19,072	3,152
30 years to 40 years	148,768	148,873
40 years and above	86,573	86,145
Total	328,842	324,215

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

The Council's treasury management strategy considers the whole of its borrowing and investment portfolios, not just individual transactions. At the time of entering into each subsequent new borrowing,

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the strategy has been for funds to be taken which offered, at the time of take up, the best financial option to the Council.

Market Risk

Interest rate risk - The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
- borrowings at fixed rates – the fair value of the borrowing liability will fall (no impact on revenue balances);
- investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Maturity risk - Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the surplus or deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the surplus or deficit on the Provision of Services or Other Comprehensive Income and Expenditure and affect the General Fund Balance, subject to influences from Government grants. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Other Comprehensive Income and Expenditure Statement.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council’s prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The Council’s treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer-term fixed rates borrowing would be postponed.

If all interest rates had been 1% higher as at 31 March 2023 with all other variables held constant, the financial effect would be calculated as follows:

2021/22 £000		2022/23 £000
(361)	Increase in interest receivable on variable rate investments	(410)
76,614	Decrease in fair value of fixed rate borrowings liabilities (no impact on Comprehensive Income & Expenditure Statement)	28,387

The Council’s loans are all held at fixed rates of interest and consequently a movement in interest rates of +/-1% would have no impact on its financial resources.

Price risk - The Council, excluding the pension fund, does not invest in equity shares but does have shareholdings to the value of £24.4m in Manchester Airport Holdings and £4.7m in Church

Commissioners Property Fund. Whilst these holdings are generally illiquid, the Council is exposed to losses arising from movements in the price of shares.

All movements in the share values will impact on gains and losses and a general shift of 5% in the price of shares (positive or negative) would have resulted in a £1.46m gain or loss however any movements in price will not impact on the General Fund balance as regulations are in force to amend the impact of fair value movements.

Foreign exchange risk - The Council has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

53. Trust Funds

The Council administers a number of Trust Funds. The values of these funds, which are not included in the Balance Sheet, were £0.360m at 31 March 2023 and are listed below.

Value of Fund 2021/22 £000	Trust Fund	Value of Fund 2022/23 £000
2	J Birkhead Trust Fund	2
358	Del Panno Trust	347
360	Total monies held in Trusts	349

54. Effect of Prior Period Adjustments

There are no prior period adjustments.

Collection Fund

Collection Fund Statement

About this account

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers of Council Tax and Non-Domestic Rates (NDR) and its distribution to local authorities and the Government.

2021/22				2022/23			
Business Rates £000	Council Tax £000	Total £000	Year ended 31 March	Notes	Business Rates £000	Council Tax £000	Total £000
INCOME							
	(133,046)	(133,046)	Income from Council Tax Payers	2		(140,344)	(140,344)
	(1,170)	(1,170)	Contribution from General Fund (Hardship Fund)	2		-	-
(117,586)		(117,586)	Income from Non-Domestic Rate Payers	3	(139,288)		(139,288)
			Transitional Protection Payments Receivable				
(90,267)	(2,000)	(92,267)	Contribution towards previous years' estimated Collection Fund Deficit/ Overpaid Surplus. Including 1/3 share of estimated 2020/21 COVID-19 Deficit	2	(46,189)	(1,654)	(47,843)
(207,853)	(136,216)	(344,069)	TOTAL INCOME		(185,477)	(141,998)	(327,475)
EXPENDITURE							
Council Tax Precept Demands :							
	107,058	107,058	- Trafford Council			112,854	112,854
	16,551	16,551	- GMCA Mayoral Police and Crime Commissioner			17,716	17,716
	6,895	6,895	- GMCA Mayoral General Precept (including Fire Services)			7,989	7,989
1,531		1,531	- GMCA Mayoral General Precept (including Fire Services)		1,391		1,391
151,541		151,541	- Trafford Council		137,722		137,722

Collection fund statement (continued)

2021/22				2022/23			
Business Rates £000	Council Tax £000	Total £000	Year ended 31 March	Notes	Business Rates £000	Council Tax £000	Total £000
Charges to Collection Fund:							
2,793	294	3,087	- Write offs of uncollectable amounts		1,511	377	1,888
(1,539)	318	(1,221)	- Increase/(Decrease) in Expected Credit Losses		(700)	790	90
(3,163)		(3,163)	- Increase/(Decrease) in Provision for Appeals		(14,840)		(14,840)
455		455	- Costs of Collection		450		450
83		83	- Disregarded Amounts		83		83
484		484	Transitional Protection Payments Payable		1,650		1,650
Contributions :							
4,165		4,165	- Distribution of previous years' estimated Collection Fund Surplus		1,873	1,889	3,762
			Distribution of previous years' overpaid contribution Collection Fund Deficit			2,300	2,300
156,350	131,116	287,466	TOTAL EXPENDITURE		129,140	143,915	273,055
34,599	(3,100)	31,499	(Surplus)/Deficit for the year		(12,021)	(618)	(12,639)
(86,102)	(2,000)	(88,102)	Contributions to prior year balances		(44,316)	2,535	(41,781)
(51,503)	(5,100)	(56,603)	Total (Surplus) / Deficit for year (including contributions to prior year balances)	2/3	(56,337)	1,917	(54,420)
87,811	3,008	90,819	Balance brought forward as 1 April		36,308	(2,092)	34,216
(51,503)	(5,100)	(56,603)	Deficit/(Surplus) for the Year (as above)		(56,337)	1,917	(54,420)
36,308	(2,092)	34,216	(Surplus) / Deficit as at 31 March	4	(20,029)	(175)	(20,204)
Allocated to:							
35,945	(1,718)	34,227	- Trafford		(19,829)	(144)	(19,973)
	(266)	(266)	- Police and Crime Commissioner for GM/ GMCA Mayoral Police and Crime Commissioner			(23)	(23)
363	(108)	255	- GMCA Mayoral General Precept (including Fire Services)		(200)	(8)	(208)
36,308	(2,092)	34,216			(20,029)	(175)	(20,204)

Notes to the collection fund statement

1. General

As a Billing Authority, the Council has a statutory requirement to operate a Collection Fund as a separate account to the General Fund. The purpose of the Collection Fund therefore, is to isolate the income and expenditure relating to Council Tax and Non-Domestic Business Rates. The administrative costs associated with the collection process are charged to the General Fund.

