



# Annual Statement of Accounts 2023/24

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## Our 2023/24 Narrative Report

### Introduction

Our Narrative Report draws together how we use our resources, delivery our strategy, and drive our performance in a transparent and accessible way. It shows how we've helped deliver intended outcomes and created value throughout 2023/24, and how we are planning ahead to respond as effectively as possible to future challenges.

### Our thriving and vibrant city

The city's diverse and growing population was estimated to be 618,000 in 2023 and forecast to be home to over 638,000 by 2025.<sup>1</sup> The 2021 census showed 43% of the residents are from Black, Asian and Ethnic Minority backgrounds compared to 33% in 2011. The city's growing economy has been crucial to its overall success and resilience, with GDP per capita having increased 44% in the decade to 2021. New homes continue to be built at pace, with around 3,000 having been completed during 2023/24, and a target of a total of 36,000 to be built by 2032. Manchester is the third most visited city in the UK and is renowned both nationally and internationally as a vibrant, inclusive, and outward-looking city.

While the city has made great progress, there are significant challenges including tackling health inequalities, developing a more inclusive economy, reducing homelessness, increasing affordable

housing, and supporting residents who are impacted by the cost-of-living crisis.

We closely monitor the implications of Government policy so that we are well placed to anticipate and mitigate negative impacts and take opportunities.

We will continue to work together with other authorities in our [city region](#) and use our collective powers and budgets to make local decisions aligned to the needs of our communities, partners and stakeholders.

### Our Council

#### Our commitment to good governance

We make decisions affecting Manchester and its residents on a daily basis. We are made up of 96 councillors elected by residents across the city's 32 wards. These elected representatives have the authority to make decisions affecting the city. Approximately 7,600 Council staff (March 2024) deliver public services across five directorates: Adult Social Care and Public Health, Children's Services, Neighbourhoods, Growth and Development and the Corporate Core.

We are responsible for conducting our business in accordance with the law and ensuring that public money is safeguarded, properly accounted for, and used economically, efficiently, and effectively. We are committed to the highest standards of conduct, progressing

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<sup>1</sup> Manchester City Council Forecasting Model (MCCFM W2023), Performance, Research and Intelligence, May 2024

towards the city's vision with robust controls over the use of resources, evidence-based and open decision making, and accountability and transparency. We have set out our governance standards in our [Code of Corporate Governance](#) (The Code). The Code explains how the vision and values of the organisation – the Our Manchester principles - are at the heart of the Council's approach to governance. Our [Annual Governance Statement](#) (AGS) reviews the extent to which we have met the Code's standards, and describes the progress made throughout the year in addressing our key governance challenges.

#### [Our strategy and objectives](#)

Our mission is to support the delivery of the vision for the whole city set out in the [Our Manchester Strategy](#). This ambitious strategy was launched in 2016 and re-set in 2021. It was developed through extensive consultation with local people, businesses and service providers and shows how the city came together to address its challenges and strive for a place in the topflight of world class cities. The five themes of the Strategy are:

- A thriving and sustainable city
- A highly skilled city
- A progressive and equitable city
- A liveable and zero carbon city
- A connected city

Work has begun on the next Our Manchester Strategy for 2025 to 2035. This has started with a period of intensive engagement with people across the city to inform its contents, where we will listen to

as wide and as a diverse an audience as possible. We are expecting to launch the new Strategy in December 2024.

The Corporate Plan describes the Council's roles in contributing to delivering the Our Manchester Strategy over the medium term. The themes of the Corporate Plan are intended to be corporate and cross-cutting priorities that all parts of the Council contribute to. The nine themes for 2023/24 were:

- Zero carbon Manchester: Lead delivery of the target for Manchester to become a zero-carbon city by 2038 at the latest, with the city's future emissions limited to 15 million tonnes of carbon dioxide
- Growth that benefits everyone: Boost the city's productivity and create a more inclusive economy that all residents participate in and benefit from, and contributing to reductions in family poverty
- Young people: From day one, support Manchester's children to be safe, happy, healthy, and successful, fulfilling their potential, and making sure they attend a school graded 'good' or better
- Healthy, cared-for people: Work with partners to enable all people to be healthy and well, narrowing the gaps between the healthiest and the least healthy. Support those who need it most, working with them to improve their lives
- Housing: Ensure delivery of the right mix of good-quality housing so that Mancunians have a good choice of quality homes

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- Delivering in Neighbourhoods: Work with our city's communities to create and maintain clean and vibrant neighbourhoods, with local services, that Mancunians can be proud of
- Connections: Connect Manchester people and places through good quality roads, sustainable transport, and better digital networks
- Equality: Deliver on our equality, diversity, and inclusion commitments to support Manchester's vision to be a progressive and equitable city.
- Well-managed Council: Support our people to be the best and make the most of our resources

As this reflects the Council's medium-term priorities, the nine overall themes remained the same in 2023/24. The more detailed priorities which underpin the nine themes were updated to reflect the context in 2023/24. Key changes which were reflected in our updated priorities included:

- The addition of a priority to prepare for and support the delivery of the new Greater Manchester Clean Air Plan.
- Placing a greater emphasis on getting the basics right and investing in improving service standards in neighbourhood delivery.
- Greater focus on enabling an integrated model of neighbourhood working across core public sector services including Health and Adult Social Care (through Integrated Neighbourhood Teams), Greater Manchester Police, Housing and Children's services.

- Strengthening our work on tackling inequalities with greater accountability, partnership working and delivery of services that more closely meet the diverse needs of our communities and people.

Looking ahead to 2024/25, the Corporate Plan has been further reviewed and streamlined to reflect the current context, and to reduce the number of themes from nine to seven, providing more clarity and focus. This was achieved by combining three previous themes of Housing, Delivering in Neighbourhoods and Connections into a new singular resident focused theme of 'Inclusive Communities, Thriving Neighbourhoods.' Progress made in delivering against these seven themes will be reported in next year's Narrative Report 2024/25.

Our Corporate Plan priorities are aligned to the strategy for the city and the city region, and they inform the Council Business Plan and Budget Reports. Our [Revenue Budget and Capital Budget](#) aligns to the Our Manchester Strategy and what Manchester people value most.

Our Council Business Plan is the internal document that sets out the activities that we need to deliver to achieve our Corporate Plan priorities. The Business Plan is developed using a collaborative approach with input from key senior officers across all Council Directorates.

The Council Budget and Business Plan are underpinned by individual service plans which set out the core priorities and activities for each service. The service plans also include a service

improvement plan and active contributions to the corporate priorities of Tackling Climate Change, Advancing Equality, Diversity and Inclusion, Place-Based approach, and a new section for UNICEF Child-friendly city.

Each service plan outlines the successes of the last financial year (2023/24), the key priorities for the coming financial year (2024/25), and the critical tasks needed to achieve them.

‘Our Conversation’ is the Council’s new approach to performance and development and replaces the former ‘About You’ process. Developed with staff, ‘Our Conversation’ provides a framework for meaningful discussions and for managing performance across the Council, ensuring regular discussions and annual performance and development reviews.

The diagram below illustrates the ‘golden thread’ that connects our high-level strategies through business and service planning to team plans and Our Conversation meetings between officers and their line managers. This diagram clearly illustrates every Council officer’s role in delivering the priorities for the city.



### Our Culture and Values

To support the delivery of the Our Manchester Strategy, the Our Manchester approach was developed. This recognised that to deliver the ambitious strategy, we needed to work in a way that was more strengths-based and founded on a common set of principles that would be embedded across the Council and adopted by organisations across the city. There are now five Our Manchester behaviours, with the fifth being added in 2022, as

equality, diversity and inclusion was not explicit enough in the original four behaviours:

- We are proud and passionate about Manchester.
- We take time to listen and understand.
- We own it and are not afraid to try new things.
- We work together and trust each other.
- We show that we value our differences and treat people fairly

The Our Manchester approach is the way we do things, rather than a thing we do. The behaviours are the Council's organisational values, and work is continuing to embed them into our policies and processes.

### [Delivering Our Corporate Plan](#)

The following sections detail our strategies, objectives, and achievements for each of Our Plan's nine priorities.

1. Zero-carbon Manchester - Lead delivery of the target for Manchester to become a zero-carbon city by 2038 at the latest, with the city's future emissions limited to 15 million tonnes of carbon dioxide

The Council [declared a climate emergency in July 2019](#), which recognised the need to do more to reduce CO<sub>2</sub> emissions and mitigate the negative impacts of climate change. It also demonstrated the Council's commitment to be at the forefront of the global response to climate change and to lead by example.

Manchester as a city has adopted a science-based carbon budget of 15 million tonnes of CO<sub>2</sub> between 2018 and 2100, following analysis by the Tyndall Centre for Climate Change Research in 2018. This commits the city to become zero carbon by 2038 at the latest. Records show that between 2018 and 2020, approximately 9.54 million tonnes of the city's carbon budget have been used.

To help the city stay within the carbon budget, the Council, which accounts for around 2% of the city's emissions, has committed to deliver at least a 50% reduction in direct carbon emissions from our buildings, energy, and transport by 2025 which equates to a 13% year on year reduction.

The Climate Change Action Plan 2020-25 (CCAP) was developed to ensure that all aspects of the climate emergency declaration are converted into clear actions, with tonnes of CO<sub>2</sub> (tCO<sub>2</sub>) savings included where applicable. The purpose of the CCAP is to capture progress, set out new milestones and include new actions to ensure the Council remains on track to reduce its own carbon emissions and leads by example, giving renewed focus on the city-wide actions, the Council's leadership role, and helping others to take action.

The Council's carbon budget for the current CCAP 2020-25 is 126,336 tCO<sub>2</sub>. So far, between April 2020 and March 2023 62.3% of this allocation has been used, therefore the Council is on track to remain within this carbon budget.

As the CCAP is delivered, [regular progress reports](#) are produced, which outline emissions reductions activity, highlight key achievements and risks and how individual actions are being progressed. Recent achievements include:

- £25.4m invested into energy efficiency and decarbonisation measures to improve 18 Council buildings saving 3,100 tCO<sub>2</sub> per year
- GMCA, in collaboration with the Council, has secured funding from the Department for Energy Security and Net Zero (DESNZ) via the [Local Net Zero Accelerator pilot programme](#). £7m has been awarded to GMCA and partners to explore over two and a half years how net zero actions could be delivered at scale within a localised area.
- The Council has awarded the contract to purchase direct renewable energy supplies via a Power Purchase Agreement (PPA). This will provide a traceable renewable energy source to deliver CO<sub>2</sub> savings to the Council, starting in 2025.
- In December 2023, the Council's first Single Use Plastics Action plan was approved at Environment, Climate Change and Neighbourhoods Scrutiny.
- Ward Climate Change Action plans were published publicly, each outlining SMART actions to be delivered.

Our CCAP sits alongside the citywide [framework](#) produced by Manchester Climate Change Partnership, which was updated in 2022. The framework sets out what Manchester collectively must do as a city, to play its full part in limiting the effects of climate change and achieving the carbon reduction targets set for 2020-25. While the Council is currently on target to reduce its direct organisational emissions at the required rate, the wider city is not on target. This makes the Council's role in influencing others in the city to decarbonise by 2038 at the latest vital.

A new CCAP is currently in development for 2025-30 and will include both Council and citywide actions to ensure we are continuing to mitigate and adapt, to become a climate resilient city.

2. Growth that benefits everyone - Boost the city's productivity and create a more inclusive economy that all residents participate in and benefit from, and contributing to reductions in family poverty,

In 2023 Manchester adopted a new economic strategy, [Investing in Success](#), that sets out our plan to build on the positive trajectory established in recent years, continuing to grow the economy in a way that is more inclusive and sustainable. Investing in Success will guide the city's economic development over the next ten years, and is based around five themes:

1. Use investment and development to drive inclusive growth
2. Nurture thriving, productive and innovative sectors
3. Develop world class infrastructure, places, and talent

4. Transition to a zero carbon and resilient economy
5. Include more people in economic opportunity

The strategy draws on some of the latest available research including the Resolution Foundation's [Economy 2030 Enquiry](#) and in particular its report focusing on Manchester, [A Tale of Two Cities](#). The Resolution Foundation's Enquiry interrogated available data to set out what the city needs to do to continue to achieve growth in absolute terms and in terms of productivity per capita. It also set out what the city needs to do to connect that growth back to Manchester's existing residents to ensure that the benefits of growth are felt across the city and not just in the centre.

The latest available data shows:

- GDP per capita increasing 44% from 2011 to 2021
- Only 10% of residents had no qualification in 2022 compared to 24.7% in 2004<sup>2</sup>
- The number of children in poverty increased to 59,133 in 2022

The increase in the number of children in poverty is largely due to factors outside of the city's control, including wider economic conditions and the way that the welfare system operates.

We continue to make progress in delivering Manchester's [Work and Skills Strategy](#) which is our plan for improving skills, access to

training and access to employment for Manchester residents.

Highlights of activity for the year include:

- Delivery of several jobs fairs and small to medium sized enterprise (SME) roadshow events around the city
- Launch of the Ambition programme to support residents into more highly skilled and highly paid roles
- Support for work clubs around the city, including embedding the Multiply numeracy programme
- Various initiatives to support people furthest from the labour market including young people who are not in education, employment, or training (NEET), over 50s, and communities experiencing racial inequalities.
- Continued roll out and promotion of the Real Living Wage Campaign.

Manchester's Digital Strategy team also continue to progress delivery of the Manchester Digital Strategy, improving access to technology and harnessing the benefits of technology for the city.

Highlights of activity for the year include:

- Launched a Digital Inclusion Toolkit
- Funded two Digital Careers Education pilots
- Signing a memorandum of understanding (MOU) to outline commitment to ways of working with Freshwave and Virgin Media O2 (VMO2) regarding the deployment of 5G small

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<sup>2</sup> Data up to 2021 is aligned to National Vocational Qualifications (NVQ) while data from 2022 is aligned to Regulated Qualifications Framework (RFQ)

- cells (a cost-effective method of extending 5G coverage) across 25 city centre sites
- Sponsoring the Pathways into Tech programme of 2023's Manchester Tech Festival
- Development of a Digital Health Hubs model in Wythenshawe and Northenden with further roll out planned in Crumpsall and Cheetham Hill. These Hubs provide residents with relevant NHS app training through partnerships with local organisations and libraries.

More detail on the Digital Strategy is provided in section 7 - Connections.

This year the Council has placed renewed focus on social value as a route to creating a more inclusive economy. While we have achieved a lot in this area in recent years, we also recognised that more could be done. A programme of activity is now underway, led by a newly appointed Social Value Programme Lead, to improve processes, monitoring, reporting and to maximise the impact of social value in Manchester. Workstreams include:

- Further embedding social value into procurement and commissioning
- Learning and development (formal and informal)
- Brokerage to better connect opportunities with local need
- Strategic bespoke approaches for spatial and thematic areas
- Communication and external influence

Highlights of the impact of social value in Council contracts include:

- 128 inclusive education activities for 4,000 students as part of the programme to modernise the building services at the National Cycling Centre
- 15 apprenticeships with Equans through the Council's Facilities Management Contract
- Over 170 jobs for North Manchester residents through Victoria North
- 16 Manchester jobs created and sustained through Morgan Sindall's work on the Gorton Hub

Manchester's Anti-Poverty Strategy (APS) remains our main route to tackling poverty in the city. While child poverty continues to rise in absolute terms due in large parts to factors outside our control, actions, and projects underway include:

- Bringing the APS into the wider work of Making Manchester Fairer
- Investing in helping people through the cost-of-living crisis, including £35m investment to help residents struggling to make ends meet. This includes hardship funds and increased Council Tax Support (to keep bills much lower for the poorest households).
- Recruitment and launch of the Anti-Poverty Insight Group
- Beginning work to re-tender the city-wide Advice Contract
- Adopting the socio-economic duty, which requires public bodies to adopt transparent and effective measures to address the inequalities that result from differences in occupation, education, place of residence or social class

Our focus for the next year will be to continuing to implement and deliver the Work and Skills Strategy, Anti-Poverty Strategy, and the new economic strategy (Investing in Success).

3. Young People - From day one, support Manchester's children to be safe, happy, healthy, and successful, fulfilling their potential, and making sure they attend a school graded 'good' or better

Manchester's [Children and Young People's Plan 2020 – 2024](#) sets out our vision and priorities for the city's young people. Children and young people matter in Manchester and are our city's key asset. The Plan highlights how agencies and organisations work together with children and young people to ensure that they can enjoy a safe, happy, healthy, and successful future.

Local Authority Children's Services are subject to the [Ofsted Framework for Inspection of Local Authority Children's Services](#) (ILACS) which focuses on the effectiveness of local authority (Council) services and arrangements. Manchester Children's Services was judged 'good' by Ofsted in 2022 and is now amongst the top performing local authorities for services to children in the North-West. We are proud of that recognition and of what we have achieved since.

Our performance against priorities during 2023/24 compares positively to national, regional and core city data and highlights are as follows:

#### Children and Family Services

We are committed to helping children and families earlier to avoid the unnecessary escalation of need to crisis point. When there is a need for the Council to be involved in children's lives, we do this with focus, purpose and in partnership with parents, carers, and other agencies such as police and health.

- Referrals to Children's Services continued to reduce from 575 per 10,000 population in 2022/23 to 514 per 10,000 in 2023/24, and repeat referral rates were stable at 19.6%, showing a positive four-year trend compared to statistical neighbours
- The rate of Children in Need (CIN) is 421 per 10,000 population, which meets our target of being less than 500 per 10,000
- There has been improved engagement and participation in child protection planning through Family Led Conferences and improved outcomes for CIN. Eleven parenting courses have been delivered across the city, which were fully completed by 80.6% of participants
- Thriving Babies, Confident Parents courses have delivered targeted and specialist intervention to 200 babies and their families over the last two years and 85% of babies at risk of becoming cared for were able to safely stay at home as a result. Thriving Babies, Confident Parents was nominated for and won the iNetwork Transforming & Innovating Public Services (TIPS) Award in March 2024.

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- Following intervention by the Complex Safeguarding Hub (CSH), a multi-agency co-located hub aiming to identify and disrupt exploitation, 73% of children and young people who were at risk re-engaged with education, training, or employment and 91% were living in stable accommodation
- A service supporting children at risk of becoming cared for (known as 'on the edge of care'), has reduced the number of teenagers becoming cared for children, with 94.7% of those receiving the service in 2023/24 able to reside at home following intervention and support
- There has been improved stability of children in our care with less children having three or more placement moves bringing us very close to our target of 9%
- We have eased financial hardship for our care leavers living independently, by increasing the setting up home grant (an allowance to help care leavers buy essential things when moving into their own home) by 33%.
- In March 2024, the percentage of primary schools rated good or outstanding by OFSTED was 88.9%, below the national average (91.2%) and below the same period in 2023 (91.1%). The percentage of secondary schools rated good or outstanding was 83.3%, the same as the national average for secondary schools (83.3%) and slightly above the same period in 2023 (82.8%).
- Attendance for all schools (including PRU and special schools) in term one increased from 92.9% in 2022 to 93.5% in 2023.
- 168 of our schools have received the Rights Respecting Schools Award, demonstrating that they put children's rights at the heart of school life
- Manchester Parent Carer Forum provides the strategic voice of parents, complemented by around 1,500 Parent Champions and other parent carer groups.

### Education and SEND (Special Educational Needs and Disabilities)

- In January 2024, 95% of Early Years settings are good or better (a 1% increase from January 2023) and 97% of childminders are good or better (a 5% increase from January 2023)
- In 2023/24, 92% of eligible three and four-year-olds are accessing free entitlement to Early Years provision (up from 91% in 2022/23)

### Our Priorities for 2024/25

Looking forward to 2024/25, Children's Services have reviewed and developed their Directorate Plan and the 'Manchester Children and Education Services – Taking It to the Next Level 2024-2028' has been developed. Our Priorities for 2024 to 2028 are:

- Priority 1: We will help children to live well in their families and communities and feel they belong; providing timely and effective support so that their parents and carers enable them to be safe, happy, healthy, and successful.

- Priority 2: We will succeed in our roles as corporate parents so that children in our care achieve outcomes that are equal or better to all children.
- Priority 3: We will work to ensure children are safe from harm outside the home and work with parents, carers, and other professionals to mitigate vulnerability, disrupt and prevent them being exploited, harmed, or involved in offending.
- Priority 4: We will develop, deliver, and influence effective commissioning of the best services which are equitable and responsive to children and families' needs, and which are informed by them.
- Priority 5: We will work with schools and settings to enable appropriate, inclusive, and high-quality education for every child to develop and be successful.
- Priority 6: We will help children and families to be confident, independent, and resilient, and to prepare for transitions in their lives, including into adulthood.

Our priorities have been informed by the discovery phase of the UNICEF Child Friendly City bid where over 11,000 children and young people's voices were heard. The bid will see the Council and local partners putting children's rights into practice over the coming years as we work towards our shared goal for Manchester to be a UNICEF Child Friendly City. We will contribute to the seven Child Friendly City badges that are the focus of the drive to become a UNICEF Child Friendly City (Safe and Secure; Healthy; Place; Equal

and Included Culture; Communication; Cooperation and Leadership).

4. Healthy Cared for People - Work with partners to enable all people to be healthy and well, narrowing the gaps between the healthiest and the least healthy. Support those who need it most, working with them to improve their lives

The Manchester Partnership Board (MPB) is the strategic citywide forum responsible for agreeing the shared priorities and strategic direction for health and social care; ensuring integrated and aligned delivery across health and social care; and agreeing resource allocation within its delegated scope of responsibility. It reports into the Health and Well Being Board and the NHS Integrated Care Board. Manchester has had a shared Locality Plan since 2016 and a Local Care Organisation since 2018. NHS reforms to introduce Integrated Care Systems nationally, including at the level of Greater Manchester, present an opportunity to further integrate care, improve the quality of care, improve outcomes and tackle health inequalities in Manchester.

The Council is an integral part of health and social care partnership arrangements, both at Greater Manchester level and within the city of Manchester. The Council's Adult Social Care (ASC) services and commissioning function are fully integrated into the Manchester Local Care Organisation (MLCO). This is a pioneering public sector partnership organisation that provides NHS community health services (via Manchester University NHS Foundation Trust) and

adult social care services in Manchester. This includes social workers, district and community nurses, health visitors, therapists, care staff, support staff and many other health and care professionals. Since 2019, ASC and some community health commissioning has been deployed into the MLCO. The MLCO enables the teams to work together as part of one single organisation, meaning that care can be better coordinated in communities. The MLCO was established to deliver neighbourhood based integrated health and social care and it provides health and social care services, care for people from the earliest days, through early years, school, into adulthood and even at the end of life. At some point MLCO services will have contact with almost every person in the community.

Through working together in integrated health, care, and wellbeing teams, we can support the people of Manchester to:

- *Live healthy, independent, fulfilling lives.*
- *Have the same opportunities and life chances, no matter where they live.*
- *Have equal access to health and social care services.*
- *Be part of dynamic, thriving, and supportive communities*
- *Receive safe, effective, and compassionate care, closer to their homes.*

Through the Manchester neighbourhood approach, public service partners in Manchester work together to deliver services to residents in their neighbourhoods through the TANs (Teams Around the Neighbourhood) using a common framework, detailed further in Section 6 – Delivering in Neighbourhoods. The LCO's

Integrated Neighbourhood Teams (INTs) are a key partner in the TANs and provide health, care and wellbeing leadership and expertise to the multiagency approach. They work in partnership with the Primary Care Networks (PCNs), VCSFE and other local partners using the Population Health Management (PHM) methodology to drive shared plans for targeted actions to address health inequalities for Manchester residents (2023/24 priorities have been hypertension, diabetes, and bowel cancer screening). The PHM approach will continue into 2024/25 and will also be extended to address childhood asthma in four of our Neighbourhoods.