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

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

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

Council Tax surpluses or deficits are distributed in proportion to the precepts levied. Business rates surpluses or deficits are distributed in accordance with the relevant proportions set out in the localised Business Rate regulations. From 1 April 2017/18 onward, the Council has taken part in the Greater Manchester 100% business rates retention pilot, therefore for 2022/23 the Trafford Council share is 99% with the remainder paid to the GMCA for the Mayoral General Precept (including Fire Service).

The national code of practice followed by Local Authorities in England stipulates that a Collection Fund Income and Expenditure account is included in the Council's accounts. The Collection Fund balance sheet meanwhile is incorporated into the Council's consolidated balance sheet.

Impact of COVID-19 and cost of living crisis and Government Support

Over the last three financial years the challenges faced by COVID-19 and the cost of living crisis has placed considerable pressure on both the Council Tax and Business Rates Collection Fund components. Adjustments had been made in the base budget to reflect lower collection rates, delays in properties coming on line and higher expected levels of Council Tax Support.

The outturn position on Council Tax was positive when compared with budget due to better collection rates of historic debt and lower levels of Council Tax Support. The Tax base was lower than expected due to an increase in discounts and exemptions (e.g. single person discount) and also a delay in new developments coming online. However, there was an overall surplus relating to 2022/23 when compared to budget of £0.618m (£3.10m 2021/2022).

In order to support businesses with the impacts of COVID-19, the Government continued to provide various rate relief packages in 2022/23 for retail and hospitality businesses. The relief has been accounted for in the Collection Fund and Council has been compensated for the loss in rates income via a Section 31 within its General Fund.

The outturn position on Business Rates was positive when compared with budget and there an overall surplus relating to 2022/23 of £12.021m. This was largely as a result of a one off review of the level of provisions held for historic appeals but also included a reduction in gross rates due to delays in major refurbishments at the Trafford Centre.

Altrincham Town Centre Business Improvement District (BID)

In addition to the Council Tax and Business Rates Collection Fund, the Council also operates a separate collection account for Altrincham Town Centre BID. Altrincham Town Centre's BID commenced on 1 April 2016. The BID is a business led partnership by businesses within Altrincham Town Centre with the aim to deliver improvements including:

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

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

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

2. Council Tax

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

The Government has determined that the Council Tax payable in each band will be a specified fraction of the middle valuation band, known as band D.

Each year, the Council must estimate the equivalent number of band D properties, The Council Taxbase, after allowing for discounts, exemptions, losses on collection etc. For 2022/23, the calculation was as follows:

	Total No. Dwellings (i)	Specified Fraction	Band 'D' Equivalent
Band A (disb)	20	X5/9	11
Band A	16096	x6/9	10,731
Band B	19635	x7/9	15,271
Band C	24918	x8/9	22,149
Band D	14258	x9/9	14,258
Band E	7322	x11/9	8,949
Band F	4367	x13/9	6,308
Band G	3953	x15/9	6,588
Band H	985	x18/9	1,969
	91,554		86,234
Less allowance for losses on collection			(1,250)
Adjustment for Annexes estimate			(58)
Less cost of Council Tax Support Scheme			(7,558)
Add Empty Home Premium			233
Council Tax Base			77,601

The actual number of properties was 101,993, and after adjusting for single person discounts, empty properties etc., the notional number of dwellings is 91,554.

The Band D Council Tax levied for the year was £1,784.26 (£1,720.08 in 2021/22).

The Council Tax shares payable to the Council and the precepting authorities were estimated as part of the 2022/23 budget setting process and totalled £138.559m, shared £112.854m Trafford Council, £17.716m GMCA Mayoral Police and Crime Commissioner Share and £7.989m Mayoral General (inc. Fire Services) Share. These sums have been paid in 2022/23 and charged to the collection fund in year.

A total of £139.54m of Council Tax was collected in respect of 2022/23 (£132.18m 2021/22), an in year performance of 97.4% (97.5% in 2021/22) against a target of 97.2% (97.2% 2021/22).

There was an in year deficit of £1.917m, which included £2.535m distribution of prior years' balances, leaving a surplus of £0.618m relating to 2022/2023. The 2022/23 in year surplus was largely due to better than expected collection of historic debt and lower levels of Council Tax Support.

The in-year deficit of £1.917m was offset by an accumulated surplus balance brought forward of £2.092m to arrive at a year-end surplus balance of £0.175m.

3. Non-Domestic Rates

In 2013/14, the local government finance regime was revised with the introduction of the retained business rates scheme. The main aim of the scheme was to give Councils a greater incentive to grow businesses in the Borough. It does, however, also increase the financial risk due to non-collection and the volatility of the NDR tax base.