Through the Better Outcomes, Better Lives programme, significant progress has been made in embedding strengths-based practice, increasing our prevention approaches, and making best use of short-term support to increase people's independence. Successes include:

- Establishing the Adults Early Support Team, a multi-agency team established to work alongside the Corporate Contact Centre to provide strength-based, holistic triaging and providing the right kinds of support to people much earlier. More calls are now resolved at this point, up from 55% in April 2022 to 66% in February 2024.
- Increasing use of Technology Enabled Care (TEC) to support increased independence; the percentage of new support plans that include an element of TEC has increased from 14% in 2021 to 27% in 2022, and 41% in 2023.

- In March 2024, 67% of people leaving Reablement required a reduced or no package of care. When the programme began in January 2020, this was 53%.
- Maintaining the focus on increasing independence and preventing, reducing, and delaying someone's need for longer term care will continue to be the strategic focus for the service.

The introduction of the Integrated Care System (ICS) arrangements at Greater Manchester level continues to drive the next phase of health and social care integration. The operating model for Manchester's health and social care integration is key to enabling further progress towards achievement of the priorities for the city. These ambitions are for the city to significantly improve health outcomes, tackle health inequalities and develop a financially and clinically sustainable system.

Tackling health inequalities in Manchester is a key strategic priority for the Council and all health and care partners. This is being taken forward through the Making Manchester Fairer Action Plan.

#### [Making Manchester Fairer](#)

Making Manchester Fairer (MMF) is the Council's five-year action plan and long-term ambition to address health inequalities in the city focussing on the social determinants of health.

In the wake of the COVID-19 pandemic and considering the cost-of-living crisis, the need to tackle inequalities in the city continues to

be a corporate priority. The delivery of MMF is summarised by its themes, principles, and ways of involving communities set out below.

- Themes – Early Years, Children and Young People, Poverty, Income and Debt, Work and Employment, Prevention of Ill Health and Preventable Deaths, Homes and Housing, Places, Transport and Climate Change, Systemic and Structural Racism and Discrimination, Communities and Power.
- Principles – Proportionate universalism and focus on equity; Respond to and learn from the impact of COVID-19; Tailor to reflect the needs of Manchester; Collaboration, creativity, and whole system approach; Monitoring and evaluating to ensure we are narrowing gaps; and taking a life course approach.
- Ways of Involving communities (based on insight from community group engagement) – Listen to us, Trust us, Employ us, Create, and support the conditions for social connections to develop and flourish.

Recognising the impact poverty has on health outcomes, the Anti-Poverty Strategy (APS) that was adopted by the Council in January 2023 has been integrated into MMF. The APS will inform implementation of interventions to positively impact residents' lives over the medium to long-term, whilst MMF will provide the system changes needed to tackle poverty.

Four Kickstarter schemes have been identified to improve health equity, exemplify the MMF principles, and build momentum for the

delivery of the plan. Delivery of Phase one Kickstarter Schemes began in 2023, which focus on:

i) Supporting children, young people, and their families, particularly those most impacted by the cost-of-living crisis and those from communities that experience racial inequality. This will be done by providing:

- a three-tiered approach (intensive, targeted, and universal) of holistic support for children and families, targeted at schools and areas with poorer outcomes
- a targeted early support to improve mental and emotional wellbeing for young people in high-risk population groups.

ii) Early help and support for adults experiencing multiple and complex disadvantage, and barriers to having good health and wellbeing. This offers a holistic approach to individuals receiving services and support which is tailored to their needs, as well as strengthening links between people and communities.

Phase two of the Kickstarter scheme delivery models are currently under development, with a view to implementing these later in 2024. They will focus on:

i) Integrating employment, health and wellbeing services for people who are out of work or at risk of being out of work due to physical or mental ill-health

ii) Supporting residents to become active in their neighbourhoods and communities - a campaign built on grass-roots activities, celebrating the diversity of Manchester, and the broad range of activities that can help people to stay fit and active. Homelessness

## Homelessness

The Council joins partners in the citywide vision to work towards ending homelessness in Manchester. The refreshed [Manchester Homelessness and Rough Sleeping Strategy 2024-27](#) sets out the vision, aims and aspirations alongside a comprehensive action plan which will make the vision a reality. The aims are:

- To make homelessness a rare occurrence: increasing prevention and earlier intervention at a community level
- To make homelessness as brief as possible: improving temporary and supported accommodation so it becomes a positive experience
- To make the experience of homelessness unrepeated: by increasing access to settled homes and providing the right support at the right time.

Alongside this, the service has four priorities which offer a thematic and solution-focused response to working towards ending homelessness in Manchester. These are:

- Increasing prevention - Supporting people at risk of becoming homeless and ensuring people at risk of homelessness can stay in their existing home, or make a planned move to alternative accommodation
- Reducing rough sleeping - Providing a range of advice, accommodation, and support services to people sleeping

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rough so they can move away from the streets and access and sustain long term, settled accommodation

- More suitable and affordable accommodation - Increasing access to settled homes for people at risk of, or experiencing homelessness
- Better outcomes, better lives - Ensuring we redress structural and systemic inequalities which might require us to equalise access to services to ensure equal opportunity across our communities

Access to services is the shared theme that sits across all four priorities.

Key achievements in 2023/24 include:

- Co-produced the Manchester Homelessness and Rough Sleeping Strategy 2024-27 with wider services and partners
- Reduced the numbers of people sleeping rough from 58 in November 2022 to 48 in November 2023
- Reduced families in Bed & Breakfast accommodation from 227 in February 2023 to 3 at the end of March 2024
- Reduced the number of families in Bed & Breakfast accommodation over 6-weeks from 135 in February 2023 to none in March 2024
- Reduced the number of single people in Bed & Breakfast accommodation from 581 in February 2023 to 27 at the end of March 2024
- The Afghan Bridging Hotels were closed successfully with most Afghan households moving on with positive accommodation options.

- Opened a refugee rest centre to respond to the refugee situation in Manchester
- Delivered Local Authority Housing Fund (LAHF) properties for Ukrainian and Afghan Families
- Created 766 private rented sector tenancies as settled accommodation for people who are homeless up to end February 2024
- There were 240 move-on options into the private rented sector under the Accommodation for Ex-Offenders (AFEO) scheme up to end February 2024

Key priorities for the 2024/25 financial year include increasing prevention, reducing rough sleeping, supporting more suitable and affordable accommodation, supporting the Better Outcomes, Better Lives programme, and improving access to services. In Manchester domestic abuse is a major cause of statutory homelessness. The Council will commission an expanded support scheme called Safer at Home, which provides added security measures and support to households to enable them – where this is appropriate - to remain in their current home and avoid the stress and upheaval of moving to temporary accommodation.

[5. Housing - Ensure delivery of the right mix of good-quality housing so that Mancunians have a good choice of quality homes](#)

The [Manchester Housing Strategy \(2022-2032\)](#) was adopted by Executive in July 2022. It sets out our long-term vision for how best to deliver the city's housing objectives based on the following priorities:

1. Increase affordable housing supply and build more new homes for all residents
2. Work to end homelessness and ensure housing is affordable and accessible to all
3. Address inequalities and create neighbourhoods and homes where people want to live
4. Address the sustainability and zero carbon challenges in new and existing housing stock

The strategy sets a target of delivering 36,000 new homes by 2032. Just under a third of these (10,000) will be affordable – with as many social rented homes as possible. This responds to the principal housing challenge for the city which is undersupply across all tenures.

Current estimates suggest that around 3,000 new homes were completed across Manchester during 2023/24 including around 700 new affordable homes. This represents a notable recovery from the drop in housing completions experienced in 2022/23 (around 1,900 homes built), which was the consequence of the sector continuing to face challenges linked to supply-chain issues, material shortages, post-Brexit labour shortages, and increased construction costs linked to rising inflation. The approximately 700 new affordable homes will represent a record year for affordable housing delivery in Manchester in recent history. Taken altogether, over the two years since the beginning of the Housing Strategy period (2022/23 and 2023/24), there will have been almost 5,000 completions including around 1,150 affordable homes. This represents 14% of the total Housing Strategy target (36,000) in the first two years of

the 10-year period and nearly 12% of the 10,000 affordable completions target.

The Council remains confident that it will be able to grow its capacity to deliver the overall Housing Strategy target of 10,000 affordable homes, with development activity expected to remain high, especially for schemes delivering in and around the city centre.

In total, over 12,000 new homes (both at market rate and affordable) are currently under construction across the city and over 15,000 more have planning approval but are yet to start on site. Over 18,000 of these homes are expected to complete within the next five years, potentially taking us to just over 60% of the Housing Strategy target by 2027. Of these, over 1,500 new affordable homes are under construction across Manchester and around a further 1,700 have planning approval (but are yet to start on site). The city centre has become an increasing focus for the delivery of these new affordable homes with 159 affordable homes completed since April 2022, with around 700 currently under construction and a further 285 with planning approval.

In November 2022 we launched our Enabling Independence Accommodation Strategy (EIAS) which sets out a partnership approach to improving housing with care and support options to meet people's needs and better enable their independence. This year we commissioned the Housing Learning and Improvement Network (LIN) to undertake housing needs assessments for Mental Health, Learning Disability and Autism and Extra Care provision which identified the need for around 1,000 new homes to support

residents with those specific needs by 2033, plus additional designated move on and replacement homes where accommodation is ageing and no longer suitable. Developing an appropriate portfolio of sites will be key to meeting the need for additional supported housing. Work is progressing well at Russell Road in Whalley Range where the Council are working in partnership with Great Places and the LGBT Foundation to deliver around 80 new social rent homes in the UK's first coproduced new build LGBTQ+ majority Extra Care scheme. The site will also deliver around 40 new Shared Ownership homes by 2027.

Improving the safety, quality, and management of private rented sector (PRS) homes (our largest tenure type and where most of our citizens live) is a key priority for the city. Selective licensing is a useful tool to apply targeted interventions to the PRS in the most challenging areas of the city which we will continue to roll out across areas of the city. Five areas were designated in 2023 (Levenshulme, Longsight, Moss Side, Whalley Range and Rusholme), taking the total number of homes benefiting from live selective licencing schemes to just over 2,000. This summer we will be consulting with residents, landlords and businesses about designating a further nine areas across six wards, encompassing around a further 1,900 homes.

Improving the efficiency of the city's housing represents a key element of our collective aim to become a zero-carbon city by 2038. The Housing Strategy commits us to identifying ways to improve the energy efficiency of social housing, through retrofitting existing stock and increasing the proportion of low and zero-carbon

homes in the affordable pipeline. A commitment to developing a complementary Retrofit Plan across all tenures has also been made. We have already secured grant funding from government to enable us to deliver a programme of housing retrofit in up to 1,600 properties within Council owned and managed housing and to improve up to 500 properties in the private sector. These programmes are being mobilised and delivery will be over the next 18 months to two years.

#### [Housing Services](#)

Housing Services manage over 12,500 Council homes across North Manchester. The Housing Services Improvement Plan will continue to deliver improvements for residents in Council owned housing in the north of the city, ensuring that we meet the requirements of the Social Housing Regulator. The plan focuses on key priorities such as resident led, safer housing, decent homes and improving resident satisfaction with our repairs service, as well as other aspects of housing management. Our focus continues to centre on delivering the priorities set out in our vision, A Place Called Home, which aims to improve service delivery through:

- Resident led services, putting them at the heart of everything we do.
- High quality housing services and home improvements for secure, warm, sustainable homes.
- Welcoming, safe, and vibrant neighbourhoods.

Our key achievements in 2023/24 include:

1. Continuing the improvement of our core business to residents, most notably repairs and maintenance, including the prevention and remediation of damp and mould, and compliance.
2. Preparing and embedding the new social housing regulatory framework at Manchester, where Council homes will now come under the same regulatory regime as housing associations and will be inspected and regulated from April 2024. This includes the Tenant Satisfaction Measures, the Social Housing Act, Awaab's Law, and Building Safety Act.
3. Completed the recruitment of a new strategic leadership team and designed the new operating model for Housing Services to support the delivery of the strategic priorities set out in A Place Called Home.

Our service priorities for 2024/25 are:

1. The delivery of a high-quality repairs service for our residents through effective contract management of our repairs partner and commencing the planning for direct delivery (DLO) by the Council.
2. Improve the safety and satisfaction of our residents by embedding the new social housing regulatory framework at Manchester, including the Tenant Satisfaction Measures, the Social Housing Act, Awaab's Law, and Building Safety Act.
3. Improve the quality of our homes and ensure we meet the Decent Homes Standard through the implementation of the

asset management strategy and the delivery of an ambitious capital investment programme.

The Council's ongoing response to Grenfell and the new Building Safety Regime involves continuing to make safe all high-risk buildings within Manchester, including retrospectively fitting sprinkler systems to eleven tower blocks within the Miles Platting and Brunswick Private Finance Initiative (PFI) areas.

[6. Delivering in Neighbourhoods - Work with our city's communities to create and maintain clean and vibrant neighbourhoods, with local services, that Mancunians can be proud of](#)

The provisional recycling rate for Manchester for 2023/24 is 39.2%, up from 38.8% in 2022/23 across around 246,000 properties. We have delivered campaigns throughout the year tackling cigarette litter, chewing gum, and dog fouling. Eye catching cigarette litter bins were installed in and around the city centre creating a wealth of conversations and reminding people about the harmful impact of discarded cigarette butts. The biggest event is the Great British Spring Clean, and in 2023 more than 1,500 litter pickers were provided to volunteers and more than 150 clean up events were supported. Love Parks Week saw children and families enjoying litter picking alongside sports and story-time at some of Manchester's favourite parks.

Based on the organisations taking part in the Cultural Impact Survey in 2022/23, we achieved 6.9m visits to cultural venues and audiences of 5 million from 12,301 productions and commissions,

supporting 4,464 jobs and generating £264 million Gross Value Added (GVA). We were the only UK city to feature in Lonely Planet's Best in Travel 2023 list of top 30 global cities.

Securing, developing, supporting and sustaining a diverse and balanced portfolio of cultural, sporting, civic and commercial events for the city that deliver maximum benefits for residents and visitors and enhance Manchester's profile has been a core focus of [Manchester's Events Strategy](#). The model is based on strong partnerships and the calendar of events delivered in Manchester's parks, venues and public spaces over the past 12 months has demonstrated how the event sector has continued to rebuild to pre-pandemic levels. Over 60 organised or facilitated events across 200 event days has been delivered including 25 national and international elite sports events drawing in an estimated 1.5m visitors and spectators into the city. Manchester's international profile was strengthened through the staging of the World Taekwondo Grand Prix, the IPC World Para Swimming Championships and the Davis Cup Final Group Stage, before Chanel presented their annual Métiers d'Art show, generating over £8m of direct economic impact and £120m media value. The city also secured the first European Capital of Cycling which will see a focus on cycling during 2024 and beyond acting as a catalyst to transform and enhance the cycling offer in the city.

Work with partners to establish a Manchester Major Events Commission has progressed with representation from key funding stakeholders to ensure we have a sector wide, long-term focus on developing the approach and bringing new events to Manchester

(such as WOMEX and MTV), ensuring the programme is diverse and celebrates what is great about Manchester.

It has been another progressive year for Manchester Active as they continue to support making Manchester fairer for all residents, building on Manchester's global reputation as a city alive with sport, assisting hundreds of clubs, groups, volunteers and organisations, supporting thousands of patients with long term health conditions and encouraging and inspiring all Mancunians to move more each day. Highlights over the last 12 months include over £100 million of capital investment (to include over £20m in carbon reduction technologies) into community and elite facilities, renewing public sport and leisure assets and developing active places in parks and green spaces. 20 projects have progressed to include the brand-new Abraham Moss Library and Leisure Centre, including investment in the Northwest's first Urban Cricket Centre, refurbishment of the Manchester Aquatics Centre and National Cycling Centre.

Manchester's Leisure Centres welcomed continued growth with a total of 2.76m utilisations, 1.28m attendances by women, with 30% utilisation from Black, Asian, and other Minority Ethnic residents and 138,709 active participants accessing leisure. Annual priorities also included free holiday activities and hot meals for thousands of local children via the Holiday Activity and Food Programme (HAF) which saw 354 providers (108 unique), 5,415 sessions, 164,123 engagements, 34,443 unique participants, 2,627 SEND children and young people. Manchester's physical activity pathway for the most inactive and those living with long term health conditions has been

strengthened with the Physical Activity Referral Service (PARS) team receiving 7,269 referrals, 12,946 attendances, 2,499 classes, 71.5% engaged with the service from referral, 4,085 completed and independently exercising, and improved referral wait time to 2-4 weeks (previously 8-9 weeks).

We have managed to invest £3.5m into the park's estate, supporting over 150 individual community work packages. We have seen an uplift in events and activity in parks which have increased by 16% over the last year. We have also seen income grow year on year, now up by 96% since 2016. Parks have seen a 13% increase in visits on pre-pandemic levels, with an estimated 4.7m now visiting parks each year.

Our Neighbourhood Teams lead working with other services to ensure a focus on getting the basics right. A core part of this is a programme of community engagement activity, working with partners and ward members through ward coordination to ensure a resident focused approach when delivering in our neighbourhoods. Our work with key partners such as Greater Manchester Police (GMP) has been strengthened. We continue to deliver against a refreshed Community Safety Strategy, and this year have refreshed the Anti-Social behaviour policy and procedures. The Serious Violence Strategy is now in place which was an instrumental element of the Joint Targeted Area Inspection. Inspectors described the partnership as strong and effective.

Place-centered leadership and delivery is at the core of the city's approach to public-service reform, Bringing Services Together for People in Places. The model is based on strong partnership

structures and spans strategic oversight to local ward-based delivery. The city has been divided into a 13-neighbourhood footprint.

A key part within Bringing Services Together for People in Places governance arrangements, are the Teams Around the Neighbourhoods (TAN) introduced in Section 4 – Healthy, Cared-for People. The TANS bring together leads to address key priorities that span a bigger geographical footprint, ensuring a link back to ward-based activity. Each of the thirteen TANs have agreed four to five key priorities for their neighbourhood that focus on the issues that all agencies can work together on such as debt, poverty, anti-social behaviour, health and wellbeing advice and messaging. Multi Agency Prevention and Support (MAPS) case management forums offer Early Help to around a hundred adults impacted by multiple disadvantages through intensive Voluntary, Community, Faith, and Social Enterprise (VCSFE) key worker support. These are currently embedded across four neighbourhoods (Old Moat, Withington and Fallowfield; Harpurhey Charlestown and Higher Blackley; Wythenshawe; Ancoats, Clayton, Bradford, Beswick and Openshaw).

#### [7. Connections - Connect Manchester people and places through good quality roads, sustainable transport, and better digital networks](#)

Half of Greater Manchester's buses are now under local control – totalling 324 routes. That includes the first two groups of Bee Network routes launched in September 2023 in Bolton, Wigan, Oldham, Rochdale, and parts of Bury, Salford and Manchester. All

Greater Manchester's buses are on track to join the Bee Network by January 2025. Routes, timetables, and fares will all be under public control, which will deliver a simpler fare structure, integrated ticketing between bus and Metrolink, real time information and greener, fully accessible buses.

The [Greater Manchester Cycling and Walking Infrastructure Plan](#) details how Greater Manchester will create a genuine culture of cycling and walking. Greater Manchester has received £160m of funding for projects that will improve the highways network, to make it easier and more attractive for people to take shorter journeys on foot or by bike. The Council has delivered walking and cycling infrastructure improvement schemes in Chorlton and the Northern Quarter and continues to do so in Levenshulme and Burnage, Victoria North, and Deansgate.

The [Manchester Active Travel and Investment Plan](#) (MATSIP) now provides a basis for ongoing development of active travel projects. The MATSIP vision is that everybody in Manchester will be able to walk, wheel or cycle as part of their everyday lives - for school, work, shopping, and socialising. We aim to convert existing and future short journeys to walking and cycling.

Greater Manchester has received £1.07 billion through City Region Sustainable Transport Settlements (CRSTS), £39.7m for active travel schemes and £19.87m through Levelling Up Funds for transport. This year we have made great progress in translating this investment into a programme of delivery, developing the business case for, and securing investment in infrastructure to improve

travel by bus, walking, wheeling, and cycling on five corridors leading into the city centre, and on area specific projects such as the Levenshulme Active Neighbourhood scheme.

This year we have successfully trialled the 'school streets' approach with seven of our schools. This involves part-time road closures directly around schools to create a safer, car-free environment to promote a shift towards active travel on the numerous school journeys across our city. This initiative will be further supported by the roll out of bike hangers, to provide safe and secure storage for those without gardens or garages.

Within the city centre we are progressing our vision for Deansgate, securing funding to improve movements for pedestrians and cyclists as well as to improve the public realm. To realise our long-term city centre vision, we have started work on important elements of city centre transport strategy, such as the City Centre Movement Plan and reviewing our approaches to parking and kerbside activity.

The "[GM Clean Air Plan – December 2023 Update](#)", was submitted to the Joint Air Quality Unit in December 2023. It provided an update on the case for a new GM Clean Air Plan and confirmed that an appraisal of GM's proposed investment-led plan had been undertaken against a benchmark charging Clean Air Zone (CAZ) in the centre of Manchester and Salford. If the proposals are approved, there will be commitment to delivering an investment-led non-charging clean air plan. This would involve the design and

delivery of local traffic management measures in the Regents Road and Quay Street areas.

We are driving forward the electric revolution, through our evolving approach to installation of electric charging infrastructure. We have commissioned an evidence base study to inform future investment, installed three taxi charging points, provided guidance for the use of cable mats to improve safety for those who do not have off-street parking, and we are progressing on a trial to explore charging options for residents, supported by £3.3m of dedicated funding.

[The Manchester Digital Strategy: Doing Digital Together](#), referenced above in Section 2 – Growth that Benefits Everyone, sets the vision for Manchester to be a world class digital city. This includes making sure that we have digitally skilled residents, future-proofed infrastructure, a thriving digital economy, and a digitally enabled transition to a sustainable and resilient city.

We are now progressing seventeen projects under a 2024 Delivery Plan which focuses on four thematic areas:

- Remarkable people, extraordinary opportunities
- Connected Places, enhancing lives
- Pioneering the future, prosperity for all
- Rising to challenges, future proofing our city

Key achievements for the financial year 2023/24 include establishing the following projects:

- Wireless connectivity to the home: to explore different methods of providing free or low-cost internet access for people living in social housing
- Digital Infrastructure Design Guide: to design a guide that gives clear guidance for centring digital infrastructure in development projects
- People’s Panel on Artificial Intelligence (AI): to empower communities to contribute to discussions about technology and AI and inform the development of its use in public service delivery
- Tech for Good Report: to map the strengths, challenges, and prospects of Manchester’s “Tech for Good” community to advocate for ethical, inclusive, and responsible technology use across the city
- Data centre workshops: to understand the role of data centres in supporting local economies, encouraging innovation, and running sustainably.

The delivery of the Strategy has many interdependencies between internal and external stakeholders, and their willingness to be advocates for the Strategy’s aims. The project delivery team has addressed this challenge by keeping consistent and clear communication across project delivery. In the coming financial year, the Manchester Digital Strategy will continue to progress the seventeen projects listed in its delivery plan.

8. Equality - Deliver on our equality, diversity, and inclusion commitments to support Manchester's vision to be a progressive and equitable city.

The Corporate Equality Diversity and Inclusion Leadership Group (CEDILG) which is chaired by the City Solicitor (the Senior Management Team (SMT) lead for equalities), and Deputy Leader of the Council provides corporate leadership, assurance and direction on Equalities, Diversity, and Inclusion. Equality, Diversity, and Inclusion is embedded in annual service planning. Each service is required to set out actions to advance Equality Diversity and Inclusion in service delivery and workforce.

Manchester has been at the forefront of championing equality and diversity for decades, we have had an ongoing commitment to equality and making services, facilities, and opportunities fair and inclusive. A key priority for Manchester has always been tackling inequality of outcomes, disadvantage, and discrimination. Equally, we need to ensure that our services meet the needs of our increasingly diverse city and that we take action to address known inequalities for different people in our city. By supporting those who need it most, we continue to raise the standards and aspirations for all groups in Manchester, to make the most of the city's opportunities. This equity approach is in keeping with the spirit of social justice that is alive in Manchester.

We know we could do more to make sure that our staff reflect the diversity of our city and that if we do that, then we will make better

decisions, deliver better services, and connect the Council more closely to our residents.

In 2023/24 we have updated our Equality Impact Assessment (EIA) approach, to make it more outcomes focused and interactive and to encourage services to embed equality considerations from the initiation stage of changes or new developments, as well as strengthening the recording of how involvement and engagement has taken place with representatives from within communities. We have also updated our data monitoring standards this year. Data collected in an inclusive way will help to accurately identify patterns and gaps in services and will enable improvements to be monitored. We are supporting the workforce in improving their knowledge and confidence in asking about protected characteristics to improve data collection, but also to build trust so that communities feel more comfortable sharing information and understand why it is important to do so.

As part of our strengthened equalities operating framework, we produced a report on our [Communities of Identity](#), presented to our Communities and Equalities Scrutiny Committee in September 2023. We have focused on those communities who experience greater or more entrenched inequalities in key areas of policy and practice as evidenced by data and community insight. The focus was on disabled people, older people and communities who experience racial inequalities.

We followed on from our exploration of Communities of Identity to focus on the inequalities faced by LGBTQ+ communities, for which a study of this scale and consideration had not been carried out previously by the Council. A report was presented to Communities and Equalities Scrutiny Committee in October 2023 and recommendations are currently being implemented. As part of this work, the Council has issued a statement on our commitment to providing a trans and non-binary inclusive workplace. We have also developed a Trans Inclusion Framework and Gender Transitioning at work guidance for managers and staff.

The Covid Health Equity Manchester (CHEM) is a good example where these improvements have built critically important trust with our communities and key stakeholders and have therefore realised positive results. The CHEM programme, through targeted engagement grants and the Sounding Boards and Engagement Groups, have become a critical part of our system infrastructure for addressing health inequalities, even more so in light of 2021 census data for Manchester. Representation covers groups and communities; disabled people including people with learning disabilities, communities experiencing and impacted by racial inequality, inclusion health groups (Gypsies, Roma, travellers, asylum seekers, refugees, migrants, sex workers). We have also established an intersectional LGBTQ+ Engagement group, implementing one of the recommendations of the LGBTQ+ analysis report.

We have developed our Equality Objectives 2024-2028, which were published in April 2024. Alongside this, we will develop our year one delivery plan which will be underpinned by a clear set of metrics by June 2024. Finally, under the leadership of the Joint Director Equality and Engagement we have undertaken a comprehensive review of the Council Equalities Function. We identified significant benefits in redesigning the existing function and integrating roles with the Manchester Integrated Care Partnership, to maximise impact, develop good practice and solutions to challenging equality issues. The work to align and maximise resources has already started, for example through the review of the Manchester Disability Collaborative governance and priorities to address inequalities of access, experience, and outcome for disabled people across a number of key areas.

We have delivered a number of successful inclusion events with communities and partners across the year, including International Women's Day and Holocaust Memorial Day. These events highlight the work that we are progressing to address the inequalities experienced by some of our communities.

The Council's Workforce Equality Strategy sets out a plan to be a place where our workforce fully reflects the rich diversity and talent of the communities we serve at all levels and is a place where everyone can be themselves and thrive by 2025.

In October 2023, Resources & Governance Scrutiny Committee considered an update from Human Resources, Organisational

Development and Transformation (HRODT) on the delivery of the [Workforce Equality Strategy](#) (more detail on this in the following section).

HRODT is leading the refresh of the Council's Workforce Equality Strategy. The refresh will consider our progress, challenges, and the actions we need to take to deliver against our vision and accelerate our equality, diversity, and inclusion journey. The strategy will be developed with staff so that is reflective of the voice, experiences, and ideas of our diverse workforce. The refreshed strategy is expected to be launched in between April and June 2024.

The percentage of the Council's workforce that identified as Black, Asian or Minority Ethnic in 2023/24 was 23.7%, compared to 21.8% in 2022/23 and 20% in 2018/19. The percentage of the Council's workforce with a disability or long-term health condition in 2023/24 was 8.7%, compared to 8% in 2022/23 and 5% in 2018/19.

We wanted to understand the extent to which staff can see improvements being made to equality and diversity in the organisation, and the survey results showed that:

- 89% of respondents said that they could see improvements in terms of race - compared to 88% the previous year
- 84% of respondents said that they could see improvements in terms of disability - compared to 83% the previous year
- 81% of respondents said that they could see improvements in terms of age - compared to 78% the previous year

We have delivered positive action programmes designed to drive internal progression and increase representation at more senior levels, including:

- Five leadership pathway programmes for Black, Asian & Minority Ethnic employees
- Three leadership programmes for Black, Asian & Minority Ethnic women.

9. Well-Managed Council - We will support our colleagues to be their best and we will make the most of our resources.

During 2023/24 the Council ran its Future Shape of the Council internal transformation programme, which is designed to enable the Council to be in the best possible shape to deliver its ambitions as set out in the Our Manchester Strategy whilst meeting the external challenges the Council faces from budget pressures.

The vision for Future Shape is that most internal and external customers will be able to self-serve through convenient, intuitive, and unmediated channels. This will happen through a programme of internal digital transformation. The resource gained from this channel shift will be saved, redirected to those who need it most, used to prevent problems becoming crisis, or used to resource our capacity to strategise in the future.

Progress has been made on the Resident and Business Digital Experience Programme (RBDxP), which will implement an improved customer service offer to ensure that Manchester residents have a

high quality, accessible and seamless experience when accessing Council services and reduce the cost of delivering transactional services. During 2023/24 a delivery partner was appointed and go live is expected in 2024/25.

The Council Workforce Plan brings together the five key workforce strategies that collectively deliver our workforce priorities:

- Attract, retain, and develop staff
- Be an inclusive employer that is reflective of the communities that we serve
- Develop world-class leaders and managers
- Have a high-performing workforce that delivers great services for our city
- Be a thriving and healthy workforce

The Organisation Development Plan aims to improve the effectiveness and performance of the organisation by aligning processes and systems with the culture of the organisation. The successes in 2023/24 included the development of the Good Manager Guide, setting clear expectations and improved support for line managers, and the review of the one-to-one and 'Our Conversation' processes and training. Opportunities to enable insight driven change have also been further embedded to incorporate the voice of employees within decision making, and the annual staff survey has shown that employee engagement rates have improved, from 59% in 2022 to 61% in 2023. The Plan has been refreshed for 2023-25 building on the previous plan, and now focusses on the four thematic areas of Decision and Risk,

Performance Development, Leadership and Reward, and Staff Voice.

The Health and Wellbeing Plan 2023-26 sets out how we will create a healthy and high-performing workforce through prioritising and promoting the health, safety, and wellbeing of staff. Our key challenges continue to be levels of sickness absence (with mental health being the main reason for absence), improving support for staff and managers, and improving resilience and productivity. The Health and Wellbeing Plan will help to address this, amongst other challenges, through developing understanding of the root cause of sickness absences, supporting staff to take the best care of themselves, and ensuring managers have the skills and knowledge to manage well, and understand prevention and early intervention to help to prevent problems reaching crisis point.

The Council Talent Plan was signed off in late 2023 and sets out what we will do over the next three years to attract, develop, and retain talent at all levels. It aims to embed talent management in the organisation so that we:

- Build a diverse workforce
- Are an employer of choice
- Support our employees to develop the skills needed now, and in the future
- Have the right people, in the right places, doing the right things

The priorities for the next 12 months will be implementing the actions within the plan, particularly focussing on our key challenges

of increasing the diversity of the workforce, ensuring inclusive recruitment, and improving internal career mobility supporting staff to develop and progress well in the Council.

The Council overspent against its revenue budget for 2023/24 by £5.5m. This is in the context of significant financial difficulty being faced across the Local Government sector. The Council's position reflects the national pressures in the health and social care sector and trends being experienced across most social care providing local authorities. The main drivers of the overspend were increased External Residential costs, Home to School Transport demand and Adults long term care placements and cost pressures which are outpacing demand management interventions. These pressures were partly offset by reduced utilities costs and underspends across the other directorates.

Looking forward, our Medium-Term Financial Strategy forecasts a balanced position for 2024/25 assuming the planned savings are achieved, and any emerging pressures are mitigated. The Medium-Term position remains challenging with a forecast gap of £29m in 2025/26 increasing to £41m by 2026/27. Whilst not complacent, the Council is in a better position than many other Councils across the country, which has enabled it to propose a balanced budget for 2024/25. This is due to the careful long-term financial planning which has involved:

- Taking tough decisions early, making difficult decisions around cost reduction and doing things differently
- Investment in demand management and prevention

- Delivery of planned savings and replacement of those that could not be implemented as planned.
- Holding a robust position on reserves and using them wisely
- Prioritising investments which are important to residents such as Neighbourhood services, cost of living, and protecting the most vulnerable.

### Public Service Reform

The Our Manchester Investment Board (OMIB) have responsibility for overseeing reform across Manchester. OMIB established a Public Service Reform City Wide Group to explore the opportunities and identify some key priorities for a system wide approach to reform. Through this forum, Manchester partners have agreed three cross-cutting priorities for public service reform in the city for the next two to three years to achieve the collective mission of:

“A shared Manchester approach that delivers services around the person, with a flexible place-based workforce, breaking down silos and building on strengths within communities, supporting every resident to thrive.”

There are three agreed priorities that are being taken forward:

- 1) Governance for reform - system wide understanding, review and streamlining of city wide, neighbourhood and locality operational structures. Knowing our residents better – to continue to develop and monitor impact of investment in

early help and prevention in driving down demand for reactive complex services.

- 2) Early help and prevention – to develop a system-wide model of prevention which focuses on identifying the common determinants and triggers of poor life outcomes.
- 3) Person centred services – to further develop a system wide understanding of barriers to provision experienced by some communities and develop improvements ensuring equitable access and high trust relationships.

Work is underway to develop implementation plans for each of these priorities however it must be recognised that system change is a long-term aspiration, and these plans will involve both a mix of short-term interventions and longer-term plans

### Our Performance

The performance of the Council and its partners against the goals of the city's Our Manchester Strategy is reported in detail each year in the [State of the City Report](#) however, a high-level view of delivery of the shorter-term Council priorities outlined in Our Corporate Plan is summarised below. The State of the City Report should be referred to for the comprehensive performance narrative. The data included here is the most current at time of publication, which may not be 2023/24 financial year.

### 1. Zero Carbon Manchester

- Total provisional estimated Council emissions<sup>3</sup> in 2022/23 (21,356 tonnes CO<sub>2</sub>) were 14% below the annual budget for 2022/23 (24,784 tonnes CO<sub>2</sub>). Total Council emissions in 2021/22 (23,410 tonnes CO<sub>2</sub>) were 13% below the annual budget for 2021/22 (27,056 tonnes CO<sub>2</sub>). Source: MCC

### 2. Growth that Benefits Everyone

- Median full time pay in Manchester (8.3% in 2022/23) has increased 2.7 percentage points faster than the national average (5.6%) in 2022/23, a desirable increase from 2021/22 (1.1 percentage points). Source: Annual Survey of Hours and Earnings
- The proportion of Manchester residents being paid a Real Living Wage in 2022/23 was 84%, a desirable increase from 2021/22 (77.3%). Source: ONS
- The difference between the rate of unemployment in Manchester (5.1% in 2023/24) and the national average (3.7%) in 2023/24 is 1.4 percentage points. This is a desirable decrease from 2022/23 (2.7%), exceeding our target of having an unemployment rate within 2 percentage points of the national figure. Source: ONS.
- The total size of Manchester's economy in GVA terms (9.2% in 2021/22) has increased 2.1 percentage points faster than the national average (7.1%) in 2021/22, a desirable increase from 2020/21 (0.5 percentage points). Source: ONS.

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<sup>3</sup> Council emissions are associated with the Council's buildings, streetlights, waste collection, staff travel and operational fleet

- The total GVA per worker in Manchester (10.4% in 21/22) has increased 3.2 percentage points faster than the national average (7.2%) in 2021/22, a desirable increase from 2020/21 (0.5 percentage points). Source: ONS.
- The total number of jobs in Manchester (2.4% in 2022/23) increased 0.3 percentage points slower than the national average (2.7%) in 2022/23, an undesirable decrease from 2021/22 (0.6 percentage points). Source: NOMIS.

### 3. Young People

- The percentage of the city's primary schools rated good or outstanding in 2022/23 was 91.1%, which was the same as 2021/22. Source: Ofsted.
- The percentage of the city's secondary schools rated good or outstanding in 2022/23 was 82.8%, which was a desirable increase from that of 2021/22 (82.1%). Source: Ofsted
- The percentage of primary school sessions attended in HT 1-2 2022/23 was 93.9%, which was an undesirable decrease from that of 2021/22 (94.5%). Source: MCC.
- The percentage of secondary school sessions attended in HT 1-2 2022/23 was 92.1%, which was an undesirable decrease from 2021/22 (93.5%). Source: MCC.
- The number of Looked After Children in Manchester in 2023/24 was 1,307 (a rate of 102 per 10,000 children). This is a provisional figure pending statutory return completion. It is a small desirable decrease from that of 2022/23 (1,355 Looked After Children, a rate of 109 per 10,000 children). Source: MCC.
- The number of Children in Need in Manchester in 2023/24 was 5,628 (a rate of 438 per 10,000 children); this is a

provisional figure pending statutory return completion and is subject to change. It is an undesirable albeit slight increase from 2022/23 where the numbers of Children in Need were 5,481 (432 per 10,000) Source: MCC.

### 4. Healthy, cared-for people

- The percentage of smokers who successfully stopped smoking at four weeks of interventions in 2023/24 was 41.7%, an undesirable decrease from 2022/23 (54.8%). Source: MCC
- The percentage of dependent alcohol users in treatment who successfully completed treatment in 2023/24 was 35%, a desirable increase from 2022/23 (33%). Source: MCC
- The percentage of health visitor visits that occur within two weeks of a new birth in 2023/24 was 81.3%, an undesirable decrease from 2022/23 84.1%. Source: MCC
- The numbers of older people with longer term support and younger people with a learning disability supported throughout the year in 2023/24 was 5,193, a desirable increase from 2022/23 (5,062). Source: MCC
- Items of equipment (including Technology-Enabled Care) and adaptations installed, that helps to support people stay well and independent in their own home for longer, in 2023/24 was 40,673, a desirable increase from 2022/23 (36,236). Source: MCC
- Of the people supported through the Reablement Service in 2023/24, the percentage that regained aspects of their independence, meaning that their care could be safely reduced or completely stopped, was 73.9%, a desirable increase from 2022/23 (70.8%). Source: MCC

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- The number of households in temporary accommodation in March 2024 was 2,955, a desirable decrease from March 2023 (2,867). Source: MCC
- The number of families in B&B accommodation in March 2024 was 3, a desirable decrease from March 2023 (143) Source: MCC
- The number of families placed in B&B for longer than six weeks in 2023/24 is zero, a desirable decrease from 2022/23 (87). Due to an intensive amount of work by the homelessness service, including daily Bed and Breakfast (B&B) panels, the number of families in B&B accommodation has reduced significantly over the last year. Source: MCC
- The number of households prevented from becoming homeless by supporting them to stay in existing or alternative accommodation in 2023/24 was 494, an undesirable decrease from 2022/23 (708). Source: MCC.

### 5. Housing

- The number of new homes completed in Manchester in 2023/24 was 3,000, a desirable increase from 2022/23 (1,892). Source: MCC
- The number of new homes completed in Manchester in 2023/24, which were defined as affordable by the government, was 669, a desirable increase from 2022/23 (415). Source: MCC.
- The number of new builds which became available for buying or renting in Manchester in 2023/24 was 2,331, a desirable increase from 2022/23 (1,904). Source: MCC.

### 6. Neighbourhoods

- The percentage of household waste recycled in 2022/23 was 38.8%, an undesirable decrease from 2021/22 (39.7%). Source: DEFRA
- The provisional amount of waste collected from street cleansing in 2023/24 was 13,465 tonnes, which was an undesirable decrease from 2022/23 (14,451 tonnes). Source: Weighbridge data - Viridor/Suez and Redgate Holdings
- There were 28,904 fly tipping requests completed in 2023/24, a desirable increase from 2022/23 (27,138). Source: MCC and CRM
- The total number of recorded visits to Manchester's libraries, galleries and sports and leisure facilities in 2023/24 was 6.4m, a desirable increase from 2022/23 (5.5m). Source: MCC

### 7. Connections

- The total amount of resurfacing work delivered in 2023/24 (excluding footways) was 306,822m<sup>2</sup>, which was an undesirable decrease from that of 2022/23 (349,524m<sup>2</sup>). Source: MCC
- The percentage of road network (excluding footways) rated as in poor condition was 12.7% in 2023/24, which is a desirable decrease from 2022/23 (14.3%). Source - MCC via GAIST
- The percentage of residents with access to high-speed broadband (>30Mbits/s) in May 2023 was 97.5%, a desirable increase from May 2022 (97%). Source: Ofcom.

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### 8. Equality

- The mean percentage difference between the average hourly rate of pay of male and female employees in 2023/24 was 3.6% (4.6% in 2022/23). The Council's workforce is 64% female. The closer to zero the difference in the hourly rate of pay is then the lower the Gender Pay Gap. This is published as part of the Council's [Pay Policy Statement](#). (Source: MCC)
- The percentage of the Council's workforce that identify as Black, Asian or Minority Ethnic in 2023/24 was 27.3%, compared to 21.8% in 2022/23. 41.3% of Manchester's population in 2023 reported to be Black, Asian, and Minority Ethnic. Source: MCC

### 9. Well-managed Council

- The percentage of annual due Council Tax collected in 2023/24 was 88.6%, an undesirable decrease from 2022/23 (89.2%). Source: MCC.
- The percentage of annual due Business Rates collected in 2023/24 was 97.7%, a desirable increase from 2022/23 (97.2%). Source: MCC.
- The number of days sickness taken per Full Time Equivalent in 2023/24 was 13.8, which was a small decrease from 2022/23 (13.9). Source: MCC
- The number of Stage 1 and 2 corporate complaints responded to within 10 working days in 2023/24 was 79%, which was a desirable increase from 2022/23 (73%). Source: MCC

### Our Risks and Outlook

The Corporate Risk Register (CRR) continues to reflect high risks relating to the financial resources of the Council and residents; availability of the right amount and type of housing; Citywide climate change action; health and care outcomes for residents; and ICT security. There are a range of actions ongoing across all these areas to mitigate and manage these risks. A new risk management strategy and approach to strengthening of governance of risk review at directorate level were approved in 2023/24 and are being progressed. This will result in a root and branch refresh of all risks during 2024 with regular reporting and assurance to the Strategic Management Team and Audit Committee.

Risk Description	Mitigating Actions
Ongoing challenges for residents with, unemployment, poor health, and wider economic uncertainty.	Family Poverty Strategy, Making Manchester Fairer, Tackling Health Inequalities in Manchester 2022-2027 and the Our Manchester Strategy are in place and support residents in partnership with VCSE and other City and GM partners. Council support programmes remain in place to help those most in need. Housing and support strategies to support those in or at risk of homelessness.
Uncertainty over the future financial position of the Council impacted by macro-economic factors, demographic, demand and price pressures, reduced funding for the Council for universal services and pressure on Council services as a result of pressures faced by partners across the City including the community and voluntary sector. Recognised as heightened risk given impacts in other authorities and the increasing number of S114 notices.	Budget 2024/25 and medium-term revenue and capital finance strategies agreed. 2025/26 budget process commenced in April 2024. Ongoing review of contracts by Procurement and Commissioning Team and oversight by Commercial Board; and review of capital projects by Capital Strategy Board, ICT Board and Estates Board. Regular reporting of financial position and pressures via S151 officer to Strategic Management Team, Executive and Scrutiny.
The Council does not undertake its leadership role effectively for Manchester to become a zero-carbon and stay within the science-based budget for the City.	Climate Change Strategy and Framework 2020-25. Governance through Manchester Climate Change Partnership, Agency, and Youth Board; including oversight of Annual Climate Change Report.
A successful cyber-attack on the Council's infrastructure would have significant impact on the availability of all ICT systems over a sustained long-term period. This could impact some or all	Identity management controls including Multi Factor Authentication for cloud accounts, introduction of Intrusion Detection (IDS) on perimeter firewalls, managed host-

<p>internally operated services and those consumed by our customers and residents. Ransomware remains one of the costliest types of cyber-attacks to recover from. The financial cost to recover physical hardware such as servers, laptops and databases would be significant. The cost of data that is lost to encryption is incalculable.</p>	<p>based protection, and secure build configuration on all end user devices. Regular vulnerability assessments and ongoing security patch management to all managed devices reflected in PSN Code of Connection Compliance agreed 2022-2024. Ongoing action includes regular hardware refresh and Communications and mandatory training for all staff and members.</p>
<p>Scale and type of available housing is not sufficient to meet demand of current and future residents of the City are not achieved and targets for affordable housing are not met. This includes the right quality of housing to meet expected standards and the reasonable needs of residents.</p>	<p>Manchester Housing Strategy 2022-2032 with target to increase housing supply and affordable housing growth. Links between this and wider strategies around for example school place planning, health planning, travel, and the Local Plan. Governance of strategic and operational housing; and regulatory functions with reporting to Housing Board, SMT, Executive and Economy Scrutiny Committee.</p>

### Medium Term Financial Strategy

Our [Medium Term Financial Strategy](#), relevant to the year 2023/24 was refreshed and approved by Full Council in March 2023. The strategy considers the local and national financial climate, describes some of the key challenges we are facing and the key changes in our resources before setting out the savings requirement for the financial year 2023/24.

In line with the one-year finance settlement the report set out a balanced one-year budget for 2023/24 an indicative balanced budget for 2024/25 and the forecast position for 2025/26. The longer-term implications have been considered and these are set out, along with the strategy for ensuring financial sustainability in the Medium-Term Financial Strategy (MTFS). The MTFS sets out the risks and uncertainties faced and the approach to ensuring financial resilience.

The 2023/24 financial settlement provided a uniform roll-over of the core funding elements with inflationary increases to Revenue Support Grant and Business Rates related income; new grants and expectations for Social Care; and increased Council Tax referendum limits. The additional funding announced, alongside approved savings and mitigations enabled a balanced budget to be approved for 2023/24. The budget savings are detailed in the directorate [budget reports](#).

The budget also included approval to increase Manchester’s Council Tax by 4.99% in 2023/24; 2.99% attributable to the Council element and an additional 2% precept to fund Adult Social care costs. In addition, there were increases to the Greater Manchester Mayoral and Police and Crime Commissioner precepts.

The Medium-Term budget strategy was developed with capacity to manage financial shocks and provide investment to priority areas where necessary. This included, for example using the budget smoothing reserve to support the budget over the medium term whilst savings plans are developed and implemented. We continue to experience increased costs due to high inflation, pay awards, rising interest rates and a cost-of-living crisis. Considerable uncertainty remains beyond 2024/25, as the main sources of local authority funding in business rates and council tax are volatile and there are potential future reforms planned to local authority funding.