Central Government set a baseline level for each authority identifying the expected level of retained business rates and a top up or tariff amount to ensure that all authorities receive their baseline amount. As Trafford is able to collect Business Rates income above its baseline, the Council is required to pay a tariff to Central Government each financial year. The total amount of tariffs collected nationally are used by Central Government to fund the Top-up grants to those Authorities who cannot achieve their baseline funding levels. In this respect Trafford paid a tariff from the General Fund in 2022/23 to the value of £95.023m (£95.551m 2022/23) (see Grant and Other Income note 40).

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

From 1st April 2015, the Greater Manchester & Cheshire East (GM&CE) Business Rates pool was established, consisting of the ten Greater Manchester councils plus Cheshire East. The aim of pool was to maximise the retention of locally generated business rates and to ensure that it further supports the economic regeneration of the region. The Pool is not liable to pay any levy on business rate growth to central government and retains this locally because in aggregate the Pool is a net top-up area.

Manchester City Council act as the lead pool authority with responsibility for all accounting and administration of the Pooled Fund including distributing top up funding, collecting tariff payments and all auditing and financing requirements as set out in relevant legislation.

2017/18 saw the introduction of the Greater Manchester 100% Business Rates Retention pilot, which resulted in the Government's share of business rates growth being retained within Greater Manchester. The respective shares of the business rates income and expenditure and balance sheet items, previously allocated on a percentage split of 50/49/1 between Central Government, Trafford Council and GMCA Mayoral General (including Fire Services) was updated to 99/1 between Trafford

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

As a consequence, of the 100% Business Rates Retention Pilot, the amount of levy Trafford would have paid to the GM Pool has been replaced with a payment designed to ensure that the Council was no better or worse off when compared with the previous sharing arrangements. The 'No Detriment' agreement guarantees that the resources available to the Council under the previous 50% retention scheme will be the same under the 100% Pilot.

This 'No Detriment' payment payable to Greater Manchester Combined Authority (GMCA) which represented the overall benefit from being in the 100% pilot was £10.669m in 2022/23 (£7.374m in 2021/22) and attracted a rebate at 75% of £8.002m. The Council retained the no detriment payment net of rebate of £2.667m (£5.53m 2021/2022).

The business rates shares payable for 2022/23 were estimated before the start of the financial year as £1.391m to GMCA Mayoral General (including Fire Services) and £137.722m to Trafford Council which were in line with the percentage shares under the 100% Rates Retention Scheme. These sums have been paid in 2022/23 and charged to the collection fund in year.

The total income from business rate payers after discounts, reliefs and allowance for expected credit losses and appeals in 2022/23 was £151.134m (£118.473m in 2021/22). This sum includes £1.650m (£0.484m in 2021/22) relating to transitional protection payments from ratepayers, which under Government regulation should have a neutral impact on the business rate retention scheme. This sum has to be repaid to Central Government.

A total of £143.39m of Business Rates was collected in respect of 2022/23 (£116.94m 2021/22), an in year performance of 98.3% (97.0% in 2021/22) against a target of 98.3% (no target due to COVID-19 in 2021/22).

Authorities are expected to finance appeals made in respect of rateable values as defined by VOA as at 31 March 2023. As such, authorities are required to make a provision for these amounts. Appeals are charged and provided for in proportion of the precepting shares.

During 2022/23 the provision for appeals has been reassessed to take into account settled appeals in addition to potential new cases for major infrastructure projects. The net impact has been a reduction in the provision for appeals of £14.840m, (£3.163m increase in 2020/21).

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

Value of Provision £000 31.03.22		Value of Provision £000 31.03.23
40,727	Balance at 1 April	37,564
(6,663)	Amount of appeals paid/released during the year	(19,591)
3,500	In year contributions to the provision	4,751
(3,163)	Net Increase/(Decrease)	(14,840)
37,564	Balance at 31 March	22,724

The overall outturn position on the Non Domestic Rates element of the Collection Fund is an in year surplus of £56.337m against a surplus of £51.503m in 2021/22. The surplus of £56.337m includes £44.316m collection of prior years' balances, leaving a surplus of £12.021m relating to 2022/23.

The prior years' balances includes the 1/3 collection of the estimated 2020/21 exceptional deficit caused by COVID-19 of £1.791m; this amount will continue to be collected in 2023/24.

The 2022/23 surplus was largely due to :-

- a shortfall in gross rates of £14.05m largely due to the temporary removal of several large redevelopments at the Trafford Centre and delays in new sites being registered on the rating list.
- a significant reduction in the amount of COVID-19 reliefs, resulting in a benefit of £5.16m to the Collection Fund when compared to budget.
- A benefit of £20.52m of accounting adjustments, predominantly due to the release of historic business rates appeals provision, following several large cases being dismissed by the VOA.

This 2022/23 surplus will be distributed proportionately to the two precepting bodies, Trafford and Greater Manchester Fire and Rescue. Trafford's share of the in-year surplus is £11.901m.

The in-year surplus of £56.337m was offset by an accumulated deficit balance brought forward of £36.308m to arrive at a year-end surplus balance of £20.029m

The Council's Business Rates Taxbase is based on the rateable value of individual business properties within the Borough as assessed by the Valuation Office Agency (VOA). The total rateable value at 31 March 2023 for the Trafford area was £354.94m (£359.23m at 31 March 2022). The rateable value of each property, as assessed by the VOA, is multiplied by the Uniform Business Rate determined annually by Central Government to determine the collectable Business Rates income. For 2022/23 this was 51.2p in the pound (51.2p in 2021/22) and relief of 1.3p (1.3p in 2021/22) in the pound was given to small business properties resulting in a Small Business Rate multiplier of 49.9p (49.9p in 2021/22).

4. Year End Surplus/Deficit 2022/23

Council Tax

In the Balance Sheet at 31 March 2023, the Council has included the accumulated surplus of £0.175m on a consolidated basis, showing the shares of the GMCA – Mayoral Police and Crime Commissioner and the GMCA – Mayoral General Precept (including Fire Services) as a creditor to the value of £0.031m (creditor of £0.374m 2021/22), and a £0.144m attributable surplus (£1.718m surplus 2021/22) on the Council Tax Collection Fund balance alongside the General Fund.

Non Domestic Rates

In the Balance Sheet at 31 March 2023, the Council has included the £20.029m surplus on a consolidated basis, showing the share from the GMCA – Mayoral General Precept (including Fire Services) as a creditor to the value of £0.200m (debtor of £0.363m 2021/22), and a £19.829m attributable surplus (£35.945m deficit 2021/22) to the NDR Collection Fund balance alongside the General Fund.

Group Accounts

Introduction

The CIPFA Code of Practice requires that where an Authority has material financial interests and a significant level of control over one or more entities, it should prepare group accounts. The aim of these statements is to give an overall picture of the Council's financial activities and the resources employed in carrying out those activities.

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

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

Classification of Group Entities

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

Subsidiary

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

Associates

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

Joint Venture

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

Inclusion within the Group Accounts

The following entities are classified as subsidiaries of the Council:

Trafford Leisure CIC

The Council has a business relationship with one entity over which it has significant control or influence. From October 2015 the services provided by Trafford Community Leisure Trust were transferred into a Community Interest Company (CIC), Trafford Leisure CIC Ltd., wholly owned by the Council.

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

Trafford Bruntwood LLP

As part of its investment Strategy, on 20 March 2018 the Council set up a Limited Liability Partnership, joint venture with K Site Ltd called Trafford Bruntwood LLP. The entity will be responsible for the redevelopment of the former Kelloggs headquarters site at Talbot Road, Stretford in line with the Civic Quarter Masterplan for the wider area. K Site Ltd is a wholly owned subsidiary of Bruntwood Development Holdings Ltd.

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

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

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

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

Group Comprehensive Income and Expenditure Statement

This statement sets out the income and expenditure relating to the Council and its subsidiary, as a whole, together with any appropriations to reserves.

2021/22			Year ended 31 March	2022/23			
Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Service	Note	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
241,456	(181,092)	60,364	Children's Services		258,722	(192,802)	65,920
131,330	(66,307)	65,023	Adults Services		128,013	(53,515)	74,498
59,559	(29,636)	29,923	Place		62,635	(25,976)	36,659
9,426	(2,002)	7,424	Legal and Governance		4,348	(746)	3,602
16,169	(5,321)	10,848	Finance and Systems		16,984	(4,560)	12,424
13,449	(4,460)	8,989	Strategy and Resources and Traded Services		18,634	(7,779)	10,855
52,956	(47,154)	5,802	Council-wide		51,356	(47,833)	3,523
524,345	(335,972)	188,373	Cost of Services		540,692	(333,212)	207,480
39,005	(7,534)	31,471	Other Operating Expenditure		37,564	(5,494)	32,070
42,175	(41,423)	752	Financing and Investment Income and Expenditure		54,541	(47,379)	7,163
	(209,353)	(209,353)	Taxation and Non-Specific Grant Income and Expenditure			(228,403)	(228,403)
		11,243	(Surplus) or Deficit on Provision of Services				18,309
		(1,620)	Share of operating results of Joint Ventures	G4			(516)
		250	Tax expense/(Deferred Tax) of subsidiary				525
		-	Tax expenses of Joint Ventures	G4			-
		9,873	Group (Surplus) or Deficit				11,194
		(66,261)	(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets				(36,596)
		(40)	(Surplus) or Deficit on Revaluation of Financial Instruments				(1,000)
		(161,807)	Re-measurement of Net Defined Benefit / Liability				(374,624)

2021/22			Year ended 31 March	2022/23			
Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Service	Note	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
		(989)	Share of Other comprehensive Income and Expenditure of Subsidiaries				(2,550)
		160	Share of Other comprehensive Income and Expenditure of Associates and Joint Ventures				323
		(228,937)	Other Comprehensive (Income) and Expenditure				(414,447)
		(219,064)	Total Comprehensive (Income) and Expenditure				(396,129)

Group Balance Sheet

The Group Balance Sheet summarises the financial position of the Council and its subsidiary as a whole. It shows the value of group assets and liabilities at the end of the financial year.

2021/22 £000		Note	2022/23 £000
597,368	Property, Plant & Equipment		652,814
979	Heritage Assets		973
108,873	Investment Property		107,166
4,466	Intangible Assets		4,904
29,074	Long Term Investments		29,139
31,961	Long-term investments in Joint Ventures	G5	35,045
98,253	Long Term Debtors		113,381
-	Pension Asset		99,676
870,974	Long Term Assets		1,043,099
76,348	Short Term Investments		22,423
7,316	Assets Held for Sale		2,010
91	Inventories		99
76,751	Short Term Debtors		100,466
48,703	Cash and Cash Equivalents		56,269
209,209	Current Assets		181,267
(5,949)	Short Term Borrowing		(5,994)
(96,977)	Short Term Creditors		(99,026)
(29,424)	Short Term Provisions		(18,436)
(3,778)	Grants Receipts in Advance (Revenue)		(4,625)
(8,587)	Grants Receipts in Advance (Capital)		(9,326)
(144,715)	Current Liabilities		(137,407)
(36)	Long Term Creditors		(36)
(13,325)	Provisions		(9,666)
(318,966)	Long Term Borrowing		(314,606)