The Our Manchester Strategy ambitions, and Corporate Plan are the touchstone for decisions taken about what to prioritise and set the framework for the Medium Term Financial and Capital Strategies. Despite the pressures being faced the Council remains determined to deliver the agreed priorities for Manchester. Officers have estimated the future resources available based on the information available. This results in forecast gap of £40.4m by 2025/26. The focus is now on identifying savings and mitigations to keep the council on a sustainable financial footing.

#### [Our Funding and Spending 2023/24](#)

The following section shows how our revenue and capital spending programmes were funded and where we targeted our investments throughout 2023/24.

#### [Revenue funding and spending 2023/24](#)

Revenue spending relates to the day-to-day running costs required for the Council's operations including direct costs such as staffing and utilities costs and services which are commissioned and delivered on the Council's behalf.

The Budget and Council Tax for 2023/24 were approved at the Council meeting on 3 March 2023, with a total net budget for Council services of £736m and a gross budget of £1,643m.

Our 2023/24 budget is summarised in the table below. There are four columns as follows:

- The Gross Budget of £1,643m as approved by Council - which includes all our spend including that which we pay out in benefits, funding passported directly to schools, and social care costs funded directly by residents.
- Our original net budget of £736.2m includes costs funded from the main revenue available to the Council, Business Rates, Council Tax, Government Grants, dividends, and reserves.
- Our revised net budget is £765.1m at Outturn. This has increased because it includes £28.9m of increased resources approved by Executive in 2023/24.
- The 2023/24 budget changes include.
  - £28.9m increase in revenue resources due to £17.4m increased government grants announced during the year allocated to Directorate budgets (£12.9m relating to Household Support Fund and £4.0m to Social Care Market Sustainability Grant), £10.8m from the indexation of business rates and related compensation grants to full CPI level of 10.14%; and £0.7m increase in use of reserves relating to 2022/23 carry forwards agreed after 2023/24 budget setting.

- Budget realignments relating to: £19.2m inflationary and £0.6m of contingency budgets held corporately at budget setting allocated to directorate budgets.

Table One: Revenue Budget

	Original Gross Budget	Original Net Budget	Revised Net Budget	Budget Changes
	2023/24	2023/24	2023/24	2023/24
	£m	£m	£m	£m
<b>Resources Available</b>				
Business Rates Related Funding	374.7	374.7	385.5	10.8
Council Tax	218.0	218.0	218.0	0.0
Grants and other External Funding	871.8	126.4	143.9	17.4
Use of Reserves	78.7	17.1	17.8	0.7
Sales, Fees, and Charges	99.9	0.0	0.0	0.0
<b>Total Resources Available</b>	<b>1,643.1</b>	<b>736.2</b>	<b>765.1</b>	<b>28.9</b>
<b>Resources Required</b>				
<i>Corporate Costs:</i>				
Levies / Statutory Charge	39.4	39.4	39.4	0.0
Contingency	0.6	0.6	0.0	(0.6)
Capital Financing	39.5	39.5	43.2	3.7
Transfer to Reserves	1.3	1.3	10.3	9.0
<i>Sub Total Corporate Costs</i>	<b>80.9</b>	<b>80.9</b>	<b>93.0</b>	<b>12.1</b>
<i>Directorate Costs:</i>				
Additional Allowances and other pension costs	8.6	8.6	8.5	(0.1)
Insurance Costs	2.0	2.0	2.0	0.0
Inflationary Pressures and budgets to be allocated	22.6	22.6	3.4	(19.2)
Directorate Budgets	1,529.1	622.2	658.3	36.1
<i>Subtotal Directorate Costs</i>	<b>1,562.2</b>	<b>655.4</b>	<b>672.2</b>	<b>16.8</b>
<b>Total Resources Required</b>	<b>1,643.1</b>	<b>736.2</b>	<b>765.1</b>	<b>28.9</b>
<b>Total Resources Required</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

In setting the revenue budget the Chief Finance Officer has a responsibility to report formally on the robustness of the budget and the adequacy of general balances and reserves. These balances must reflect spending requirements, and risks to which the Council might be exposed. Further details can be found in the Council's [Medium Term Financial Strategy and 2023/24 Revenue Budget Report](#)

The table below shows the budget per Directorate for 2023/24

Table Two: Directorate Revenue Budgets

	Original Gross Budget 2023/24	Original Net Budget 2023/24	Revised Net Budget 2023/24	Net Budget Changes 2023/24
	£m	£m	£m	£m
Children's Services	601.8	138.2	145.0	6.7
Adult Social Care	268.3	211.9	220.2	8.3
Public Health	47.1	42.0	43.4	1.4
Neighbourhoods	253.5	135.3	139.8	4.5
Growth and Development	35.5	(9.7)	(11.5)	(1.7)
Corporate Core	322.9	104.5	121.4	16.9
<b>Total</b>	<b>1,529.1</b>	<b>622.2</b>	<b>658.3</b>	<b>36.1</b>

#### Revenue position 2023/24

This section provides a high-level analysis of our financial performance within 2023/24 and complements the more detailed financial statements published within the accounts.

Our net revenue budget is the total amount of corporate resources available to us. It is mainly funded from retained business rates, council tax receipts, government grants and use of reserves. The following table shows our year-end position (spend) compared to this budget. At the end of the year, we had overspent against our net revenue budget by £5.3m. There was a planned use of General Fund Reserve of £0.7m, therefore £6.0m was transferred from the General Fund Reserve.

Table Three: Revenue Position

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	Revised Budget	Outturn	Total Variance
	£m	£m	£m
<b>Total Available Resources</b>	<b>(765.1)</b>	<b>(772.4)</b>	<b>(7.3)</b>
<b>Total Corporate Budgets</b>	<b>106.8</b>	<b>104.7</b>	<b>(2.1)</b>
Children's Services	145.0	155.2	10.3
Adult Social Care	220.2	226.3	6.1
Public Health	43.4	43.4	0.0
Neighbourhoods	139.8	141.4	1.6
Growth and Development	(11.5)	(13.2)	(1.8)
Corporate Core	121.4	119.9	(1.5)
<b>Total Directorate Budgets</b>	<b>658.3</b>	<b>673.0</b>	<b>14.7</b>
<b>Total Use of Resources</b>	<b>765.1</b>	<b>777.7</b>	<b>12.6</b>
<b>Total Overspend</b>	<b>0.0</b>	<b>5.3</b>	<b>5.3</b>

Capital funding and Spending 2023/24

Capital expenditure relates to spending on the purchase or improvement of assets that have a long-term value to the Council and residents, such as land and buildings.

The total value of capital funding employed in 2023/24 was £353.3m, a significant level of investment reflecting the ambitious capital programme that the Council has agreed.

Our revised capital budget for the 2023/24 year was £510.5m, and the table below shows our year-end position (spend) compared to this budget

Table Four: Capital Position

Manchester City Council programme	Capital Budget for 2023/24	Capital expenditure in 2023/24	Overspend or (underspend) for 2023/24
	£m	£m	£m
Highways	45.6	37.8	(7.8)
Neighbourhoods Directorate	47.7	31.0	(16.8)
The Factory	54.4	46.3	(8.1)
Growth and Development	111.6	84.0	(27.6)
Town Hall refurbishment	79.7	61.0	(18.8)
Housing – private sector	43.3	29.9	(13.4)
Housing – HRA	76.9	42.1	(34.8)
Children's Services	41.7	16.9	(24.8)
ICT	5.4	1.6	(3.8)
Corporate Services	3.6	2.8	(0.8)
Contingency Budgets	0.6	0	(0.6)

Manchester City Council programme	Capital Budget for 2023/24 £m	Capital expenditure in 2023/24 £m	Overspend or (underspend) for 2023/24 £m
<b>Total</b>	<b>510.5</b>	<b>353.3</b>	<b>(157.2)</b>

The capital outturn position for the 2023/24 financial year is one of the largest programmes delivered to date by the Council and represents the continued significant investment in Manchester with over 300 live projects progressing during the year. We underspent against our capital budget by £157.2m, although this was mainly due to delays to spending against the budget. The main variances relate to Carbon Reduction Programme, Strategic Acquisitions Programme, Asset Management Programme and Public Sector Decarbonisation. Further details on these variances and the wider capital programme can be found in a report to Executive in June 2024. The nature of the capital budget requires flexibility to manage the funding across the life of projects in a transparent manner. As such some variations within the year are to be expected as projects are developed, and budgets are re-profiled annually and changes are reported to members for approval.

The breakdown of the funding is shown in the table below:

Table Five: Capital Funding

Capital Funding	2023/24 £m
Government Grants	91.1
External Contributions	23.3
Revenue Contributions by the Council	1.5
Borrowing	166.8
Capital Receipts	49.3
Housing Revenue Account – Major Repairs Reserve	21.3
<b>Total Resources Available</b>	<b>353.3</b>

#### Housing Revenue Account (HRA) position 2023/24

The Council was responsible for managing an average of 15,213 dwellings during 2023/24. The Housing Revenue Account (HRA) is a record of revenue expenditure and income relating to an authority's housing stock. Its primary purpose is to ensure that expenditure on managing tenancies and maintaining dwellings is balanced by rents charged to tenants. Consequently, the HRA is a statutory account, ring-fenced from the rest of the General Fund, so that rents cannot be subsidised from council tax (or vice versa). This is held separately from the net revenue budget position shown in the previous table.

The original approved budget 2023/24 included a drawdown of £22.8m from reserves to contribute to the costs of the capital programme. Due to a combination of increased income and reduced expenditure on the capital programme, a reduced drawdown of £11.4m was

required. However, there are a number of in year and on-going pressures, particularly around repairs and maintenance as the service addresses fire safety concerns and responds to ensure there are no issues with damp and mould.

The total HRA reserves are c£93.0m, of which £36.5m is ringfenced and £56.5m is the general reserve, with these expected to reduce significantly over the next few years as the Council invests in new housing and improving the current stock.

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. The Council charges rent to cover expenditure in accordance with the legislative framework; this may be different from the accounting cost. The increase in the year, on the basis upon which rents are raised, is shown in the movement on the Housing Revenue Account Statement.

## Financial Statements

The Statement of Accounts provide an overview of the Council's financial position for 2023/24. The deadline to produce the draft Annual Accounts is 31 May 2024. The publication deadline for audited accounts is 30 September 2024.

The Council was not able to meet this deadline, mainly due to capacity constraints as the prior year audit was not complete by 31 May 2024. A revised timetable has been agreed with the External Auditors with publication of the draft by the end of July and the audit due to be completed by early 2025. It is planned that future year's accounts are produced within the statutory deadlines, as the national audit backlogs are cleared.

### The Financial Statements: Purpose and Summary

The annual statement of accounts has been prepared in accordance with the 2023/24 CIPFA Code of Practice on Local Authority Accounting (The Code) and International Financial Reporting Standards (IFRS). Changes in accounting requirements over the past few years have led to an increase in complexity of the accounts and the level of detail they contain.

One of the purposes of this introduction is to provide a guide to the Council's accounts and the most significant financial matters contained within the statements.

The financial statements are:

- The Comprehensive Income and Expenditure Statement (CIES)
- The Movement in Reserves Statement (MIRS)
- The Balance Sheet
- The Cash Flow Statement

Each statement is preceded by a note explaining its purpose and followed by notes explaining the main items within the statements.

These statements are followed by three further statements:

- The Housing Revenue Account (HRA) sets out the costs and income of owning and maintaining council properties which are let to tenants. The costs and income are also shown within the main statements.

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- The Collection Fund includes the collection of local taxes (council tax and business rates) and their distribution to the Council, the Greater Manchester Combined Authority (Police and Crime Commissioner) and Greater Manchester Combined Authority (Fire and Rescue).
- The Group Accounts show the full extent of the Council's economic activities by including the Council's involvement with its group companies and organisations. The Group Accounts are of equal prominence to the Council in compiling the financial statements.

These are also followed by notes explaining these statements.

### The Basis of the Preparation and Presentation of the Annual Statement of Accounts

The accounts that follow have been prepared to be:

- a) Relevant: The accounts provide information about the Council's performance and position that is useful for assessing the stewardship of public funds and for making economic decisions.
- b) Reliable: The financial information:  
Has been prepared to reflect the reality or substance of the transaction and the activities underlying them are
  - free from deliberate or systematic bias
  - free from material error
  - complete within the bounds of materiality and
  - prudently prepared
- c) Comparable: In complying with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (The 2023/24 ('The Code') and consistent Local Authority reporting.
- d) Understandable: These accounts are based on accounting concepts, treatments and terminology that require reasonable knowledge of accounting and Local Government. However, every effort has been made to use plain language and where technical terms are unavoidable, they have been explained in the glossary of terms.

Throughout, consideration has been given to the significance ('materiality') of an item i.e., whether its misstatement or omission might reasonably be expected to influence assessments of the Council's financial management.

### Underlying Assumptions

The annual accounts of all Councils are prepared following the standard assumptions set out below, to ensure that all Councils reports are consistent and comparable.

**Accruals Basis** - The financial statements, other than the cash flow, are prepared on an accrual's basis. Income and expenditure are recognised in the accounts in the period in which it is earned or incurred not as the cash is received or paid.

**Going Concern** - The Council prepares its Statement of Accounts on a going concern basis, on the assumption that it will continue in existence into the foreseeable future. Further information on going concern is shown within the accounting policies.

**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.

### Accounting Changes

The way the accounts are presented is governed by the accounting policies that the Council has to follow. This has undergone major change in order to bring public sector accounting in line with that of the private sector. The most significant change was the move to International Financial Reporting Standards (IFRS) in 2010/11. These accounts are compliant with the IFRS based Code.

The intended adoption of IFRS16 Leases for the 2022/23 accounts has again been deferred. IFRS16 is now being introduced for local authorities from 1 April 2024, although earlier adoption is allowable, which means that the annual accounts for 2024/25 will be the first set of accounts produced in accordance with this standard.

Accounting policies are set out in note 5 to the financial statements.

### The Council's Comprehensive Income and Expenditure Statement

The analysis within the Comprehensive Income and Expenditure Statement (CIES) is shown by Council Directorates. This format aims to be meaningful for users of the financial statements as it follows that of the budget and financial monitoring reports produced by the Council.

As the Council operates and manages most of its corporate and support services separately from the other Directorates these services are shown separately and not apportioned across the other Directorates.

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The Directorate figures in the CIES show the accounting cost of Council activities including the notional accounting entries, such as depreciation. Information is provided in Note 9 showing a subjective analysis of the surplus / deficit on the provision of services.

The CIES is broken down into three sections:

1. Net cost of services.
2. Other operating expenditure; and
3. Other income and expenditure on the provision of services.

The Net Cost of Services is the cost of providing the Council's services as reported in the revenue monitoring reports, however it also includes accounting adjustments for items such as depreciation and impairment. These would be a significant cost in a commercial organisation, which would have to be funded, however, legislation is in place that ensures these costs are not required to be funded by council taxpayers. (The details of the accounting adjustments are shown in the Expenditure and Funding Analysis Note). These items are transferred to unusable reserves in the Movement in Reserves Statement.

The Total Net Cost of Services (including the technical accounting adjustments) is £881.7m.

Other Operating Expenditure includes costs such as levies paid as well as technical adjustments such as the gain / loss on the disposal of non-current assets. These total £102.5m.

Corporate Expenditure and Income includes:

- other income and expenditure on the provision of services such as interest paid and received, investment property rental income and the change in values of investment properties (net income totalling £21.1m)
- general income due to the Council from Council taxpayers, National Non-Domestic ratepayers (NNDR) and general government grants) totalling £806.8m

These three sections are totalled to produce an overall accounting deficit on the provision of services of £156.3m.

The CIES is then reconciled to the change in the balance sheet by adding the impact of the following accounting entries:

- the surplus / deficit on the revaluation of non-current assets.

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- impairment losses on non-current assets charged to the revaluation reserve; the gain or loss on investments classified as fair value through other comprehensive income; and
- re-measurement of the defined benefit pension scheme relating to changes in pension assumptions

Note 10 to the accounts shows the notional accounting adjustments that do not affect the Council's 'bottom line' i.e., the level of council tax or housing rents.

Table Six: The Financial Statements - Outturn to I&E CIES

	General Fund £m	Housing Revenue Account £m	Total £m
Over / (Under)spend	<b>5.3</b>	<b>(14.3)</b>	<b>(9.0)</b>
Budgeted transfer (to) / from general reserves	0.7	22.8	23.5
<b>Net transfer (to) / from general reserves</b>	<b>6.0</b>	<b>8.5</b>	<b>14.5</b>
Transfers (to) / from earmarked reserves	33.2	0.0	33.2
Other income and expenditure classification	(12.3)	12.3	0.0
Notional accounting adjustments	117.5	(9.0)	108.5
<b>Deficit / (Surplus) per CIES</b>	<b>144.4</b>	<b>11.8</b>	<b>156.2</b>

The table below reflects a subjective analysis of the Council's Comprehensive Income and Expenditure Statement (CIES).

Although the 2023/24 Council outturn position reported to members shows a £5.3m overspend on Council services and a £14.3m underspend on the Housing Revenue Account, the CIES shows the accounting cost of Council activities including accounting entries, such as depreciation, non-current asset revaluation and impairment, gains or loss on investments and defined benefit pension scheme. This results in a CIES net deficit on the provision of services of £156.2m. This movement is explained further in the Council's Comprehensive Income and Expenditure Statement section below and in the Expenditure Funding Analysis in Notes 1 and 2 of the Council's Annual Accounts.

Table Seven: Revenue Funding and Spending

Manchester City Council Annual Statement of Accounts 2023/24

	2023/24 £m
<b>Expenditure</b>	
Employee Benefit Expenses	591.3
Other Service Expenses	1,118.0
Business Rates Tariff	53.2
Capital Charges including Depreciation and impairment	271.4
Interest Payments	51.2
Pensions Interest Costs	149.0
Precepts and Levies	70.1
Loss on Disposal of Non-current Assets	32.4
<b>Total Expenditure</b>	<b>2,336.7</b>
<b>Income</b>	
Fees, Charges and Other Service Income	(301.3)
Interest and Investment Income	(53.6)
Return on Pension Assets	(179.6)
Capital Charges related income	(19.1)
Council Tax Income	(214.3)
Business Rates Income	(347.0)
Government Grants and Contributions	(1065.6)
<b>Total Income</b>	<b>(2,180.4)</b>
<b>(Surplus)/Deficit on the Provision of Services</b>	<b>156.2</b>

The Council's Movement in Reserves Statement (MIRS)

This statement sets out the movements in the main reserves and balances of the Council from 1 April 2023 to 31 March 2024.

The reserves are distinguished between

- usable (those that can be used to finance expenditure) and
- unusable (those that contain technical accounting adjustments and cannot be used to finance expenditure).

Of the usable reserves only the General Fund Reserve has not been allocated for specific purposes. The usable reserves are cash backed. The unusable reserves are mostly non-cash backed.

In setting its budgets the council has a duty to ensure it has the appropriate levels of reserves and that it closely monitors its liquidity to underpin its financial resilience. Section 25 of the Local Government Act 2003 requires that when a local authority is making its budget calculations, the Chief Finance Officer ('CFO') of the authority must report to the Council on: the robustness of the estimates made for the purposes of the calculations; and the adequacy of the proposed financial reserves. This is reported to Council annually as part of the Medium-Term Financial Strategy. Council also receives the forecast reserves position for the following three years.

#### Usable Reserves

The Council holds a number of reserves all of which, aside from the General Fund Reserve, have been set aside to meet specific future expenditure or risks including Private Finance Initiative (PFI) costs, statutory reserves, school balances and grants which cross over financial years. The Council is not permitted to borrow to fund revenue and there is a requirement to balance budgets on an annual basis.

Based on the numbers alone it appears the Council is at the more resilient end of the reserve spectrum, however there are considerable risks within this position. The Council is a large and extremely complex organisation with a wide scale and diversity of assets, interests, liabilities, and other responsibilities. By their nature many of the risks are unknown and cannot be quantified, particularly in the current challenging financial climate. It is therefore essential that the Council maintains adequate general reserves.

The reserves should be viewed in the context of the future budget position, which is extremely challenging. The Council's reserves are expected to significantly reduce over the Medium Term as set out in the Medium-Term Financial Strategy report to 15 February 2023 Executive meeting. The only unearmarked reserve is the General Fund reserve at £19.9m.

The annual reduction in usable reserves is £80m. The usable reserves are held for the following purposes:

Table Eight: Usable Reserves

Type of Reserve	31 March 2023 £m	31 March 2024 £m
<b>Revenue:</b>		
Statutory reserves that have to be set aside e.g. On street parking reserve, bus lane enforcement	20.7	22.7
Reserves held for PFIs to meet contracted future costs	1.9	1.9
Reserves held to manage economic and commercial risk (including the airport dividend reserve of £13.1m and business rates reserve of £6.7m)	33.6	24.5
Insurance fund reserve	19.0	16.3
Revenue reserves held to support the delivery, financing, and risk of the capital strategy	172.8	144.0
Reserves held to support delivery and risk in the MTFP including budget smoothing reserve and ICT reserve	75.6	83.1
Reserves held for accounting purposes including collection initiatives reserve	15.4	13.6
Other Specific Reserves	10.2	11.0
<b>Sub Total Earmarked Revenue Reserves</b>	<b>349.1</b>	<b>317.1</b>
Housing Revenue Account reserve	95.8	87.3
General Fund reserve	25.8	19.9
Schools' reserves (these belong to schools and are for their use only)	16.5	15.2
<b>Sub Total Revenue Reserves</b>	<b>487.2</b>	<b>439.5</b>
<b>Capital:</b> (cannot be applied to revenue spend)		
Reserves held for capital purposes including capital receipts and capital grants unapplied	232.4	200.4
<b>Sub Total Capital Reserves</b>	<b>232.4</b>	<b>200.4</b>
<b>Total Usable Reserves</b>	<b>719.7</b>	<b>639.9</b>

**Reserves held for capital purposes** have reduced by £32.0m in line with the delivery of the planned capital programme.

**Reserves held to manage economic and commercial risk** include several reserves that support the Council's budget position over the life of its Medium-Term Financial Plan. £41.78m relates to the smoothing reserve which is used to smooth the impact of budget shortfalls whilst savings are developed and implemented. This is being applied over the medium term to support the budget as set out in the MTFS.

The position on the **General Fund Reserve** is as follows.

The budget for 2023/24 assumed a transfer from general reserves of £674k to support the budget. The 2023/24 revenue outturn position was an overspend of £5.302m, which brought the total transfer from general reserve to £5.976m. The General Fund Reserve stands at £19.870m as at 31 March 2024.

#### Unusable Reserves

Unusable reserves hold unrealised gains or losses for assets not yet disposed of and accounting adjustments which are required by statute. These reserves cannot be used to fund capital or revenue expenditure.

The unusable reserves are shown in the following table:

Table Nine: Unusable reserves

Unusable Reserve	31 March	31 March
	2023	2024
	£m	£m
Revaluation Reserve	1,627.9	1,726.8
Financial Instruments Revaluation Reserve	14.9	23.7
Pensions Reserve	645.1	(80.5)

Manchester City Council Annual Statement of Accounts 2023/24

Unusable Reserve	31 March 2023 £m	31 March 2024 £m
Capital Adjustment Account	1,451.4	1,395.0
Deferred Capital Receipts Reserve	7.8	7.4
Financial Instruments Adjustment Account	(4.5)	(4.2)
Collection Fund Adjustment Account	34.9	27.5
Short-term Accumulated Absences Account	(5.7)	(5.9)
Dedicated Schools Grant Reserve	(1.4)	(7.8)
<b>Total</b>	<b>3,770.3</b>	<b>3,082.0</b>

Table Ten: Balance Sheet Summary

Overall, the net worth of the Council has decreased by £687.5m during 2023/24, made up of a decrease in usable reserves £79.7m and a decrease in usable reserves £607.8m.

The decrease in the net worth is matched by a decrease in value of net assets of the Council of £687.5m.

#### The Council's Cash Flow Statement

This shows the reasons for the change in cash, cash equivalents (investments made for a period of less than three months) and the bank balance during the year. The cash balance at 31 March 2024 had increased by £17.5m from 31 March 2023.

#### The Council's Balance Sheet

The Balance Sheet shows a summary of the Council's financial position as at the 31 March 2024, the last day of the financial year. This shows what the Council owns (its assets) and its debts (its liabilities) as well as the net worth of the Council assets less liabilities.

The net worth of the Council is £3,721.929m. This is split between usable reserves of £639.898m and unusable reserves of £3,082.031m.

Assets	£000	Liabilities	£000
Council Dwellings	786,964	Borrowing	1,340,344
Infrastructure Assets	565,575		
Other Property and Equipment	2,114,444	Provisions for Future Liabilities	268,797
Heritage Assets	642,438	Liability for Pension Scheme	80,517
Investment Properties	503,948	Capital Grant received in Advance	15,673
Other Assets	117,929	Money owed by the Council	210,421
Investments	171,525		
Money owed to the Council	734,859		
<b>Total</b>	<b>5,637,682</b>	<b>Total</b>	<b>1,915,753</b>
		<b>Net Worth of the Council</b>	<b>3,721,929</b>

### Collection Fund

The Collection Fund is a fund administered by the Council that shows the transactions of the billing authority (the Council), in relation to the collection of Council Tax and Non-Domestic Rates (NDR), or business rates, and how the income from these sources has been distributed to precepting authorities and the Council's General Fund. The expenditure includes the precept payment for the services delivered across the city by the Greater Manchester Combined Authority, specifically for the Mayoral, Police and Crime Commissioner and Fire and Rescue services. It is a statutory requirement to maintain a Collection Fund to account for all the Council tax and Business rates income and expenditure the Council collects each year.

The COVID 19 pandemic has had a material impact on the Collection Fund and several government schemes were announced in response to the pandemic and collection of local taxation.

For business rates the Expanded Retail Discount / Retail, Hospitality & Leisure Relief continues to provide support, offering 75% relief to businesses in these sectors, with a national businesses cap at £110k and has provided additional relief of £33.9m to Manchester businesses. 2023/24 also saw application of the final element of the compensation for irrecoverable losses of £7.0m, whereby government funded local authorities for 75% of losses in rates income relating to 2020/21.

In 2023/24 government introduced the Council Tax Support Fund providing local authorities with £100m nationally to apply up to £25 discount on Council Tax Support claimant's bills. The Council's allocation of £1.286m was applied to council tax accounts by 31 March 2024. As the scheme was fully funded, a corresponding credit was made to the Collection Fund so not to distort the fund.

The Council also facilitated the Government's Energy Bill Support Scheme Alternative Funding Grant and Alternative Fuel Payment Alternative Fund providing £0.7m to residents who could not automatically access the £400 support from the Energy Bill Support Scheme.

Council tax in year collection in 2023/24 was 87.78% in year collection, down 1.39% from 89.17% in 2022/23; and down 3.63% from 92.80% in 2019/20 (pre pandemic).

Business rates in year collection in 2023/24 was 98.05%, up 0.58% from 97.47% in 2022/23; and up 0.28% from 97.77% in 2019/20 (pre pandemic).

### Borrowing Limit

In 2023/24 the Council had an authorised limit for borrowing of £2,015.1m (£1,825.1m for external debt and £190.0m for other long-term liabilities such as PFIs and finance leases). The actual level of external debt at 31 March 2024 is £1,340.3m. The borrowing limit is based on the Council's Capital financing Requirement (CFR). The Council may meet this need from external borrowing or from 'internal borrowing' from its cash flow and cash backed reserves.

During 2023/24 the Council has repaid temporary and market debt and borrowed long term debt to manage cash flow. The Council has also repaid c.£3.8m of government debt which was due for repayment.

The external debt is made up of the following figures on the balance sheet:

Table Eleven: External Borrowing

External Borrowing	2022/23	2023/24
	£m	£m
Long-term Borrowing	933.1	1,187.2
Short-term Borrowing	119.1	153.1
<b>Total</b>	<b>1,052.2</b>	<b>1,340.3</b>

Long term borrowing is reclassified as short-term borrowing when it is due to be repaid within the next twelve months.

Whilst the 2023/24 Capital Programme was funded notionally by borrowing of £166.8m, the debt outstanding on the balance sheet at 31 March 2024 has increased by £288.1m as the Council's Treasury Management Strategy to use cash backed reserves, i.e., internal borrowing, in lieu of external borrowing where possible begins to unwind.

Historically, given the previous low level of interest rates, the Council retains minimal cash balances and reduces the use of external borrowing as borrowing rates are substantially higher than investment returns.

#### Major Acquisitions and Disposals

Significant acquisitions of non-current assets during 2023/24 included the buying out of the long leasehold interest in 103 Princess Street (£11.8m).

Significant disposals in 2023/24 included Crosslee Primary, Medlock Primary and Abraham Moss Community Schools converting to academy status (£41.4m). The former Buglawton Hall School was also disposed of (£2.75m)

#### Investment in Manchester Airport Group

The Council's shareholding remains at 35.5%. The Council received a dividend of £3.459m in 2023/24 from this investment. The Council has outstanding loans totalling £313.9m with MAHL.

#### Investment in Manchester Airport Car Park Limited

In March 2020 the Council, along with the other nine Greater Manchester Authority shareholders in the Manchester Airport Group, made an equity investment in Manchester Airport Car Parking Ltd to finance the development of a new airport carpark, which opened at the end of 2020. The Council's total investment was to assist in funding the capital build of a car park in return for the issue of 3 C shares in Manchester Airport Car Park Limited.

Manchester City Council holds 10% of the issued C shares in Manchester Airport Car Park Limited. The shareholding is classed as a financial instrument and held at cost on the Council's Balance Sheet. The Council's Shareholding in Manchester Airport Car Park Limited is valued at £5.6m.

#### Private Finance Initiatives (PFI)

PFI's involve a private sector contractor building or improving buildings used in the provision of public services and operating and maintaining the asset for an agreed period of time.

As at 31 March 2024, the Miles Platting Housing, Plymouth Grove Housing, Brunswick Housing, Temple School, Wright Robinson Sports College, and Street Lighting PFI schemes were ongoing.

The schemes were funded as follows:

Scheme	Funding Source
Housing schemes	PFI grant and Housing Revenue Account
Schools' schemes	PFI grant and Dedicated Schools Grant
Street Lighting scheme	PFI grant and Council resources

Further details on these schemes are shown in Note 11.

#### Private Public Partnership (PPP) Schemes

The Council has developed the following PPP Schemes with private sector contractors to provide services to the Council and its residents:

Indoor Leisure PPP – the renovation, maintenance and management of some indoor leisure facilities has been undertaken via a trust for more than ten years. A contract has again been awarded to Greenwich Leisure Ltd for the operation and maintenance of Leisure Buildings and Provision of Leisure Management Services.

Wythenshawe Forum PPP – the Council has established a trust, which has responsibility for the renovation, maintenance, and facilities management of Wythenshawe Forum.

The City's sports and activity provision is delivered by MCR active in partnership with our operating partner Greenwich Leisure Limited managing the National Cycling Centre, the National Squash Centre, the National Taekwondo Centre, the Regional Athletics Centre, the Regional Tennis Centre, the Regional Gymnastics Centre, and Belle Vue Leisure Centre / Regional Hockey Facility.

#### The Council's Group Accounts

The Council conducts activities through a variety of undertakings, either under ultimate control or in partnership with other organisations. The standard financial statements consider the Council as a single entity accounting for its interests in other undertakings as investments. For a full picture of the Council's involvement in other activities group

accounts are prepared. These reflect the figures contained in the single entity accounts consolidated with figures for the Council’s material subsidiaries, associates, and joint ventures.

Subsidiaries are defined as organisations that the Council controls by having power over the organisation, exposure, or rights to variable returns from its investment and the ability to use its power over the organisation to affect the amount of the return. The subsidiaries considered to be material are Destination Manchester Limited (DML) and Manchester Heat Network (MHN) and are wholly owned by the Council.

Associates are defined as organisations where the Council has significant influence. Significant influence is having power to participate in financial and operating policy decisions of the investee. The assumption is that a holding of more than twenty percent of the voting power of an investee would bring significant influence. The Council has no associates considered to be material.

Joint Ventures are arrangements where two or more parties have contractually agreed to share control such as decisions about activities that significantly affect returns require the unanimous consent of the parties sharing control and have the rights to the net assets of the arrangement. The joint venture considered to be material is Manchester Airports Holdings Limited (MAHL).

The CIPFA code requires Council to prepare Group Accounts, which requires us to make consolidation adjustments to take account of any differences in accounting policies between the Council and its subsidiaries, associates, and joint ventures so that the group accounts are prepared on a standard set of accounting policies.

The Group Accounts contain the Group Consolidated Income and Expenditure Statement, the Group Movement in Reserves Statement, the Group Balance Sheet, the Group Cash Flow Statement, and notes to the Group Accounts.

Table Twelve: Group Balance Sheet Summary

Group Position			
Assets	£000	Liabilities	£000
Council Dwellings	786,964	Borrowing	1,340,344
Infrastructure Assets	565,575		
Other Property and Equipment	2,179,827	Provisions for Future Liabilities	272,151
Heritage Assets	642,438	Capital Grants Received in Advance	18,448
Investment Properties	503,948	Money owed by the Group	223,042
Other Assets	130,989	Liability for Pension Scheme	80,517
Investments	938,357		

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Money owed to the Group	709,472		
Total	6,457,569	Total	1,934,502
	Net Worth of the Council's Group		4,523,067

## Statement of Responsibilities for the Annual 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 City Treasurer.
- manage its affairs to secure economic, efficient, and effective use of resources and safeguard its assets; and
- approve the statement of accounts.

### The City Treasurer's Responsibilities

The City Treasurer is the Council's designation Section 151 officer and is responsible for the preparation of the Council and Group 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) 2023/24; as amended by the Update to the Code and Specifications for Future Codes for the Infrastructure Assets ("the Code update"), published in November 2022.

In preparing this statement of accounts, the City Treasurer has:

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

The City Treasurer has also:

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

The statement of accounts gives a true and fair view of the financial position of the Council and Group as at 31 March 2024 and their income and expenditure for the year ended 31 March 2024.



Tom Wilkinson  
City Treasurer  
25 February 2025

## Comprehensive Income and Expenditure Statement

This account summarises the resources that have been generated and consumed in providing services and managing the Council during the last year. It includes all day-to-day expenses and related income on an accrual's basis, as well as transactions measuring the value of non-current assets actually consumed and the real projected value of retirement benefits earned by employees in the year. A full explanation is provided as part of financial statements section of the narrative report.

Restated 2022/23 Gross Expenditure £'000's	Restated 2022/23 Gross Income £'000's	Restated 2022/23 Net Expenditure £'000's		Notes	2023/24 Gross Expenditure £'000's	2023/24 Gross Income £'000's	2023/24 Net Expenditure £'000's
			<b>Continuing operations</b>				
273,065	(65,225)	207,840	Adults Social Care		299,938	(77,243)	222,696
45,598	(5,074)	40,524	Public Health		55,651	(7,647)	48,004
641,954	(438,379)	203,575	Children's Services		651,840	(456,247)	195,594
378,553	(228,163)	150,389	Corporate Core		373,001	(239,466)	133,535
282,601	(110,392)	172,209	Neighbourhoods		287,514	(119,043)	168,471
56,087	(31,000)	25,087	Growth and Development		122,213	(35,084)	87,129
8,247	(7,029)	1,218	Corporate Items		19,666	(8,699)	10,967
6,585	0	6,585	Council - Wide Costs		3,450	0	3,450
96,659	(89,849)	6,810	Housing Revenue Account		105,307	(93,533)	11,774
<b>1,789,349</b>	<b>(975,111)</b>	<b>814,238</b>	<b>Net cost of services</b>		<b>1,918,582</b>	<b>(1,036,962)</b>	<b>881,619</b>
			<b>Other operating expenditure</b>				
0	(10,270)	(10,270)	Gains / (Losses) on disposal of non-current assets	22	32,422	0	32,422
67,844	0	67,844	Levies		70,087	0	70,087
<b>67,844</b>	<b>(10,270)</b>	<b>57,574</b>	<b>Total other operating expenditure</b>		<b>102,509</b>	<b>0</b>	<b>102,509</b>
198,104	(229,494)	(31,390)	Financing and investment income and expenditure	13	262,077	(283,142)	(21,066)
35,361	(734,858)	(699,496)	Taxation and non-specific grant income and expenditure	14	53,497	(860,340)	(806,843)
<b>2,090,659</b>	<b>(1,949,733)</b>	<b>140,926</b>	<b>(Surplus) or Deficit on provision of services</b>		<b>2,336,665</b>	<b>(2,180,445)</b>	<b>156,220</b>

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			<b>Items that will not be subsequently classified in the (Surplus) / Deficit on Provision of Services</b>			
		(73,897)	(Surplus) / deficit on revaluation of assets	39a		(143,582)
		20,350	Impairment losses on non-current assets charged to the Revaluation Reserve	39a		12,815
		0	Business Combination - Transferred pension liabilities			0
		(1,312,917)	Re-measurements of the net defined benefit liability	41-43		(165,903)
		0	Asset Ceiling Adjustment	41-43		917,350
			<b>Items that will be subsequently classified in (Surplus) / Deficit on Provision of Services</b>			
		(654)	(Surplus) / deficit from investments in equity instruments designated at fair value through other comprehensive income	39b		(8,854)
		<b>(1,367,118)</b>	<b>Total other comprehensive income and expenditure</b>			<b>611,827</b>
		<b>(1,226,192)</b>	<b>Total comprehensive income and expenditure</b>			<b>768,047</b>

## Balance Sheet

The balance sheet shows the Council's balances on assets (non-current and current), liabilities (long and short-term) and net worth (usable and unusable reserves) at the end of the financial year.

<b>31 March 2023</b>			<b>31 March 2024</b>
	<b>Non-current assets</b>		
2,715,953	Other Property, plant, and equipment Assets	19b	2,901,408
553,237	Infrastructure	19a	565,575
639,275	Heritage assets	22	642,438
537,407	Investment properties	28	503,948
135	Intangible non-current assets		105
160,093	Long-term investment in subsidiaries, associates, and joint ventures	31	168,326
2,653	Other long-term investments	31	3,199
508,156	Long-term debtors	32	505,805
687,220	Net Pensions asset	42	0
<b>5,804,128</b>	<b>Total non-current assets</b>		<b>5,290,805</b>
	<b>Current assets</b>		
636	Inventories and long-term contracts		604
215,412	Short-term debtors	32	229,054
95,021	Cash and cash equivalents	46	112,538
7,526	Short-term assets held for sale	24	4,681
<b>318,595</b>	<b>Total current assets</b>		<b>346,877</b>
<b>6,122,724</b>	<b>Total assets</b>		<b>5,637,682</b>
	<b>Current liabilities</b>		
(119,147)	Short-term borrowing	37	(153,147)
(249,238)	Short-term creditors	33	(209,672)
(11,143)	Short-term provisions	36	(28,126)
(10,220)	Short-term deferred liabilities	35	(10,543)
<b>(389,749)</b>	<b>Total current liabilities</b>		<b>(401,488)</b>
<b>5,732,974</b>	<b>Total assets less current liabilities</b>		<b>5,236,193</b>
	<b>Long-term liabilities</b>		
(765)	Long-term creditors		(749)
(125,355)	Long-term provisions	36	(111,941)
(933,101)	Long-term borrowing	34	(1,187,197)
(128,732)	Long-term deferred liabilities	35	(118,187)
(12,943)	Capital grants receipts in advance		(15,673)
(42,103)	Net Pensions Liability	42	(80,517)
<b>(1,243,000)</b>	<b>Total long-term liabilities</b>		<b>(1,514,265)</b>
<b>4,4989,974</b>	<b>Net assets</b>		<b>3,721,929</b>
	<b>Financed by:</b>		
(719,658)	Usable reserves	38	(639,898)
(3,770,315)	Unusable reserves	39	(3,082,031)
<b>(4,489,974)</b>	<b>Total reserves</b>		<b>(3,721,929)</b>



Tom Wilkinson, City Treasurer,  
25 February 2025

## Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into "usable reserves" (i.e., those that can be applied to fund expenditure) and unusable reserves. The surplus / deficit on the provision of services line includes accounting adjustments for such items as depreciation that would be a significant cost in a commercial organisation, but which do not need to be funded by Council Tax. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes.

		<b>General Fund Reserves £000</b>	<b>Restated Housing Revenue Account £000</b>	<b>Capital Receipts Reserves £000</b>	<b>Capital Grants Unapplied £000</b>	<b>Major Repairs Reserve £000</b>	<b>Total Usable Reserves £000</b>	<b>Restated Total Unusable Reserves £000</b>	<b>Total Council Reserves £000</b>
<b>Balance at 1 April 2022</b>		<b>(528,991)</b>	<b>(106,089)</b>	<b>(114,374)</b>	<b>(78,372)</b>	<b>(8,274)</b>	<b>(836,099)</b>	<b>(2,427,684)</b>	<b>(3,263,782)</b>
<b>Movement in reserves during 2022/23</b>									
Total comprehensive income and expenditure	CIES	136,572	4,351	0	0	0	140,924	(1,367,118)	(1,226,194)
Adjustments between accounting basis and funding basis under regulations	2b and 10	948	5,944	(39,584)	8,577	(373)	(24,487)	24,888	0
<b>(Increase) or decrease in year</b>		<b>137,521</b>	<b>10,296</b>	<b>(39,584)</b>	<b>8,577</b>	<b>(373)</b>	<b>116,436</b>	<b>(1,342,630)</b>	<b>(1,228,194)</b>
<b>Balance at 31 March 2023 Restated</b>		<b>(391,470)</b>	<b>(95,793)</b>	<b>(153,958)</b>	<b>(69,795)</b>	<b>(8,647)</b>	<b>(719,662)</b>	<b>(3,770,314)</b>	<b>(4,489,977)</b>
<b>Movement in reserves during 2023/24</b>									
Total comprehensive income and expenditure	CIES	156,739	(519)	0	0	0	156,220	611,827	768,047
Adjustments between accounting basis and funding basis under regulations	2b and 10	(117,516)	9,049	25,950	3,157	2,904	(76,455)	76,455	0
<b>(Increase) or decrease in year</b>		<b>39,223</b>	<b>8,530</b>	<b>25,950</b>	<b>3,157</b>	<b>2,904</b>	<b>79,765</b>	<b>688,282</b>	<b>768,047</b>
<b>Balance at 31 March 2024</b>		<b>(352,248)</b>	<b>(87,263)</b>	<b>(128,008)</b>	<b>(66,637)</b>	<b>(5,743)</b>	<b>(639,897)</b>	<b>(3,082,032)</b>	<b>(3,804,829)</b>

## Cash Flow Statement

The Cash Flow Statement shows the reason for changes in the Council's cash balances (including investments for periods of less than three months) during the year. It shows whether that change is due to operating activities, investing, or financing activities (such as repayment of borrowing or other long-term liabilities).

<b>RESTATED 2022/23 £000s</b>		<b>Note</b>	<b>2023/24 £000s</b>
(138,542)	Net (deficit) / surplus on the provision of services		(156,220)
221,453	Adjustments to net (deficit) / surplus on the provision of services for non-cash movements	47	215,573
(165,683)	Adjustments for items included in the net (deficit) / surplus on the provision of services that are investing and financing activities	48	(131,318)
(82,772)	<b>Net cash flows from operating activities</b>		<b>(71,965)</b>
(165,871)	Investing activities	50	(183,745)
200,314	Financing Activities	51	273,227
(48,329)	<b>Net increase or (decrease) in cash and cash equivalents</b>		<b>17,517</b>
143,350	Cash and cash equivalents at the beginning of the reporting period		95,021
95,021	<b>Cash and cash equivalents at the end of the reporting period</b>	46	<b>112,538</b>

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Note 1. Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows for each of the Council's directorates, a comparison of the net expenditure as per the revenue outturn reports to Executive and the net expenditure in the CIES and explains the differences between the two.

<b>2023/24 Service</b>	<b>As reported to Members £000's</b>	<b>Adjustments to arrive at net amount chargeable to the general fund and HRA balances £000's Note 2a</b>	<b>Net expenditure chargeable to the general fund and HRA balances £000's</b>	<b>Adjustments between funding and accounting basis £000's Note 2b</b>	<b>Restated Net expenditure in the Comprehensive Income and Expenditure Statement £000's</b>
Adult Social Care	226,341	(7,365)	218,976	3,719	222,696
Public Health	43,358	4,653	48,010	(7)	48,004
Children's Services	155,237	6,470	161,706	33,887	195,594
Corporate Core	119,904	(289)	119,613	13,921	133,535
Neighbourhoods	141,408	(27,616)	113,793	54,679	168,471
Growth and Development	(13,225)	22,683	9,456	77,672	87,129
Corporate Items	22,033	(2,117)	19,916	(8,947)	10,968
Council-Wide Costs	0	0	0	3,450	3,450
Housing Revenue Account	8,530	12,293	20,823	(9,049)	11,774
<b>Net Cost of Services</b>	<b>703,583</b>	<b>8,711</b>	<b>712,294</b>	<b>169,325</b>	<b>881,619</b>
Other Income and Expenditure	(689,078)	20,083	(664,543)	(60,858)	(725,400)
<b>Deficit / (surplus) on Provision of Services</b>	<b>14,506</b>	<b>33,246</b>	<b>47,751</b>	<b>108,467</b>	<b>156,220</b>

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<b>2022/23 Service</b>	<b>As reported to Members £000's</b>	<b>Adjustments to arrive at net amount chargeable to the general fund and HRA balances £000's Note 2a</b>	<b>Net expenditure chargeable to the general fund and HRA balances £000's</b>	<b>Adjustments between funding and accounting basis £000's Note 2b</b>	<b>Net expenditure in the Comprehensive Income and Expenditure Statement £000's</b>
Adult Social Care	189,714	1,056	190,770	17,071	207,840
Public Health	42,685	(2,161)	40,524	0	40,524
Children's Services	132,266	4,632	136,899	66,677	203,574
Corporate Core	111,915	(1,028)	111,887	39,503	150,539
Neighbourhoods	126,683	(19,737)	106,946	65,263	172,210
Growth and Development	(15,738)	15,806	68	25,020	25,087
Corporate Items	21,100	(15,527)	7,573	(6,354)	1,219
Council-Wide Costs	0	0	0	6,585	6,585
Housing Revenue Account	10,293	2,462	12,755	(5,945)	6,810
<b>Net Cost of Services</b>	<b>618,918</b>	<b>(12,498)</b>	<b>606,420</b>	<b>207,818</b>	<b>814,237</b>
Other Income and Expenditure	(601,109)	142,504	(458,605)	(214,708)	(673,312)
<b>Deficit / (surplus) on Provision of Services</b>	<b>17,809</b>	<b>130,007</b>	<b>147,815</b>	<b>(6,890)</b>	<b>140,923</b>

<b>Movement in General Fund and HRA Balance</b>	<b>2022/23</b>	<b>2023/24</b>
Opening General Fund and HRA Reserves	653,078	487,262
Surplus on General Fund and HRA Reserves in year	(147,815)	(47,751)
<b>Closing General Fund and HRA Reserves at 31 March</b>	<b>487,263</b>	<b>439,511</b>

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Adjustments to arrive at the net amount chargeable to the general fund and HRA balances (shown in note 2a) include those that have to be shown in different lines in the CIES from where they are reported in the outturn report (e.g. interest paid or received, expected credit losses), transfers to or from reserves that are shown in the MIRS but are included within the figures reported in the outturn, recharges between services that have to be excluded from the CIES and any remaining service specific COVID grants recorded corporately in the outturn report and shown within the service area in the CIES.