2021/22 £000		Note	2022/23 £000
(113)	Revenue Grants & Contributions – Long-Term Receipts in Advance (REFCUS)		(113)
(10,493)	Grant Receipts in Advance (Capital)		(10,228)
(236,326)	Other Long Term Liabilities – Pensions		-
(6,448)	Other long-term liabilities – Deferred		(6,723)
(585,707)	Long Term Liabilities		(341,372)
349,761	Net assets		745,591
(9,500)	General Fund Balance		(9,500)
(123,041)	Earmarked General Fund Reserves (*)		(69,890)
(403)	Capital Receipts Reserve		(629)
(360)	Revenue Grants Unapplied (REFCUS)		(461)
(20,885)	Capital Grants Unapplied		(20,632)
(154,189)	Usable Reserves		(101,112)
(174,758)	Revaluation Reserve		(204,092)
(8,250)	Financial Instruments Revaluation Reserve		(8,315)
68	DSG adjustment account		1,475
(329,543)	Capital Adjustment Account		(346,729)
20,242	Financial Instruments Adjustment Account		19,531
249,987	Pensions Reserve		(97,983)
34,227	Collection Fund Adjustment Account		(19,972)
5,724	Accumulated Absences Account		5,310
(202,303)	Unusable Reserves		(644,474)
6,730	Council's Share of Reserves of Subsidiary and Joint Ventures	G6	6,211
(349,761)	Total Reserves		(745,591)

Group Movement in Reserves Statement

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

	General Fund Balance £000	Earmarked General Fund Reserves £000	Total General Fund Balance £000	Capital Receipts Reserve £000	Revenue Grants Unapplied £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Council's Share of Subsidiaries and Joint Ventures £000	Total Group Reserves £000
Balance as at 31 March 2022	(9,500)	(123,041)	(132,541)	(403)	(360)	(20,885)	(154,189)	(202,302)	6,731	(349,761)
MOVEMENT IN RESERVES DURING 2022/23										
Realignment of Trading Period of JV (see Note G4)									298	298
(Surplus) or deficit on the provision of services	16,910	-	16,910	-	-	-	16,910	-	1,409	18,318
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	(412,220)	(2,227)	(414,447)
Total Comprehensive Income and Expenditure	16,910	-	16,910	-	-	-	16,910	(412,220)	(520)	(395,830)
Adjustments between accounting basis & funding basis under regulations	37,648	-	37,648	(227)	(101)	254	37,575	(37,575)	-	-
Net (Increase)/Decrease before transfers to Earmarked Reserves	54,559	-	54,559	(227)	(101)	254	54,485	(449,795)	(520)	(395,830)
Transfers (to)/from Earmarked Reserves	(54,559)	53,152	(1,407)	-	-	-	(1,407)	1,407	-	-
(Increase)/Decrease in 2022/23	-	53,152	53,152	(227)	(101)	254	53,078	(448,389)	(520)	(395,830)
Balance as at 31 March 2023	(9,500)	(69,889)	(79,389)	(630)	(461)	(20,631)	(101,111)	(650,690)	6,211	(745,591)

	General Fund Balance £000	Earmarked Collection Fund Reserves £000	Earmarked General Fund Reserves £000	Total General Fund Balance £000	Capital Receipts Reserve £000	Revenue Grants Unapplied £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Council's Share of Subsidiaries and Joint Ventures £000	Total Group Reserves £000
Balance as at 31 March 2021	(8,000)	(174,355)		(182,356)	(281)	(64)	(17,649)	(200,350)	61,553*	7,691	(131,104)
MOVEMENT IN RESERVES DURING 2021/22											
Realignment of Trading Period of JV (see Note G4)										408	408
(Surplus) or deficit on the provision of services	10,411	-		10,411	-	-	-	10,411	-	(539)	14,533
Other Comprehensive Income and Expenditure	-	-		-	-	-	-	-	(228,108)	(829)	(199,656)
Total Comprehensive Income and Expenditure	10,411	-		10,411	-	-	-	10,411	(228,108)	(960)	(199,656)
Adjustments between accounting basis & funding basis under regulations	39,471	-		39,471	(122)	(297)	(3,237)	35,815	(35,815)	-	-
Net (Increase)/Decrease before transfers to Earmarked Reserves	49,882	-		49,882	(122)	(297)	(3,237)	46,226	(263,924)	(960)	(199,656)
Transfers (to)/from Earmarked Reserves	(51,382)	51,314		(68)	-	-	-	(68)	68	-	-
(Increase)/Decrease in 2021/22	(1,500)	51,314		49,814	(122)	(297)	(3,237)	46,158	(263,856)	(960)	(199,656)
Balance as at 31 March 2022	(9,500)	(123,041)		(132,541)	(403)	(360)	(20,885)	(154,190)	(202,303)	6,731	(345,100)

Group Cash Flow Statement

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

2021/22 £000	Year Ended 31 March	2022/23 £000
11,492	Net (surplus) or deficit on the provision of services	11,709
(104,398)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	(26,358)
25,921	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	52,951
(66,986)	Net cash flows from Operating Activities	38,302
17,548	Investing Activities	(39,427)
59,020	Financing Activities	7,881
(14,321)	Net Cash flows from Advanced Pension Contribution	(14,321)
(4,739)	Net (increase) or decrease in cash and cash equivalents	(7,565)
(43,964)	Cash and cash equivalents at the beginning of the reporting period	(48,704)
-	Adjustment to the opening Cash and Cash equivalents	-
(43,964)	Cash and cash equivalents revised balance at the beginning of the reporting period	(48,704)
(48,703)	Cash & cash equivalents at the end of reporting period	(56,269)

Explanatory Notes to the Group Accounts

Where figures in the group accounts differ materially from the Council's accounts, the relevant explanatory notes have been prepared on a consolidated basis. The notes below give information on the areas that have materially changed on consolidation of the group entities into the Council's accounts.