Adjustments between funding accounting basis (shown in note 2b) are items excluded from the reported outturn as they are technical accounting adjustments that net to nil across council services but are required to be shown within the CIES. These are classified as either capital, pensions, collection fund or other adjustments. Further detail is shown in note 10.

The split of the general fund and HRA reserves is shown in the movement in reserves statement.

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Note 2. Note to the Expenditure and Funding Analysis

(a) Adjustments to arrive at net amount chargeable to the general fund and HRA balances

<b>2023/24</b>	<b>Adjustments relating to other income and expenditure (i) £000's</b>	<b>Adjustments relating to transfers to / from reserves (ii) £000's</b>	<b>Adjustments relating to internal recharges (iii) £000's</b>	<b>Adjustments relating to COVID Grants (iv) £000's</b>	<b>Total Adjustments £000's</b>
Adults Social Care	(18,154)	11,833	(1,044)	0	(7,365)
Public Health	0	5,290	(638)	0	4,653
Children's Services	2,536	3,309	624	0	6,470
Corporate Core	(2,633)	(817)	16,067	(12,906)	(289)
Neighbourhoods	(17,344)	4,109	(14,380)	0	(27,619)
Growth and Development	19,774	4,586	(1,678)	0	22,683
Corporate Items	98	(3,264)	1,048	0	(2,117)
Council-Wide	0	0	0	0	0
Housing Revenue Account	12,293	0	0		12,293
<b>Net Cost of Services</b>	<b>(3,429)</b>	<b>25,047</b>	<b>0</b>	<b>(12,906)</b>	<b>8,711</b>
Other Income and Expenditure from the Expenditure and Funding Analysis	3,429	8,199	0	12,906	24,534
Difference between General Fund and HRA Surplus / Deficit and Comprehensive Income and Expenditure Statement Surplus / Deficit on the Provision of Services	0	33,2436	0	0	33,246

Manchester City Council Annual Statement of Accounts 2023/24

<b>2022/23</b>	<b>Adjustments relating to other income and expenditure (i) £000's</b>	<b>Adjustments relating to transfers to / from reserves (ii) £000's</b>	<b>Adjustments relating to internal recharges (iii) £000's</b>	<b>Adjustments relating to COVID Grants (iv) £000's</b>	<b>Total Adjustments £000's</b>
Adults Social Care	(2,831)	4,461	(575)	0	1,056
Public Health	0	(955)	(1,207)	0	(2,161)
Children's Services	1,976	3,171	(515)	0	4,632
Corporate Core	(15,348)	2,141	12,207	(28)	(1,028)
Neighbourhoods	(17,409)	7,120	(9,448)	0	(19,737)
Growth and Development	12,394	4,575	(1,163)	0	15,806
Corporate Items	(5,442)	(8,785)	700	0	(13,527)
Council-Wide	0	0	0	0	0
Housing Revenue Account	2,462	0	0	0	2,462
<b>Net Cost of Services</b>	<b>(24,199)</b>	<b>11,729</b>	<b>0</b>	<b>(28)</b>	<b>(12,498)</b>
Other Income and Expenditure from the Expenditure and Funding Analysis	24,199	118,277	0	28	142,504
Difference between General Fund and HRA Surplus / Deficit and Comprehensive Income and Expenditure Statement Surplus / Deficit on the Provision of Services	0	130,007	0	0	130,007

(i) Adjustments relating to other income and expenditure include levies, PFI grants, transactions relating to investment properties and service specific interest payments and receipts which are reported as part of service costs in the outturn report but are not included in net cost of services in the CIES.

(ii) Transfers to and from reserves which are included in the outturn report but are not shown within the CIES.

Manchester City Council Annual Statement of Accounts 2023/24

(iii) Internal recharges between services are included in the outturn report but are not shown within the CIES.

(iv) COVID grants provided by Government in response to the COVID 19 pandemic. This reflects service specific COVID grants recorded corporately in the outturn report and shown within the service area in the CIES.

(b) Adjustments between Funding and Accounting Basis

<b>2023/24</b>	<b>Adjustments for Capital Purposes (i) £000</b>	<b>Pension Adjustments (ii) £000</b>	<b>Collection Fund Adjustments (iii) £000</b>	<b>Other Adjustments (iv) £000</b>	<b>Total Adjustments £000</b>
Adults Social Care	2,016	1,664	0	39	3,719
Public Health	0	0	0	(7)	(7)
Children's Services	24,850	2,545	0	6,492	33,887
Corporate Core	11,948	1,944	0	29	13,921
Neighbourhoods	53,191	1,499	0	(10)	54,679
Growth and Development	77,145	565	0	(38)	77,672
Corporate Items	144	(9,144)	0	52	(8,947)
Council-Wide Costs	6,942	(3,493)	0	0	3,450
Housing Revenue Account	(8,941)	(108)	0	0	(9,049)
<b>Net Cost of Services</b>	<b>167,296</b>	<b>(4,527)</b>	<b>0</b>	<b>6,557</b>	<b>169,325</b>
Other Income and Expenditure from the Expenditure and Funding Analysis	(47,562)	(21,286)	7,392	597	(60,858)
Difference between General Fund and HRA Surplus / Deficit and Comprehensive Income and Expenditure Statement Surplus / Deficit on the Provision of Services	119,734	(25,813)	7,392	7,154	108,467

Manchester City Council Annual Statement of Accounts 2023/24

<b>2022/23</b>	<b>Adjustments for Capital Purposes (i) £000</b>	<b>Pension Adjustments (ii) £000</b>	<b>Collection Fund Adjustments (iii) £000</b>	<b>Other Adjustments (iv) £000</b>	<b>Total Adjustments £000</b>
Adults Social Care	1,994	15,071	0	6	17,071
Public Health	0	0	0	0	0
Children's Services	43,594	25,261	0	(2,179)	66,677
Corporate Core	22,982	16,536	0	(15)	39,503
Neighbourhoods	53,232	11,983	0	3	65,219
Growth and Development	19,752	5,283	0	(15)	25,020
Corporate Items	1,300	(6,538)	0	(1,116)	(6,354)
Council-Wide Costs	4,176	2,409	0	0	6,585
Housing Revenue Account	(8,612)	283	0	0	(8,329)
<b>Net Cost of Services</b>	<b>138,459</b>	<b>70,287</b>	<b>0</b>	<b>(3,312)</b>	<b>205,433</b>
Other Income and Expenditure from the Expenditure and Funding Analysis	(127,767)	13,700	(98,642)	(2,000)	(214,708)
<b>Difference between General Fund and HRA Surplus / Deficit and Comprehensive Income and Expenditure Statement Surplus / Deficit on the Provision of Services</b>	<b>13,076</b>	<b>83,987</b>	<b>(98,642)</b>	<b>(5,312)</b>	<b>(6,889)</b>

(i) Adjustments relating to capital include depreciation, amortisation of intangible assets impairment, revenue funded from capital under statute, movements in investment property valuations, gain / loss on disposal of non-current assets, capital grants and contributions, HRA PFI adjustments, soft loans, minimum revenue provision and revenue contribution to capital outlay.

(ii) Adjustments relating to pensions are the removal of employee pension costs for the Local Government Pension Scheme and their replacement with current service costs and past service costs plus the net interest on the defined pension liability.

(iii) This represents the difference between what is chargeable under statutory regulations for council tax and NNDR i.e., the amount estimated in the preceding January and the actual income due on an accruals basis. This difference is held within the Collection Fund.

(iv) Other adjustments include employee benefit accruals and the payment to the housing capital receipts pool.

Note 3. Prior Period Reclassification

The comparator is reclassified so that 2022/23 is presented in a comparable way to 2023/24.

- (a) The reclassification is due to the centralisation of Spend to Save schemes, extraction of Public Health activity from Adults Social Care, and Homelessness now being reported under Neighbourhoods.
- (b) Brunswick PFI adjustments were to reflect the revised model and remove capital impacts identified by Forvis Mazars during their audit testing in 22/23.

Consolidated Income and Expenditure Statement (CIES)

Expenditure and income on services are shown in CIES in accordance with The Code.

	As reported in the 2022/23 CIES £000's	Transfer of services between directorates £000's (a)	Prior Period Changes £000's (b)	Total 2022/23 £000's
<b>Gross Expenditure</b>				
Adults Social Care	248,364	(40,525)		207,839
Public Health	0	40,525		40,525
Homelessness	19,625	(19,625)		0
Children's Services	203,575	0		203,575
Corporate Core	150,539	(149)		150,390
Neighbourhoods and Highways	155,250	16,959		172,209
Growth and Development	27,812	(2,725)		25,087
Corporate Items	(4,322)	5,540		1,218
Council Wide Costs	6,585	0		6,585
Housing Revenue Account	4,426	0	2,384	6,810
<b>Total Net Cost of Services Gross Expenditure</b>	<b>811,854</b>	<b>0</b>	<b>2,384</b>	<b>814,238</b>

These amendments have also been reflected in the Group Accounts.

Note 4. Impact of Accounting Changes Issued but Not Yet Adopted

The Code requires the council to disclose information setting out the impact of an accounting change required by a new accounting standard and amendments that have been issued but not yet adopted by the Code.

The most significant standard being introduced by the 2024/25 Code where disclosure is required in the 2023/24 financial statements is in relation to IFRS 16 Leases issued in January 2016. After being deferred for *several years due to the COVID pandemic*, this accounting standard is now being implemented with effect from 1 April 2024. The main

*impact is to remove (for lessees) the traditional distinction between finance leases and operating leases, requiring lessees to recognise the majority of assets subject to leases as right of use assets on the balance sheet, along with a corresponding lease liability rather than being treated as a 'pay as you go' type of arrangement.*

As can be seen in Note 26 Assets Held as Lessee, the council currently leases a small number of properties under operating leases. The rental costs of these properties were £4.291m in 2023/24. Under IFRS16 these leases will be recognised as right of use assets on the balance sheet. Work on the implementation of the Code changes is ongoing and the full impact on the council's accounts has not yet been fully assessed. However, preliminary calculations estimate that approximately £34.831m worth of assets will be brought on to the balance sheet, with corresponding liabilities of £34.831m being also added.

In addition, the following standards are being introduced by the 2024/25 Code where disclosure is required in the 2023/24 financial statements. However, none are expected to have a significant impact:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1) issued in January 2020. The amendments
  - specify that an entity's right to defer settlement must exist at the end of the reporting period.
  - clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement; - clarify how lending conditions affect classification; and,
  - clarify requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) issued in September 2022. The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions.
- Non-current Liabilities with Covenants (Amendments to IAS 1) issued in October 2022. The amendments improve the information an entity provides when its right to defer settlement of a liability for at least 12 months is subject to compliance with covenants.
- International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12) issued in May 2023. The amendments introduce a temporary exception to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes, and targeted disclosure requirements for affected entities.
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) issued in May 2023. The amendments require an entity to provide additional disclosures about its supplier finance arrangements.

#### Note 5. Accounting Concepts and Policies

The Statement of Accounts summarises the Council's transactions for the 2023/24 financial year and its position at the year-end 31 March 2024. The Council is required to prepare an Annual Statement of Accounts by the Accounts and Audit Regulations 2015 which require the accounts to be prepared in accordance with proper accounting practices. These

practices primarily comprise The Code as amended by the Update to the Code and Specifications for Future Codes for the Infrastructure Assets (“the Code update”), published in November 2022. The Code is 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.

## 5.1. Underlying Assumptions

### 5.1.1 Going Concern

The Accounting Code, (standard IAS 1) requires management to assess 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. The Council has based its considerations of Going Concern around the continuous provision of service.

The Council consolidates its investments in Manchester Airport Holding Limited (MAHL), Destination Manchester Limited (DML) and Manchester Heat Network (MHN) in its Group financial statements. In considering the going concern of the Council and the Group the Council has considered the going concern of those entities.

## 5.2. Accounting Policies

### 5.2.1 Property, Plant and Equipment (PPE)

Property, Plant and Equipment (PPE) assets have physical substance and are held for use in the provision of services, for rental to others or for administrative purposes and are expected to be used for more than one year (e.g. land and buildings).

Expenditure on the acquisition, creation and enhancement of PPE has been capitalised on an accruals basis provided that it yields benefit to the Council, and the services it provides, for more than one financial year. Expenditure on repairs and maintenance is charged to revenue as it is incurred.

Capital expenditure is initially added to the value of an asset but if expenditure is not considered to increase the value of the asset the value is reduced by this expenditure.

### Measurement

PPE assets are initially shown on the Balance Sheet at cost, comprising the purchase price and any expenditure attributable to bringing the asset into working condition. The Council does not capitalise borrowing costs incurred whilst the assets are under construction.

The Council's PPE assets are valued on the balance sheet using methods of valuation on the basis required by CIPFA and in accordance with Royal Institution of Chartered Surveyors (RICS) guidance.

Land and buildings and other operational assets are valued at current value, determined as the value that would be paid for the asset in its existing use. Where market evidence is not available, for example schools and leisure centres, current value is estimated at depreciated replacement cost, using the modern equivalent asset method.

Short life assets, such as vehicles, are held at depreciated historical cost as a proxy for current value on the grounds of materiality.

Council dwellings are valued at existing use value – social housing.

Community assets are measured at depreciated historical cost.

Assets under construction are held at historical cost and are not depreciated until brought into use.

Surplus assets are valued at fair value based on the highest or best use of the asset from a market perspective. Surplus assets are not in use by the Council but do not meet the definition of investment property or assets held for sale. Surplus assets mainly relate to land that is being held for regeneration purposes and future sale.

Council dwellings are revalued annually. Other assets included in the Balance Sheet at current or fair value are valued sufficiently regularly to ensure that their carrying amount is not materially different from their value at year end, but as a minimum every five years. Valuations are undertaken during the year by internal council valuers and external valuers commissioned by the Council. The external valuers provide indexation factors for the percentage increase in value from the date of the last valuation to 31 March 2023 for each category of asset and these are applied to the assets where material.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Where the increase is reversing a previous loss charged to the Deficit / Surplus on the Provision of Services on the same asset, the increase in valuation is credited to the Comprehensive Income and Expenditure Statement (CIES).

Where decreases in value are identified and there is a balance of revaluation gains in the Revaluation Reserve relating to the asset, the value of the asset is written down against that balance (up to the amount of the accumulated gains). Where there is a nil or insufficient balance in the Revaluation Reserve (RR) the value of the asset is written down against the relevant service line in the CIES.

Where revaluation gains or losses are credited or charged to the CIES, they are reversed in the Movement in Reserves Statement (MIRS) to the Capital Adjustment Account (CAA).

The Revaluation Reserve contains gains recognised since 1 April 2007 only, the date of its formal implementation. Revaluation gains arising before that date are included in the CAA.

The land and building elements of all properties are valued separately and treated as separate assets for accounting purposes. In addition to this and subject to an appropriate materiality level, any individual component within buildings which has a cost that is significant in relation to the total cost of the building is accounted for separately unless the components have a similar useful life to the main building.

In considering assets for potential componentisation (i.e., the significant elements of the asset are valued separately) the Council has included all general fund buildings with a carrying value of more than £2m.

Council dwellings are valued on a beacon approach for the house as a whole. Asset lives for the purposes of depreciation take account of the following components: main building, roof, windows, external doors, kitchens, bathrooms, heating, and electrical systems.

#### 5.2.2 Depreciation on Property, Plant and Equipment

Depreciation has been calculated using a straight-line method (i.e., apportioned equally over each year of the life of the asset) for all assets. A qualified valuer determines the estimated useful life of each property. Land and assets not yet available for use (assets under construction) are not depreciated. Each component of PPE that is significant in relation to the total cost of the asset is depreciated separately based on its estimated useful life.

Depreciation is charged to the service with a corresponding reduction in the value of the asset. The depreciation charge is reversed in the MIRS, and a transfer made to the CAA. Residual values, useful lives and depreciation methods are reviewed at each financial year end.

Depreciation has been charged to the Housing Revenue Account (HRA) in accordance with proper practices and credited to the Major Repairs Reserve (MRR).

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 charged on their historical cost being transferred from the RR to the CAA.

#### 5.2.3 Derecognition of Property, Plant and Equipment

An item of PPE is derecognised by disposal or when no future economic benefit or service potential is expected from its use.

The carrying amount of a replaced or restored part of an asset is derecognised with the carrying amount of the new component being recognised.

When an asset is disposed of the carrying amount of the asset in the Balance Sheet is written off to Other Operating Expenditure within the CIES as part of the gain or loss on disposal. Sale proceeds from disposals are credited to the same line in the CIES also as part of the gain or loss on disposal.

Any revaluation gains on the RR, for assets disposed of or decommissioned, are transferred to the CAA.

Income from an asset disposal in excess of £10,000 is classed as a capital receipt. Capital receipts from Right to Buy (RTB) sales of council dwellings are pooled between the Council and central government. The net RTB receipts received (after reduction of regional transaction costs and allowable debt) are split based on a share ratio provided by central government. If the government share of capital receipts, as calculated by the Office of Budget Responsibility, is exceeded the Council retains the remainder of the receipts to be used for the provision of new homes. If these receipts are not used within three years, they must be returned to the government (with interest at 4% above base rate). Non-RTB receipts are exempt from the capital pooling rules.

The balance of capital receipts is credited to the Capital Receipts Reserve and used to fund new capital expenditure or repay debt.

The written off value of disposals is reversed through the MIRS to the CAA.

#### 5.2.4 Highways Infrastructure Assets

The Council has determined in accordance with Regulation 30M of the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 to implement the statutory override, in that the carrying amounts of replaced and derecognised infrastructure assets may be at a nil value.

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

##### Recognition

Expenditure on the acquisition or replacement of components of the network is capitalised on an accrual basis, provided that it is probable that the future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably.

##### Measurement

Highways infrastructure assets are generally measured at depreciated historical cost. However, this is a modified form of historical cost – opening balances for highways infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April 1994, which was deemed at that time to be historical cost. Where impairment losses are identified, they are accounted for by the carrying amount of the asset being written down to the recoverable amount.

##### Depreciation

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

Part of the highways network	Useful life
Carriageways	21 years
Footways and cycle track	40 years
Structures (bridges, tunnels, and underpasses)	73 years
Street lighting	25 years
Street furniture	25 years
Public Realm	50 years

### Disposals and derecognition

When a component of the network is disposed of or decommissioned, the carrying amount of the component in the Balance Sheet is written off to the 'Other operating expenditure' line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement, also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal).

The written-off amounts of disposals are not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing.

Amounts are transferred to the capital adjustment account from the General Fund Balance in the Movement in Reserves Statement

### 5.2.5 Private Finance Initiatives (PFIs) and Similar Contracts

PFI and similar contracts (service concessions) are agreements to receive services where the responsibility for making available the property, plant and equipment needed to provide the services passes to the contractor. As the Council is deemed to control the services that are provided under the contract and as ownership of the property, plant and equipment will pass to the Council at the end of the contract for no additional charge, the Council holds the Property, Plant and Equipment used under the contracts on its Balance Sheet.

The original introduction of these assets onto the balance sheet is matched by the recognition of a deferred liability for amounts due to the operator to pay for the assets. Where the assets come into use at different stages the asset and matching liability are introduced in stages. For some PFI schemes the liability is written down by an initial capital contribution. This capital contribution was either in the form of a cash contribution or assets transferred to the contractor.

Property, Plant and Equipment relating to PFIs and similar contracts, recognised on the Balance Sheet, is revalued, depreciated, and impaired in the same way as other property, plant and equipment owned by the Council.

The amounts payable to the operator each year are analysed as follows:

Value of the service received (including facilities management) during the year - debited to the relevant service line in the Deficit / Surplus on the Provision of Services in the Comprehensive Income and Expenditure Statement.

Interest cost based on the outstanding deferred liability - debited to the Financing and Investment Income and Expenditure line in the Deficit / Surplus on the Provision of Services.

Payment towards liability - debited to the deferred liability on the Balance Sheet thus reducing the liability. For non-HRA contracts this reduction in the charge in the Deficit / Surplus on the Provision of Services is replaced by an equivalent amount of Minimum Revenue Provision (MRP) in the Movement in Reserves Statement. For HRA contracts this reduction in unitary charge is reversed in the Movement in Reserves Statement to the Capital Adjustment Account.

Lifecycle replacement costs relate to the costs required to replace and maintain the assets over the project lifespan. Where required these are posted to the Balance Sheet as a prepayment and then recognised as a revenue cost when the works are carried out in line with the contract, unless they are identified as capital in nature in which case they will be recognised as capital expenditure.

Government grants received towards the funding of general fund PFI related payments are shown within the Taxation and Non-specific Grant Income line in the Comprehensive Income and Expenditure Statement. HRA PFI related grants are shown within the HRA income line in the Comprehensive Income and Expenditure Statement.

#### 5.2.6 Heritage Assets

Heritage assets are those assets that are intended to be preserved for future generations because of their cultural, environmental, or historical associations. They are held by the Council in pursuit of its overall objectives in relation to the maintenance of heritage. Heritage assets include civic regalia, museum and gallery collections and works of art. Community assets (including parks and cemeteries) are not heritage assets, but are accounted for as property, plant, and equipment.

Operational heritage assets (i.e., those that, in addition to being held for their heritage characteristics, are also used by the Council for other activities or to provide other services) are accounted for as operational assets rather than heritage assets and valued in the same way as other assets of that general type (e.g., buildings such as the Central Library).

Heritage assets are shown in the Balance Sheet at market value where this is available. For those assets where no market value is available the insurance valuation is used. Where a valuation is not available and cannot be obtained at a cost which is commensurate with the benefits to the users of the financial statements the assets are held at cost. Where the cost information is not available, they are not recognised in the balance sheet.

Depreciation is not provided for as these assets are considered to have infinite lives.

Any impairment is recognised and measured in accordance with the Council's general policies on impairment (policy 5.2.9). The proceeds of any disposals are accounted for in accordance with the Council's general provisions relating to the de-recognition of property, plant, and equipment (policy 5.2.3).

#### 5.2.7 Investment Properties

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 provide services by the Council or is held for sale.

Investment Properties are initially measured at cost. After initial recognition they are measured at fair value - highest and best use. The fair value reflects market conditions at the balance sheet date. A gain or loss arising from a change in the fair value of investment property is recognised in the Financing and Investment Income and Expenditure line within the Comprehensive Income and Expenditure Statement.

Investment Properties are not depreciated but are revalued annually according to market conditions at year end.

An investment property is derecognised on disposal. Gains or losses arising from the disposal are recognised in the Financing and Investment Income and Expenditure line within the Comprehensive Income and Expenditure Statement.

Revaluation and disposal gains and losses are reversed in the Movement in Reserves Statement and posted to the Capital Adjustment Account and sale proceeds over £10,000 to the Capital Receipts Reserve.

Rentals received in relation to investment properties are credited to the Financing and Investment income line in the Other Comprehensive Income and Expenditure Statement.

#### 5.2.8 Schools

In accordance with The Code the Council has assessed the legal framework underlying each school. The Council controls the non-current assets of community schools and foundation schools, vested with the governing body as a Trustee, as future economic benefits associated with the assets will flow to the Council and therefore the land and buildings of those schools are shown on the Council's balance sheet. The land and buildings of voluntary aided, voluntary controlled and foundation schools, where the trust is not the governing body are owned and controlled by the trustees of the schools or the foundation body and are therefore not shown on the balance sheet of the Council.

Any schools held on the balance sheet, which are transferred to academy status form part of the loss on disposal of non-current assets. This includes schools managed under a PFI contract.

Capital expenditure on schools shown on the Council's balance sheet is added to the value of those schools. Capital expenditure on schools not on the Council's balance sheet is treated as REFCUS (Revenue Expenditure Funded from Capital under Statute) expenditure and written off each year to the CIES as part of the Children's Services line. This is reversed out through the MIRS, and a transfer made to the CAA.

All revenue income, expenditure, assets, and liabilities of maintained schools, after the removal of transactions between schools and the Council, are included in the Council's single entity accounts.

Individual schools' balances are included in the balance sheet of the Council as any unspent delegated schools budget remains the property of the Council although these can only be spent by the school.

The Dedicated Schools Grant (DSG) is allocated between the central council budgets and budgets allocated to individual schools (delegated school budgets). Expenditure from central council budgets and delegated schools' budgets is charged to the CIES as part of the Children's Services line.

Accounting regulations were introduced relating to the DSG deficit balances for three years for accounting periods beginning 1 April 2020. The financial statements continue to be

produced under IFRS with the DSG being accounted for in the normal way (through the CIES). A deficit must be carried forward to be funded from future DSG income. An accounting adjustment is then made via the MIRS to move any DSG deficit balances to an unusable reserve established for that purpose.

#### 5.2.9 Impairment

Assets are reviewed for impairment at the end of each reporting period. Examples of impairment include a significant reduction in a specific assets value and evidence of physical damage (e.g., fire damage).

The amount of impairment is charged to the RR to the extent that the impairment does not exceed the amount in the RR for the same asset. Thereafter the impairment is charged to the Deficit / Surplus on the Provision of Services.

This charge is reversed out through the MIRS to the CAA.

Where an impairment loss is subsequently reversed, the reversal is credited to the relevant service line in the CIES, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

#### 5.2.10 Provision for Redemption of Debt

The Council is required to make provision for the repayment of an element of the accumulated General Fund capital expenditure, financed by borrowing, through a revenue charge, in accordance with the Minimum Revenue Provision (MRP) requirements. Regulations replaced the detailed formula for calculating MRP with a requirement to be prudent. The MRP policy (which details the basis of the provision) is agreed annually by the Council within the Treasury Management Strategy.

For all non-HRA capital expenditure funded by supported borrowing, otherwise known as supported capital expenditure, the Council's policy is to charge 2% of the capital financing requirement.

For all non-HRA unsupported borrowing MRP is calculated using the estimated life of the asset. Dependent upon the nature of the capital expenditure, a straight line (equal amount of MRP over the life of the asset) or annuity method (equal amount of MRP plus interest over the life of the asset) is used to link MRP to the future flow of benefits from the asset.

MRP starts in the year after the capital expenditure is incurred or in the case of new assets, in the year following the asset coming into use.

MRP is provided for non-HRA PFI related assets on the Council's Balance Sheet. This equates to the amount of unitary charge charged against the deferred liability on the Balance Sheet.

MRP is provided for assets held under finance leases (including embedded leases) where the Council is the lessee. This equates to the amount of the lease payment charged against the deferred liability on the Balance Sheet.

There is no MRP charge to the Housing Revenue Account.

#### 5.2.11 Revenue Expenditure Funded from Capital under Statute

Revenue Expenditure Funded from Capital under Statute (REFCUS) is expenditure of a capital nature that does not result in the creation of a non-current asset on the Balance Sheet. These are generally grants and expenditure on property not owned by the Council. Expenditure is charged to the Deficit / Surplus on the Provision of Services as it is incurred. This is reversed out through the Movement in Reserves Statement and a transfer made to the Capital Adjustment Account.

Details of the accounting policy relating to grants and external contribution funding of REFCUS expenditure is shown in policy 5.2.16c.

#### 5.2.12 Non-Current Assets held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than its continued use it is reclassified as an asset held for sale. Before an asset can be classed as held for sale it must be available for immediate sale in its present condition, the sale must be highly probable, the asset must be actively marketed, and the sale should be expected to be completed within one year of the date of classification. In situations where it is not necessary to carry out active marketing, for example because the Council is able to identify prospective purchasers willing to pay a reasonable price without marketing (such as transfers to a joint venture) or because a buyer initiates the transaction (such as right to buy sales), this test is not applicable. Where events or circumstances extend the period beyond one year and there is sufficient evidence that the Council remains committed to the plan to sell the assets they are classed as long-term assets held for sale.

The held for sale asset is carried at the lower of the carrying amount or the fair value less costs to sell. Where this results in a loss in value this loss is posted to Other Operating Expenditure in the Comprehensive Income and Expenditure Statement. Once an asset is classed as held for sale it is no longer depreciated.

If assets no longer meet the classification as assets held for sale they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale (adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classed as held for sale) or their recoverable amount at the date of the decision not to sell.

#### 5.2.13 Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not when cash payments are made or received.

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

Supplies are recorded as expenditure when they are consumed.

An impairment loss allowance is made for debts that are not considered to be collectable – referred to as impairment of financial assets. This allowance is calculated based on the expected amount that will not be collected for differing types of debt applied to the amount

of outstanding debt. The balance of debtors on the Balance Sheet is reduced by the amount of allowance made.

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 income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet.

#### 5.2.14 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of no more than twenty-four hours. Cash equivalents are highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Cash and cash equivalents are shown net of bank overdrafts that form an integral part of cash management.

#### 5.2.15. Provisions

Provisions are made where an event has taken place that gives the Council an obligation that probably requires settlement by a transfer of economic benefits and a reliable estimate can be made of the amount of the obligation, but the timing of the transfer is uncertain. Examples include a legal case that will probably result in a payment of compensation.

Contributions to provisions are charged to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year the Council becomes aware of the obligation based on the best estimate of the likely settlement. When payments are made, they are charged to the provision. Estimated settlements are reviewed at the end of each financial year and where it becomes likely that a transfer of economic benefits will not be required the contribution to the provision is reversed and credited back to the service line.

Provisions are classified as either short or long-term depending on the likely date of settlement.

#### 5.2.16 Government Grants and Contributions

Government grants and contributions are not recognised until there is reasonable assurance that the Council will comply with the conditions attached to them and the grant or contribution will be received. Grants and contributions are credited to the Comprehensive Income and Expenditure Statement except where the grant or contribution has a condition that has not been met. Conditions are stipulations that must be satisfied, or the grant or contribution must be returned. Monies advanced as grants and contributions for which conditions are not yet met are carried in the Balance Sheet as receipts in advance.

**a. Revenue Grants and Contributions**

Revenue grants and contributions are credited to the relevant service line for specific grants and the Taxation and Non-Specific Grant Income line for grants that cover general expenditure (e.g., New Homes Bonus Grant) except where the grant or contribution has a condition that has not been met. When the specific grant has been recognised but the expenditure relating to it has not been incurred the Council has elected to make a contribution equivalent to the unspent amount of grant to an earmarked reserve. This reserve will be released in future financial years when the expenditure to which the grant relates is incurred.

**b. Capital Grants and Contributions**

Capital grants and contributions are credited to Taxation and Non-Specific Grant Income in the Comprehensive Income and Expenditure Statement except where the grant or contribution has a condition that has not been met. The amount of the grant or contribution that has been used to finance expenditure is transferred to the Capital Adjustment Account via the Movement in Reserves Statement. The balance of the grant or contribution that has not been used to finance expenditure is transferred to the Capital Grants Unapplied Reserve via the Movement in Reserves Statement. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account when they are used to fund capital expenditure.

**c. Grants and Contributions attributable to Revenue Expenditure Funded from Capital under Statute (REFCUS)**

These grants and contributions are credited to the relevant service line in the Comprehensive Income and Expenditure Statement except where the grant or contribution has a condition that has not been met. The amount of the grant or contribution that has been used to finance expenditure is transferred to the Capital Adjustment Account via the Movement in Reserves Statement. The balance of the grant or contribution that has not been used to finance expenditure is transferred to the Capital Grants Unapplied Reserve via the Movement in Reserves Statement. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account when they are used to fund expenditure.

**5.2.17 Reserves**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred it is charged to the appropriate service in that year. The reserve is then appropriated back into the Movement in Reserves Statement so that there is no net charge for the expenditure on the General Fund balance.

Certain reserves are kept to manage specific accounting treatments and do not represent usable resources for the Council. These are shown as unusable reserves in the Movement in Reserves Statement and Balance Sheet.

#### 5.2.18 Revenue Recognition

Revenue is a subset of income and is defined as the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net worth.

Revenue is measured at the fair value of the consideration received or receivable. In most cases, the consideration receivable is in the form of cash and cash equivalents and the amount of revenue is the amount of cash and cash equivalents receivable.

Where the Council is acting as an agent of another organisation the amounts collected for that organisation are excluded from revenue.

Revenue is recognised when the performance obligations in a contract have been satisfied. This recognition can be over time when the service recipient simultaneously receives and consumes the benefits (e.g., home care services) or at a point in time.

#### 5.2.19 Value Added Tax (VAT)

VAT is only included in expenditure, either revenue or capital, to the extent that it is not recoverable from HM Revenues and Customs. VAT receivable is excluded from income.

#### 5.2.20 Leases

Leases are classified as either finance or operating leases based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or lessee. Whether the lease is a finance lease, or an operating lease depends on the substance of the transaction rather than the contract. Leases are classed as finance leases where the terms of the lease transfer the majority of 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. Land and building elements of a lease are considered separately for the purpose of lease classification.

Arrangements that do not have the legal status of a lease but convey the 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 asset. This is referred to as an embedded lease.

#### Finance Leases

##### **Lessee**

Property, Plant and Equipment held under finance leases are recognised on the Balance Sheet at the commencement of the lease at its current value at the time of inception (or the present value of the minimum lease payments if lower). The asset recognised is matched by a deferred liability for the obligation to pay the lessor.

Lease payments are apportioned between a charge for the acquisition of the interest in the property, plant or equipment which is applied to write down the deferred liability and a finance charge which is recognised in the Financing and Investment Income and Expenditure line within the Comprehensive Income and Expenditure Statement.

These property, plant and equipment recognised are subject to depreciation. The MRP on these assets equates to the amount of the lease payment that is applied to write down the deferred liability.

The deferred liabilities are classified as either short or long-term in line with the lease repayments.

#### Operating Leases

##### **Lessee**

Leasing payments for operating leases are charged to revenue on a straight-line basis over the term 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) and are shown within service expenditure in the Comprehensive Income and Expenditure Statement.

##### **Lessor**

Rental income from operating leases is recognised on a straight-line basis over the period 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) and is shown in the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Assets held for use as operating leases are recorded as assets in the Council's Balance Sheet.

#### 5.2.21 Benefits Payable during Employment

Short-term employee benefits are those due to be settled within twelve months of the year end. They include such benefits as wages and salaries, paid annual leave, flexi time leave and paid sick leave for current employees. They are recognised as an expense for services in the year in which employees undertake the service for the Council. An accrual is made for the cost of holiday entitlement (including flexi time leave), 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 wages and salary rates applicable in the following financial year, being the period in which the employee takes the benefit and includes employer national insurance and pension contributions.

The accrual is charged to the Deficit / Surplus on the Provision of Services but then reversed through the Movement in Reserves Statement to the Short-Term Accumulated Absences Account so that holiday absences are charged against Council Tax or Housing Rents in the financial year in which the absence occurs.

#### 5.2.21 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 severance and are shown on an accruals basis in the Deficit / Surplus on the Provision of Services in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer or when it recognises the costs for a restructuring that involves termination benefits.

Where the employee makes the decision, the liability is recognised at the earlier of when the employee accepts the offer or when a restriction on the Council's ability to withdraw the offer takes effect.

#### 5.2.22 Post-Employment Benefits

##### a. Teachers' Pension Scheme

The payment of statutory pensions to former teachers is administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE). Contributions from teachers together with the employer's contribution are paid by the Council. The arrangements for this scheme mean that liabilities for benefits cannot be identified to the Council. The scheme is therefore accounted for as a defined contribution scheme – no liability for future payments of benefits is recognised in the Balance Sheet and the Children's Services line within the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable in the year.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the Teachers' scheme. These benefits are fully accrued in the pension liability.

##### b. National Health Service (NHS) Pension Scheme

Under the arrangements for Public Health, staff performing public health functions who were compulsorily transferred from the Primary Care Trusts to local authorities and had access to the NHS Pension Scheme on 31 March 2013 retained access to that Scheme on transfer at 1 April 2013.

The NHS pension scheme is an unfunded, defined benefit scheme that covers NHS employers and is a multi-employer defined benefit scheme. This means that liabilities for benefits cannot be identified to the Council. The scheme is therefore accounted for as a defined contribution scheme – no liability for future payments of benefits is recognised in the Balance Sheet and the Adult Social Care line within the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable in the year.

##### c. Local Government Pension Scheme

The Council pays an employer's contribution into the Greater Manchester Pension Fund, which is a fully funded defined benefits scheme administered by Tameside Metropolitan Borough Council from whom an Annual Report is available.

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 and projections of projected earnings for current employees.

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

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

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

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

The current service cost (the increase in the liability as a result of pension earned by Council employees in the year) is charged to the net cost of services.

Past services costs (the increase in the liability arising from current year decisions whose effect relate to years of service earned in earlier years) are shown within council wide items as they are costs that are not attributable to a particular service. An example of when past service costs would occur is where there was a change in the basis of up-rating annual pensions.

Gains and losses on settlements and curtailments (the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees) are shown as council wide items.

The effect of business combinations and disposals and liabilities following the transfer of former Northwards staff back to the Council are also shown as council wide items.

The net interest on the net defined benefit liability, i.e., net interest expenses for the period that arises from the passage of time, is shown within the Financing and Investment Income and Expenditure line.

Re-measurements comprising:

- The return on plan assets excluding amounts included in net interest on the defined benefit liability.
- change in demographic assumptions re-measurements; and
- actuarial gains and losses on changes in financial assumptions – changes in the net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because actuaries have updated their financial assumptions (such as percentage increase in salaries) are shown within Other Comprehensive Income and Expenditure.

In relation to retirement benefits, statutory provisions require the General Fund and HRA 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 balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund and HRA of being required to account for retirement benefits based on the cash flows rather than as benefits are earned by employees. The balance will be presented differently as a result of the upfront payment as set out below:

#### Upfront pension payment

The Council is liable to make contributions towards the cost of post-employment benefits, where it is deemed to be an outstanding deficit in relation to the future liabilities. For the three-year period 2020/21 – 2022/23 the Council previously agreed with the Greater Manchester Pension Fund (GMPF) that the employer's contribution to the Local Government Pension Scheme could be paid as a single up-front payment. The Council made this payment in order to make a budget saving. In line with the Council's accounting policies, the amounts paid each year are offset against the pension liability on the balance sheet. These amounts will then be reflected in the pensions reserve in the years to which they relate. In the final year of the triennial period all amounts will have been reflected in the pension reserve to align to the pension liability.

#### Financial Instruments

##### 5.2.23 Financial Assets

Financial Assets e.g., investments and debtors are classified into three types – amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVPL).

The categorisation of financial assets into these types is dependent on the reason for holding these assets (to collect cash flows, to sell assets or achieve objectives by other means).

Financial assets are brought onto the balance sheet at fair value when the Council becomes a party to contractual provisions.

##### Amortised Cost

These assets relate to financial instruments where the amounts received relating to them are solely principal and interest and they are held to generate cash flows (e.g., investments of surplus cash with the government's debt management office or loans to third parties).

The interest received on these assets is spread evenly over the life of these instruments.

Any gain or loss in the value of these assets is recognised in the net surplus / deficit on the net provision of services at the point of de-recognition (disposal) or reclassification.

##### Fair Value through Other Comprehensive Income (FVOCI)

These assets relate to financial instruments where the amounts received relating to them are solely principal and interest, but they are held to collect cash and sell the assets (e.g., money market funds).

The interest received on these assets is spread evenly over the life of these instruments.

Changes in the fair value of these assets are charged to Other Comprehensive Income and Expenditure. Cumulative gains and losses are charged to the surplus / deficit on provision of services when they are disposed of.

Under capital accounting regulations where these assets were treated as capital expenditure the gain or loss is reversed to an unusable reserve - the Financial Instruments Revaluation Reserve.

#### Fair Value through Profit and Loss (FVPL)

These assets relate to financial instruments where the amounts received relating to them are not principal and interest (e.g., equity investments).

Dividends received are accounted for at the point they are declared.

Charges in fair value are charged to the surplus / deficit on the net provision of services as they occur.

Under capital accounting regulations where these assets were treated as capital expenditure the gain or loss is reversed through the Movement in Reserves Statement and charged to an unusable reserve - the Capital Adjustment Account.

An equity instrument that has been classed as FVPL can be designated as FVOCI if it is not held for trading (e.g., a strategic investment). Once this designation has been made it cannot be reversed. This designation would mean that any gains and losses would be held in the Financial Instruments Revaluation Reserve.

#### Credit loss

The Council will recognise a loss allowance for expected credit losses, if applicable, on assets where cash flows are solely principal and interest (i.e., financial instruments measured at amortised cost or FVOCI unless they have been designated as such). This does not apply where the counterparty is central government or another local authority.

At each year end the loss allowance for a financial instrument is calculated as equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

If at year end the credit risk has not increased significantly since initial recognition the loss allowance is measured at an amount equal to twelve month expected credit losses.

Where the financial asset was treated as capital expenditure any losses will be reversed via the Movement in Reserves Statement to the Capital Adjustment Account.

The Council has made several loans to individuals at less than market rates of interest (these are known as soft loans). When the loans are made the amount of interest foregone over the life of the loan is charged to the Comprehensive Income and Expenditure Statement (debited to the appropriate service line) and the outstanding principal is reduced on the Balance Sheet. This represents the present value of the interest that will be foregone over the life of the loan agreement. Statutory provisions require that the impact of the soft loans on the General Fund balance is the interest receivable in the year, so the amount of foregone interest charged is

managed by a transfer from the Financial Instruments Adjustment Account to the Movement in Reserves Statement.

#### 5.2.24 Embedded Derivatives

The Council has given equity mortgages and loans to individuals to assist with the purchase and improvement of properties. The repayments of these are based on a proportion of the value of the property in a number of years. This type of loan is classed as an embedded derivative as the amount of repayment is linked to future property values. When these mortgages and loans are granted, long-term debtors and deferred capital receipts are written onto the balance sheet. At the end of each financial year the long-term debtors and deferred capital receipt are adjusted in line with the change in property values.

#### 5.2.25 Financial Liabilities

Financial liabilities (e.g., borrowings and creditors) are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Council. For instance, when the Council takes out a loan, the advance of cash from the lender initiates the obligation to repay at some future date, and the loan would be recognised as a liability on the Balance Sheet when the advance is received.

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

For many of the borrowings that the Council has, this means that the amount shown in the Balance Sheet is the outstanding principal repayable plus accrued interest, and the amount charged to the Comprehensive Income and Expenditure Statement is the amount payable per the loan agreement.

For Lender Option Borrower Option (LOBO) 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 interest paid has been adjusted in the carrying amount of the loan on the balance sheet. 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 the Council is in receipt of loans that are interest free or at less than prevailing market interest rates if material, the effective interest rate is calculated so that the value of the financial assistance to the Council by the lender is separated from the financial cost of the transaction. This gain is calculated by working out the net present value of all future cash payments using the interest rate for a similar loan taken by the Council. This results in a lower figure for the fair value of the loan with the difference from the loan received treated as a government grant. This gain is reversed out in the Movement in Reserves Statement to the Financial Instruments Adjustment Account.

Gains and losses on the repurchase or early settlement of borrowing are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase or settlement. However, if the repurchase takes place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is deducted from or added to the amortised cost of the new or modified loan. In this scenario the write down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts (amounts paid or received on the rescheduling of a loan) have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact of premiums on the General Fund balance to be spread over the longer of the outstanding period of the replaced loan or the period of the replacement loan or any other shorter period that the Council wishes to choose. Discounts are required to be credited to revenue over a maximum period equal to the outstanding term of the replaced loan or ten years (if shorter). The difference between the amount charged to the Comprehensive Income and Expenditure Statement and the net charge against the General Fund balance is transferred to or from the Financial Instruments Adjustment Account in the Movement of Reserves Statement.

Following the HRA debt settlement there are no outstanding HRA premiums and discounts.

#### 5.2.26 Contingent Assets and Liabilities

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

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

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

Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

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

#### 5.2.27 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 estimation techniques 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 otherwise stated) by adjusting opening balances and comparative amounts for the prior period.

#### 5.2.28 Material Items of Income and Expenditure

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

#### 5.2.29 Events after the Balance Sheet Date

Events after the balance sheet date are those events that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue.

Where these provide evidence of conditions in existence at the balance sheet date, the amounts recognised in the accounts are adjusted. Where these are indicative of conditions that arose after the balance sheet date the amounts in the accounts are not adjusted (e.g., significant decline in market investments after 31 March). This is known as a non-adjusting event and is disclosed as a note to the accounts.

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

#### 5.2.30 Interests in Companies and Other Entities

The Council has material interests in companies and other entities and therefore group accounts have been prepared for the Council and its material interest in subsidiaries, associates, and joint ventures. Inclusion in the Council group is dependent upon the extent of the Council's interest and power to influence an entity. The determining factor for assessing the extent of interest, power or power to influence is either through ownership of an entity, a shareholding in an entity or representation on an entity's board of directors. An assessment of all the Council's interests has been carried out during the year, in accordance with the Code of Practice, to determine the relationships that exist and whether they should be included in the Council's group accounts. In the Council's single entity accounts the Council's interests in those companies included in its group accounts are recorded as long-term investments at cost.

#### 5.2.31 Joint Operations and Joint Ventures

Joint Operations are arrangements where the parties are bound by a contractual arrangement, have joint control of the arrangement, and have rights to the assets and obligations for the liabilities relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangements have rights to the net assets of the arrangement. The Council recognises its share of the assets, liabilities, income and expenditure of the joint operation and joint ventures in its single entity accounts.

### 5.2.32 Local Taxation

The Council, as a billing authority act as an agent, collecting Council Tax and national non-domestic rates (NNDR) on behalf of the major preceptors and, as principals, collecting Council Tax and NNDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e., the Collection Fund) for the collection and distribution of amounts due in respect of Council Tax and NNDR. Under the legislative framework for the Collection Fund, billing authorities and major preceptors share proportionately the risks and rewards that the amount of Council Tax and NNDR collected could be less or more than predicted.

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

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

### 5.2.33 Fair Value Measurement

The Council measures some of its assets and liabilities at fair value at the balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

The Council uses external experts to provide a valuation of its assets and liabilities in line with the highest and best use definition within the accounting standard. The highest and best use of the asset or liability being valued is considered from the perspective of a market participant.

Inputs to the valuation techniques in respect of the Council's fair value of its assets and liabilities are categorised within the fair value hierarchy as follows:

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

## Note 6. Critical Accounting Judgements

In applying the accounting policies set out in note 65 the Council has to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

### 6.1 Schools Non-Current Assets

The Council have assessed the legal framework underlying each type of school and the treatment of property plant and equipment in the Councils accounts.