G1. Group Accounting Policies

The Accounting Policies of the Council's subsidiary and Joint Venture companies have been aligned with the Council's Accounting Policies contained in Note 3. Any statutory adjustments between accounting basis and funding basis included in the Council's Accounting Policies do not apply to the subsidiary company or Joint Venture. Notes within the group accounts have not been provided except where there are material differences to those provided in Note 3.

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

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

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

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

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

For all three LLP's, the statutory accounts for the year to 30th September 2022 have been combined with the interim management accounts for the period 1st October 2022 to 31st March 2023 to give an 18 month trading period for the Group CIES, with the interim management accounts balance sheet being used for the period ending 31st March 2023.

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

- C G Oglesby, Chief Executive, Bruntwood Limited, qualified Chartered Surveyor with over 30 years experience in the property investment industry;
- K J Crotty, Chief Financial Officer, Bruntwood Limited, Chartered Accountant with over 18 years experience in the property investment industry.

G2. Bodies Not Consolidated

All bodies have been consolidated in the Group Accounts.

G3. Group Defined Benefit Pension Schemes

Transactions Relating to Post-employment Benefits

The following transactions have been made in the Group Comprehensive Income and Expenditure Statement and the General Fund Balance through the Group Movement in Reserves Statement during the year: Further details relating to the Council's pension schemes can be found in Notes 48 and 49.

2021/22 £000		2022/23 £000
COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT		
Cost of Services:		
	<i>Service Cost comprising:</i>	
42,047	• current service cost	39,339
1,070	• past service costs	593
-	• (gain)/loss from settlements	-
	<i>Financing and Investment Income and Expenditure:</i>	
7,446	• net interest cost	6,881
50,563	Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	46,813
-	<i>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>	-
	Re-measurement of the net defined benefit liability comprising:	
(81,346)	• Return on plan assets (excluding the amount included in the net interest cost)	8,834
(11,815)	• Actuarial gains and losses arising on changes in demographic assumptions	(8,121)
(77,795)	• Actuarial gains and losses arising on changes in financial assumptions	(445,516)
8,160	• Other	67,629
(112,233)	Total Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement	(330,361)
	Movement in Reserve Statement	
(50,563)	• reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(46,813)
	Actual amount charged against the General Fund Balance for pensions in the year:	
16,774	• employers' contributions payable to scheme	757

1,259	• retirement benefits payable to pensioners	1,232
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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:

2021/2022 £000		2022/23 £000
(1,187,278)	Present value of the defined benefit obligation	(849,702)
950,952	Fair value of plan assets	949,378
(236,326)	Net Liability arising from defined benefit obligation	99,676

Reconciliation of the Movements in the Fair Value of Scheme Assets

2021/22 £000		2022/23 £000
894,869	Opening fair value of scheme assets	950,952
17,668	Interest income	25,373
	Re-measurement gain/(loss):	
59,278	<ul style="list-style-type: none"> • The return on plan assets, excluding the amount included in the net interest expense • Other 	(8,834)
3,798	Contributions from employer	5,641
5,251	Contributions from employees into the scheme	5,850
(29,912)	Benefits paid	(29,622)
950,952	Closing fair value of scheme assets	949,360

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

2021/22 £000		2022/23 £000
1,247,226	Opening present value of scheme liabilities	1,187,278
42,047	Current service costs	39,339
25,114	Interest costs	32,254
5,251	Contributions from scheme participants	5,850
	Re-measurement (gains) and losses:	
(11,815)	<ul style="list-style-type: none"> Actuarial gains/losses arising from changes in demographic assumptions 	(8,121)
(77,795)	<ul style="list-style-type: none"> Actuarial gains/losses arising from changes in financial assumptions 	(445,516)
(13,908)	<ul style="list-style-type: none"> Other 	67,629
1,070	Past service cost	593
(29,912)	Benefits paid	(29,622)
1,187,278	Closing present value of scheme liabilities	849,684

Pension Scheme Assets

	31 March 2022 £000	31 March 2023 £000
Equities	69%	70%
Bonds	13%	14%
Property	8%	8%
Cash	10%	8%
Total	100%	100%

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Both the Council and Trafford Leisure CIC Ltd. have engaged Hymans Robertson LLP, an independent firm of actuaries to assess their respective pension schemes, estimates being based on the latest full valuation of the scheme as at 31 March 2023 for both Trafford Leisure CIC Ltd. and Trafford Council.

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

2021/22	Trafford Leisure CIC Ltd. - Mortality assumptions:	2022/23
Longevity at 65 for current pensioners:		
20.3 years	• men	16.9 years
23.2 years	• women	23.6 years
Longevity at 65 for future pensioners:		
21.6 years	• men	21.8 years
25.1 years	• women	25.2 years
3.15%	Rate of inflation	2.95%
3.90%	Rate of increase in salaries	3.75%
2.75%	Rate of increase in pensions	4.75%
2.0%	Rate for discounting scheme liabilities	1.75%

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

The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit cost method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in 2019/20.

Trafford Leisure CIC Ltd. - Change in assumptions at 31 March 2023:	Approximate % increase to Employer Liability	Approximate monetary amount £000
0.1% decrease in real discount rate	2%	92
0.1% increase in the salary increase rate	0%	16
0.1% increase in the pension increase rate (CPI)	2%	77

The significant assumptions used to assess the Council's Pension scheme assets and liabilities can be found in Note 49, along with an associated sensitivity analysis.

G4 Surplus/(Deficit) Attributable to Joint Ventures

This figure represents the total surplus/deficit attributable for the three JV's Bruntwood LLP, Stretford Mall and Stamford Quarter. Due to the differing year ends of single entity and group accounts, for the period 2022/23 the statutory accounts as at 30th September 2022 were combined with the management accounts to 31st March 2023 and a 12 month average was used to derive the surplus/deficit values. This method subsequently required a small manual adjustment made to the closing reserves as stated on the management accounts balance sheet as at 31st March 2023 to align to the accumulated reserves to those using the average method.

Due to the materiality of the transactions relating to the revaluations of non-current assets taking place between September 2022 and March 2023, an 18 month trading period has been used for the 2022/23 trading values. This has allowed the closing balance sheets as at 31st March 2023 as stated in the three LLP's management accounts to be used and avoid making significant manual adjustments if the average trading method was used. This will give the reader a more transparent understanding of the actual figures in the reserve balances of the three LLP's as at 31st March 2023.

2021/22 £000	2021/22 Trafford Council Share at 50% £000		2022/23 £000	2022/23 Trafford Council Share at 50% £000
9,832		Turnover	8,343	
(5,479)		Cost of Sales	(6,042)	
4,353		Gross Profit/(Loss)	2,301	
(1,113)		Administrative Expenses	(1,269)	
-		Other Operating Income	-	
3,240	1,620	Profit/ (Loss) before Taxation	1,032	516
-		Taxation	-	
3,240	1,620	Profit/ (Loss) for the Period before Taxation	1,032	516
		Other Comprehensive Income		
(320)	(160)	Surplus or Deficit on revaluation of non-current assets	(646)	(323)
2,920	1,460	Total Comprehensive income for the period	386	193

G5. Investments in Joint Ventures

2021/22 £000		2022/23 £000
	Investment in Joint Ventures	
11,308	Trafford Bruntwood LLP	11,825
8,678	Trafford Bruntwood (Stretford Mall)	9,178
17,193	Trafford Bruntwood (Stamford Quarter)	20,209
37,179	Total Investment	41,212
(5,217)	Share of Accumulated profit/(loss)	(6,167)
31,962		35,045

Summary balance sheet of Joint Ventures

2021/22 £000		2022/23 £000
65,154	Fixed Assets	74,156
5,486	Current Assets	8,710
(6,720)	Creditors : Amounts falling due within one year	(12,459)
63,920	Net Assets/ (Liabilities)	70,407
	Reserves :-	
37,177	Members Capital – Bruntwood Holdings/ K Site	41,211
37,177	Members Capital – Trafford	41,211
(3,796)	Other Reserves (Dividend Distribution)	(5,167)
(10,821)	Other Reserves	(11,153)
4,183	Profit /(Loss) Reserve	4,305
63,920	Total Reserves	70,407

G6. Group Reserves

2021/22 £000		2022/23 £000
	Usable Reserves	
(154,189)	Trafford Council (i)	(101,112)
	Unusable Reserves	
(202,301)	Trafford Council (i)	(650,691)
(356,492)	Sub-Total Trafford Reserves	(751,801)
	Group Reserves	
1,512	Trafford Leisure CIC (ii)	46
5,217	Trafford Bruntwood	6,167
6,729	Sub-Total Group Reserves	6,213
(349,763)	Total Reserves	(745,591)

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

(ii) £0.46m is the net figure of Trafford Leisure CIC's Usable Reserve and Unusable Pension Reserve.

Glossary

Actuarial Gains and Losses

Over a reporting period, these consist of:

- (A) Experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred, including reflection of any funding valuation which has taken place since the last report); and
- (B) The effects of changes in actuarial assumptions (split between financial and demographic).

Better Care Fund

The BCF was announced by the Government in the June 2013 spending round to ensure a transformation in health and social care. The BCF creates a pooled budget between the Council and the Clinical Commissioning Group (CCG).

Capital Financing Charges

The annual charge to the revenue accounts in respect of interest and principal repayments of borrowed money together with leasing rentals.

Capital Financing Requirement

This reflects the Council's underlying need to borrow for a capital purpose. It forms a basis for calculating the minimum revenue provision (MRP), which is the amount required to be set aside as provision to repay debt.

Capital Grants

Grants received towards capital outlay on a particular service or project.

Capital Receipts

Money received from the sale of surplus assets such as land or buildings that is used for new capital expenditure or to repay debt.

Carrying Amount

This equates to the level of principal outstanding on loans and investments together with any accrued interest.

CIPFA/LASAAC

The Chartered Institute of Public Finance and Accountancy/Local Authority (Scotland) Accounts Advisory Committee is the body responsible for preparing, maintaining, developing and issuing the Code of Practice on Local Authority Accounting for the United Kingdom.

Collection Fund

The Collection Fund records transactions in respect of the council tax, community charge and non-domestic rates receipts and illustrates the way in which these have been distributed.

Community Assets

Non-current assets that an authority intends to hold in perpetuity and have no determinable useful life.

Coupon Rate

The interest rate stated, expressed as a percentage of the principal (face value).

Creditors

Amounts owed by the Council for work done, goods received or services rendered but for which payment has not been made at the date of the balance sheet.

Current Service Cost (Pensions)

The increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Curtailment

For a defined benefit scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service.

Curtailments include:

Termination of employees' service earlier than expected, for example as a result of closing a factory or discontinuing a segment of a business, and termination of, or amendment to the terms of, a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

DfE (Department for Education)

This is the Government department responsible primarily for schools. It administers the majority of funding for schools including Dedicated Schools Grant, the major form of financial support.

Debtors

Sums of money due to the Council but which are unpaid at the date of the balance sheet

Deferred Debtors/Deferred Capital Receipts

Corresponding entries relating to sums due at some time in the future, for example from the sale of council houses purchased with the help of mortgages granted by the Council.

Defined Benefit Scheme

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

Defined Contribution Scheme

A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and

will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Depreciation/Amortisation

An amount charged to revenue accounts to represent the wearing out of non-current assets.

Direct Service Organisation (DSO)

The in-house team which has won a contract to carry out work, or provide a service following a competitive tendering process.

Discretionary Benefits

Retirement benefits which the employer has no legal, contractual or constructive obligation to award and which are awarded under the authority's discretionary powers.

Effective Interest Rate

The rate at which debt charges are applied to the comprehensive income and expenditure statement.

Financial Instruments

The term covers both financial assets and liabilities. The borrowing, service concession arrangements (PFI & finance leases) and investment transactions are classified as financial instruments.

General Fund

The main revenue account of the Council into which the Council's precept from the Collection Fund and specific Government grants are paid and from which is met the cost of providing services.

Greater Manchester Combined Authority (GMCA)

Created by the Local Government, Economic Development and Construction Act, the Greater Manchester Combined Authority (GMCA) assumed its powers and duties on 1 April 2011. It took over the functions previously the responsibility of the Greater Manchester Integrated Transport

Authority (GMITA), which it replaced. It also took over responsibility for transport planning, traffic control and wide loads, assumed responsibility for the transportation resources allocated to the Greater Manchester region and regional economic development functions.

Greater Manchester Waste Disposal Authority (GMWDA)

This is a levying Authority that provides waste disposal strategy, policy and services to nine of the AGMA Councils.

Heritage Assets

Heritage assets are assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical value.

Impairment

A reduction in the recoverable amount of a non-current asset. An impairment charge can be caused by a clear consumption of economic benefits or by a general fall in prices.

Income

Amounts which an authority receives, or expects to receive, from any source. Income includes fees, charges, sales and Government grants. The term "income" implies that the figures concerned relate to amounts due in a financial year irrespective of whether or not money was actually received during that year (i.e. on an accruals basis).

Indemnified

To protect against damage, loss or injury; insure.

Infrastructure Assets

Those non-current assets from which benefit can be obtained only by continued use of the asset created e.g. highways, footpaths and bridges.

Interest Costs (Pensions)

For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

Investments (Pension Fund)

The investments of the Pension Fund will be accounted for in the statements of that fund. However authorities (other than town parish and community councils and district councils in Northern Ireland) are also required to disclose, as part of the transitional disclosures relating to benefits, the attributable share of pension scheme assets associated with their underlying obligations.

DLUHC (Department for Levelling Up, Housing and Communities)

This is the Government department which has the main responsibility for Local Government. (Formerly known as MHCLG).

NDR

The form of local taxation charged on non-residential premises at a level set by the Government. As part of the grant distribution system (the Business Rates Retention Scheme) business rates are collected and a share retained by the local authority and the balance paid to the local preceptor.

Business Rate Pool

Trafford continues to be part of the Greater Manchester & Cheshire business rates pool, consisting of the ten Greater Manchester councils plus Cheshire East, Cheshire West and Chester.

Past Service Cost

The change in present value of the defined benefit obligation for employee service in prior periods resulting from a plan amendment (the defined benefit plan) or a curtailment (a significant reduction by the entity in the number of employees covered by the plan).

Precept

The amount levied by one authority which is collected on its behalf by another.

Present value of defined benefit obligation

The present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

Private Finance Initiative

An agreement with the private sector to design, build and operate facilities specified by an authority in return for an annual payment.

Projected Unit Method

An accrued benefits valuation method in which the scheme liabilities make allowances for projected earnings. An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to the benefits for pensioners and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependants, allowing where appropriate for future increases, and the accrued benefits for members in service on the valuation date.

Provisions

Sums set aside for losses or liabilities which are certain to arise but cannot be quantified with certainty.

Reserves

Amounts set aside to meet future costs.

Retirement Benefits

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either (i) an employer's decision to terminate an employee's employment before the normal retirement date, or (ii) an employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

Revenue Expenditure Funded from Capital under Statute (REFCUS)

Capital expenditure which does not produce a tangible asset (e.g. improvement grants or other expenditure on assets the authority does not own). These are charged directly to revenue in the year expenditure is incurred but are treated as capital for control purposes.

Revenue Contributions

Refers to the financing of capital expenditure directly from revenue in one year rather than from loan or other sources.

Revenue Expenditure

Recurring expenditure on day to day expenses such as employees, running expenses of buildings, equipment and capital financing costs.

Scheme Liabilities

The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflects the benefits that the employer is committed to provide for service up to the valuation date.

Settlement

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

Soft Loan

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

Stepped Interest Rate Loans

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

Trust Funds

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

Unsupported Borrowing

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

Vested Rights

In relation to a defined benefit scheme, these are:

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