Community schools remain on the balance sheet as future economic benefits associated with the assets will flow to the Council.

Voluntary Aided, Voluntary Controlled and Foundation schools are owned and controlled by the religious body or the trustees of the schools and are therefore not shown on the balance sheet of the Council unless the trustees are the governing body. The religious bodies or trustees allow the Council to use the asset to deliver education to the pupils in the City. Details of the value of schools' land and building assets are shown in the notes to the accounts.

### 6.2 PFI and Similar Arrangements

The Council is deemed to control the services provided via its PFI arrangements and to control the residual value of the assets at the end of the contract. The accounting policy for PFIs and similar contracts has been applied to these arrangements and the assets valued at £260.823m (£249.142m in 2022/23) are recognised as Property, Plant and Equipment in the Council's Balance Sheet.

### 6.3 Investment Properties

The Council has reviewed all assets to ensure they meet the accounting policy for investment properties (i.e., they are solely used to earn rentals and / or for capital appreciation) and as a result, assets valued on that basis totalling £503.948m (£537.407m in 2022/23) are recognised as Investment Properties in the Council's Balance Sheet.

### 6.4 Classification of Financial Assets

Under IFRS9 (Financial Instruments) the Councils equity holdings would be classified as being valued at Fair Value through Profit and Loss. However, it is the Council's view that the majority of its equity instruments are strategic investments (i.e. are not held for trading) and it has designated these at Fair Value through Other Comprehensive Income as a reasonable and reliable accounting policy for the investment.

### 6.5 Pooled Budgets

The new Pooled Budget arrangements commenced on 1 April 2021. The accounting arrangements for the Pool are dependent on whether the Council, has control of the fund. The agreement with the Manchester University NHS Foundation Trust (MFT) states that relevant decisions must have unanimous agreement, all members of the fund hold providers to account for delivery of services and risks are borne in line with the agreement. The Council's view is that the Pool should be accounted for as a joint operation and as a result account for its share of the fund's assets, liabilities, expenditure, and income.

### 6.6 Lender Option Borrower Option (LOBO) loans

The Council has £310.000m of (LOBO) loans. These loans contain options which allow, on specific dates, the lender to alter the interest rate on the loan, and the Council then has an option to decide to either accept the new rate or repay the loan without penalty. These loans have a fixed rate of interest, but the options mean it could change over the life of the loan. This means that there cannot be any certainty as to whether the loans will be paid early, and therefore the Council has treated these loans as fixed loans which will run to their existing maturity.

### 6.7 Composition of the Council's Group

The Council undertakes its activities through a variety of undertakings, either under ultimate control or in partnership with other organisations. Those considered to be material are included in the group accounts. Profit and loss, net worth, and value of non-current assets for each organisation are considered as a percentage of the Council's single entity accounts to determine those that are material. Turnover, assets, and liabilities (including the pension liability) are assessed individually. An entity could be material but still not consolidated (if all of its business is with the Council and eliminated on consolidation) – i.e., the consolidation would mean that the group accounts are not materially different to the single entity accounts. The assessment of materiality also considers qualitative factors such as whether the Council depends significantly on these entities for the continued provision of its statutory services or where there is concern about the level to which the Council is exposed to commercial risk.

### Note 7. Key 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, because balances cannot be determined with certainty, actual results could be different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2024 for which there is a risk of adjustment in the following financial year are:

#### 7.1 Revaluation of Property, Plant and Equipment (PPE)

Property, plant, and equipment (with the exception of infrastructure, community assets, assets under construction and small value items of vehicles, plant and equipment) are revalued on a periodic basis and tested annually for indicators of impairment. Judgements are required to make an assessment as to whether there is an indication of impairment. This includes examination of capital expenditure incurred in the financial year to ascertain whether or not it has resulted in an increase in value of an asset. Advice has been provided by valuers engaged by the Council. If the actual results differ from the assumptions the value of PPE will be over or understated. This would be adjusted when the assets were next revalued.

The total PPE carrying value of £2,901m includes the following categories of asset that are subject to revaluation, operational land and buildings, council dwellings and surplus assets. If these assets had a revaluation increase of 1% the carrying value would rise by £24.305m.

## 7.2 Depreciation of Property, Plant and Equipment.

Assets are depreciated based on useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to maintain the expenditure on repairs and maintenance resulting in uncertainty in the useful lives assigned to assets by the Valuers. If the useful life of assets is reduced depreciation increases and the carrying amount of assets falls.

It is estimated that the annual depreciation charge would increase by £4.890m for every year the useful lives are reduced.

However, due to capital regulations, there would be no impact on the general fund balance.

Percentages have been provided, based on professional judgement, for various components of council houses and flats. These percentages have been applied to the valuations of houses and flats to obtain valuations of the components to which useful lives are applied to calculate the depreciation on council dwellings. If these percentages were amended, the value of the council dwellings and the related depreciation would be over or under stated.

## 7.3 Revaluation of Investment Property

Investment properties are initially measured at cost. After initial recognition they are measured at fair value – highest and best use. The fair value reflects market conditions at the balance sheet date.

It is estimated that the carrying value of investment property of £503.978m would increase by £5.04m for every 1% increase in valuation.

## 7.4 Provision for Business Rate Appeals

The Council has made an in-year provision for a reduction in business rate income totalling £131.3m due to appeals made against rateable values set by the Valuation Office Agency (VOA). This is based on percentage reductions in rateable values (RV) for hereditaments where there was an outstanding appeal on 31 March 2024. This provision includes the estimated impact on 2023/24 income of appeals anticipated to be lodged in future years. For the 2017 rating list the assumption has been made that the reduction in income due to appeals will be a similar percentage to the prior list (2010 rating list), based on VOA data, historical experience, and local knowledge; with a similar approach taken for the 2023 list. Appeals raised against hereditaments with larger RVs have been considered separately, along with the interest payable to ratepayers settled after 31 March 2024. This is in line with the Non-Domestic Rating (Payment of Interest) Regulations 1990, which provides that the rate of interest on refunds of overpaid rates, arising from alterations to the rating list should be set at 1% below the standard rate of interest on 15 March of the preceding year. On 15 March 2024, the standard rate was 5.25%; therefore, the rate of interest to be applied in the rating year 2023/24 is 4.25%.

An increase of 1% in the percentage reduction would have the effect of adding £3.768m to the total provision required (Council's share £3.730m at 99%).

### 7.5 Pensions Asset

Estimation of the net asset to pay pensions depends on a number of complex judgements relating to the discount rate used, the expected rate of price inflation, the rate at which salaries and pensions are expected to increase, mortality rates and the rate of commutation of pensions. A firm of external actuaries are engaged by the Pension Fund to provide expert advice about the assumptions to be applied.

The sensitivities regarding the principal assumptions used to measure the scheme obligations are provided by the Actuary. For instance, a 0.1% decrease in the real discount rate assumption would result in a change in the pension liability of £54.377m, a 1-year increase in member life expectancy being £127.495m, a 0.1% increase in the salary increase rate would result in a £5.833m change in the pension liability and a 0.1% increase in the pension rate increase (CPI) would result in a £49.449m change in the pension liability. Note 8. Significant items warranting additional disclosure

The following items of material expenditure occurred during the year:

#### Impairment including downward revaluation and reversal of past impairment

Impairment and revaluation of property plant and equipment and revaluation of investment properties of £141,658,000 (£69,992,000 in 2022/23) has been included within the surplus / deficit on provision of services:

	<b>2022/23 £000s</b>	<b>2023/24 £000s</b>
Adults Social Care	173	322
Children's Services	7,076	2,141
Corporate Core	2,098	3,603
Neighbourhoods and Highways	12,458	10,435
Growth and Development	17,130	63,068
Council Wide Costs	4,083	6,745
Housing Revenue Account	8,511	13,971
Investment properties	18,463	41,373
<b>Total</b>	<b>69,992</b>	<b>141,658</b>

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Note 9. Expenditure and Income Analysis

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

	2022/23 £000	2023/24 £000
<b>Expenditure</b>		
Employee Benefit Expenses	614,901	591,331
Other Service Expenses	994,014	1,117,998
Business Rates Tariff	35,033	53,236
Capital Charges including Depreciation and impairment	218,514	271,358
Interest Payments	39,385	51,189
Pensions Interest Costs	118,583	149,042
Precepts and Levies	67,844	70,087
Loss on Disposal of Non-current Assets	0	32,422
<b>Total Expenditure</b>	<b>2,088,275</b>	<b>2,336,664</b>
<b>Income</b>		
Fees, Charges and Other Service Income	(281,463)	(301,285)
Interest and Investment Income	(42,681)	(53,592)
Return on Pension Assets	(102,400)	(179,576)
Capital Charges related income	(53,850)	(19,148)
Council Tax Income	(198,619)	(214,275)
Business Rates Income	(296,936)	(347,010)
Government Grants and Contributions	(963,513)	(1,065,558)
Gain on Disposal of Fixed Assets	(10,270)	0
<b>Total Income</b>	<b>(1,949,733)</b>	<b>(2,180,444)</b>
<b>Deficit / (Surplus) on the Provision of Services</b>	<b>138,542</b>	<b>156,220</b>

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Note 10. Adjustments between accounting and funding basis under regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice, to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure. It shows the technical items that are removed that do not impact on the funded position and replaces them with other items that are funded.

The table below shows the adjustments made in 2022/23

	Usable Reserves £000s					Total Usable Reserves	Unusable Reserves £000's
	General Fund Reserves	Housing Revenue Account Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve		
<a href="#">Reversal of items debited or credited to the comprehensive income and expenditure statement:</a>							
Depreciation	(76,104)	(23,683)	0	0	0	(99,788)	99,788
Posting of HRA resources from revenue to Major Repairs Reserve	0	23,683	0	0	(23,683)	0	0
Amortisation of intangible assets	(61)	0	0	0	0	(61)	61
Impairment / revaluation losses charged to the comprehensive income and expenditure statement	(43,018)	(8,511)	0	0	0	(51,529)	51,529
Movement in fair value of investment property	22,983	0	0	0		22,983	(22,983)
Financing of capital expenditure on council dwellings	0	0	0	0	23,310	23,310	(23,310)
Capital grants and contributions	68,416	5,046	0	21,122	0	94,584	(94,584)
Revenue expenditure funded from capital under statute	(36,059)	(72)	0	(12,544)	0	(48,675)	48,675
Gain / (loss) on disposal of non-current assets	2,905	7,365	0	0	0	10,270	(10,270)
Reversal of items relating to retirement benefits debited or credited to the CIES	(142,959)	(632)	0	0	0	(143,591)	143,591

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Employer's pension contributions and direct payments to pensioners payable in year	59,255	349	0	0	0	59,604	(59,604)
Private finance initiative charges to the HRA	0	4,784	0	0	0	4,784	(4,784)
Differences between statutory accounting and amounts recognised as income and expenditure in relation to financial instruments	3,131	0	0	0	0	3,131	(3,131)
Amount by which council tax and business rates income adjustment included in the comprehensive income and expenditure statement is different from the amount taken to the general fund in accordance with regulation	98,643	0	0	0	0	98,643	(98,643)
Statutory provision for the repayment of debt - minimum revenue provision	32,698	0	0	0	0	32,698	(32,698)
Statutory provision for the repayment of debt - private finance initiatives	4,758	0	0	0	0	4,758	(4,758)
HRA capital receipts to housing central pool	0	0	0	0	0	0	0
Revenue contribution to finance capital	4,971	0	0	0	0	4,971	(4,971)
Premiums and discounts charged to revenue	506	0	0	0	0	506	(506)
Principal repayment of ex-GMC debt	0	0	0	0	0	0	0
Capital receipts received	0	0	(78,711)	0	0	(78,711)	78,711
Use of capital receipts reserve to finance capital expenditure	0	0	56,158	0	0	56,158	(56,158)
Write down of long-term debtor	(1,300)	0	0	0	0	(1,300)	1,300
Capital receipts for long-term debtors	0	0	(17,031)	0	0	(17,031)	17,031
Transfer to short term accumulated absences account	893	0	0	0	0	893	(893)
Reclassification of Dedicated School Grant (DSG)	1,285	0	0	0	0	1,285	(1,285)
<b>Total adjustments</b>	<b>945</b>	<b>8,329</b>	<b>(39,584)</b>	<b>8,579</b>	<b>(373)</b>	<b>(22,105)</b>	<b>22,105</b>

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The table below shows the adjustments made in 2023/24

	Usable Reserves £000s						Unusable Reserves £000's
	General Fund Reserves	Housing Revenue Account Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	Total Usable Reserves	Total Unusable Reserves
Reversal of items debited or credited to the comprehensive income and expenditure statement:							
<b>Capital:</b>							
Depreciation	(78,181)	(18,475)	0	0		(96,656)	96,656
Posting of HRA resources from revenue to Major Repairs Reserve		18,475			(18,475)	0	0
Amortisation of intangible assets	(30)	0	0	0	0	(30)	30
Impairment / revaluation losses charged to the comprehensive income and expenditure statement	(86,315)	(13,971)	0	0	0	(100,286)	100,286
Movement in fair value of investment property	(35,415)	0	0	0		(35,415)	35,415
Financing of capital expenditure on council dwellings	0	0	0	0	21,379	21,379	(21,379)
Capital grants and contributions	84,396	13,875	0	16,170	0	114,441	(114,440)
Revenue expenditure funded from capital under statute	(19,940)	(59)	0	(13,015)	0	(33,014)	33,014
Gain / (loss) on disposal of non-current assets	(37,030)	4,608	0	0	0	(32,422)	32,422
Capital receipts received	0	0	(20,546)	0	0	(20,546)	20,546

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	Usable Reserves £000s						Unusable Reserves £000's
	General Fund Reserves	Housing Revenue Account Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	Total Usable Reserves	Total Unusable Reserves
Capital receipts for long term debtors	0	0	(2,761)	0	0	(2,761)	2,761
Statutory provision for the repayment of debt - minimum revenue provision	36,883	0	0	0	0	36,883	(36,883)
Statutory provision for the repayment of debt - private finance initiatives	5,012	0	0	0	0	5,012	(5,012)
Revenue contribution to finance capital	1,480	0	0	0	0	1,480	(1,480)
Premiums and discounts charged to revenue	465	0	0	0	0	465	(465)
Use of capital receipts reserve to finance capital expenditure	0	0	49,257	0	0	49,257	(49,257)
Private finance initiative charges to the HRA	0	4,488	0	0	0	4,488	(4,488)
<b>Pension</b>							
Reversal of items relating to retirement benefits debited or credited to CIES	(37,115)		0	0	0	(37,115)	37,115
Employees' pension contributions and direct payments to pensioners payable in year	62,820	108	0	0	0	62,928	(62,928)

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	Usable Reserves £000s						Unusable Reserves £000's
	General Fund Reserves	Housing Revenue Account Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	Total Usable Reserves	Total Unusable Reserves
<b>Collection Fund</b>							
Amount by which council tax and business rates income adjustment included in the comprehensive income and expenditure statement is different from the amount taken to the general fund in accordance with regulation	(7,393)	0	0	0	0	(7,393)	7,393
<b>Other</b>							
Differences between statutory accounting and amounts recognised as income and expenditure in relation to financial instruments	(595)	0	0	0	0	(595)	595
Transfer to short term accumulated absences account	(168)	0	0	0	0	(168)	168
Dedicated School Grant (DSG)	(6,386)	0	0	0	0	(6,386)	6,386
<b>Total adjustments</b>	<b>(117,516)</b>	<b>9,049</b>	<b>25,950</b>	<b>3,157</b>	<b>2,904</b>	<b>(76,455)</b>	<b>76,455</b>

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Note 11. Private Finance Initiatives and Service Concessions

Undischarged obligations arising from PFI and service concession transactions as at 31 March 2024 were as follows:

Payments/ Scheme	Liability Repayment £000	Lifecycle Costs £000	Interest Charges £000	Service Charges £000	Total £000	Scheme Details
<b>Miles Platting Housing</b>						Miles Platting – housing refurbishment, maintenance, and estate management - services commenced in 2006/07. Total obligation as at start of contract of £496,894,000 to be met from PFI Grant and the Housing Revenue Account. Indexation – RPI Contract expiry - 2037
Payments within 1 year	2,181	3,476	2,218	9,292	17,167	
Payments within 2 to 5 years	9,590	13,902	7,504	40,507	71,503	
Payments within 6 to 10 years	13,890	17,378	5,902	59,140	96,309	
Payments within 11 to 15 years	11,048	10,427	1,455	38,359	61,288	
Sub total	36,710	45,182	17,079	147,297	246,268	
<b>Plymouth Grove Housing</b>						Plymouth Grove – housing refurbishment, maintenance, and estate management - services commenced in 2003/04. Total obligation as at start of contract of £145,785,000 to be met from PFI Grant and the Housing Revenue Account. Indexation – RPI Contract expiry - 2033
Payments within 1 year	897	730	1,238	2,885	5,751	
Payments within 2 to 5 years	4,410	2,918	3,927	12,547	23,802	
Payments within 6 to 10 years	6,463	2,918	1,823	14,011	25,214	
Sub total	11,770	6,566	6,988	29,443	54,767	
<b>Temple School</b>						

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<b>Payments/ Scheme</b>	<b>Liability Repayment £000</b>	<b>Lifecycle Costs £000</b>	<b>Interest Charges £000</b>	<b>Service Charges £000</b>	<b>Total £000</b>	<b>Scheme Details</b>
Payments within 1 year	406	0	85	324	815	Temple School – design, build and maintenance of Temple Primary School – services commenced in 2001/02. Total obligation as at start of contract of £14,617,000 to be met from PFI Special Grant and Dedicated Schools Grant (DSG). Lifecycle costs for the scheme form part of the service charge but are not separately identifiable. Indexation – RPI Contract expiry - 2026
Payments within 2 to 5 years	455	0	45	332	832	
Sub total	861	0	130	656	1,647	
<b>Wright Robinson Sports College</b>						
Payments within 1 year	1,477	461	968	1,947	4,854	Wright Robinson Sports College - design, build and maintenance of sports college - services commenced in 2007/08. Total obligation as at start of contract of £116,428,000 to be met from PFI Special Grant and Dedicated Schools Grant (DSG). Indexation – RPI Contract expiry - 2032
Payments within 2 to 5 years	6,925	1,844	2,856	8,406	20,032	
Payments within 6 to 10 years	6,597	1,410	887	7,148	16,042	
Sub total	14,999	3,715	4,711	17,502	40,927	
<b>Public Lighting</b>						
Payments within 1 year	2,623	620	865	2,940	7,048	Public Lighting – refurbishment and maintenance of street lighting and illuminated street signage – services commenced in 2004/05. Total obligation as at start of contract of £164,300,000 to be met from PFI Special Grant and council resources.
Payments within 2 to 5 years	12,046	2,479	1,959	12,619	29,103	
Payments within 6 to 10 years	1,303	155	18	1,031	2,507	

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Payments/ Scheme	Liability Repayment £000	Lifecycle Costs £000	Interest Charges £000	Service Charges £000	Total £000	Scheme Details
Sub total	15,973	3,253	2,842	16,589	38,657	Indexation – RPI applied Contract expiry - 2030
<b>Brunswick Housing</b>						
Payments within 1 year	2,039	737	2,924	3,601	9,301	Brunswick – housing refurbishment, maintenance, and estate management - services commenced in 2013/14. Total obligation as at start of contract of £258,236,000 to be met from PFI Grant and the Housing Revenue Account. Indexation – RPIX Contract expiry - 2038
Payments within 2 to 5 years	7,029	6,930	10,722	13,643	38,324	
Payments within 6 to 10 years	15,510	9,627	10,449	15,062	50,649	
Payments within 11 to 15 years	20,951	6,309	4,371	19,205	50,836	
Sub total	45,529	23,603	28,466	51,512	149,110	
<b>Refuse Vehicles Service Concession</b>						
Payments within 1 year	920	0	37	14,671	15,628	Refuse vehicles utilised in the provision of refuse collection services to the Council. The service contract commenced in 2015 and the purchase of new vehicles to be utilised in the contract commenced in 2016. Indexation – Various Contract expiry – 2031
Payments within 2 to 5 years	1,832	0	48	60,632	62,512	
Payments within 6 to 10 years	137	0	2	66,280	66,419	
Sub total	2,889	0	86	141,584	144,558	
<b>Total</b>	<b>128,730</b>	<b>82,320</b>	<b>60,301</b>	<b>404,582</b>	<b>675,934</b>	

The Council has six PFI Schemes and one Service Concession as follows:

- Miles Platting, HRA (Housing) Services PFI Scheme
- Plymouth Grove, HRA (Housing) Services PFI Scheme
- Temple Primary School, Children's Services PFI Scheme
- Wright Robinson Sports College, Children's Services PFI Scheme
- Public Lighting, Neighbourhood Services PFI Scheme
- Brunswick, HRA (Housing) Services PFI Scheme
- Refuse Vehicles Service Concession

#### HRA (Housing) PFI Schemes

In each of the Housing PFI schemes (Miles Platting, Plymouth Grove, Brunswick) the contractor is contracted to improve a specified group of properties in an area to specified standards (the actual number may be affected by demolitions and tenants exercising their Right to Buy (RTB)).

Each Housing PFI scheme sets out a minimum specification for the standard of maintenance and service provision to the individual properties by the contractor. There are clauses which set out the financial deductions to be applied if these standards are not met.

#### Children's Services PFI Schemes

The School PFI schemes oblige the contractor to construct, fit out and equip new school buildings and facilities as defined and specified in each of the contracts. The contractor is then obliged to manage and maintain the new facilities for the duration of the life of the PFI scheme.

The School PFI schemes have minimum specifications for service provision/availability. If these are breached (e.g., unavailability of a sports pitch), then financial penalties are payable by the contractor.

Work to increase the number of pupil places at Temple Primary School has been completed. The Council funded the capital works at the school. The PFI contract has been amended to include the management and maintenance of the new facility.

#### Neighbourhoods PFI Scheme

The Public Lighting PFI scheme specified that 41,698 streetlights were certified to be replaced during the Initial Apparatus Replacement Programme, plus others to be replaced at others expense (e.g. housing developers). The scheme also includes an Annual Apparatus Replacement Programme where the contractor is required to replace streetlights on a cyclical basis.

Changes to the Public Lighting PFI contract were negotiated in 2017/18. These related to the procurement and installation of low energy LED street lighting technology and a management system for centralised control. The equipment is designed to deliver long term sustainable benefits and revenue savings, whilst providing high quality lighting to recognised standards.

### Refuse Vehicles Service Concession

The contract to provide refuse collection service to the Council stipulates the contractor is responsible for purchasing new vehicles to provide these services. The nature of the contract means that it must be classified under the IFRIC12 standard as a Service Concession and the vehicles capitalised on the Council's balance sheet.

### Note 12. National Health Services Act 2006 Pooled Funds

Section 75 of the National Health Services Act 2006 enables the establishment of joint working arrangements between NHS bodies and local authorities. Pooled funds enable health bodies and local authorities to work together to address specific health issues.

On 1 April 2021, new arrangements came into place between Manchester City Council (MCC) and Manchester Foundation Trust (MFT) to 'supercharge' Manchester's Local Care Organisation. This included the creation of a new Section 75 (S75) agreement between MCC and MFT which included Adult Social Care services, which were previously made part of the S75 agreement between Manchester Clinical Commissioning Group (MCCG) and MCC.

The Manchester Local Care Organisation was established in 2018 as the delivery vehicle for reducing health inequalities and improving population health of people in Manchester, underpinned by a S75 agreement to facilitate and support the strengthening of the Manchester Local Care Organisation (MLCO) ensuring delivery of integrated community health and adult social care services in Manchester. The pooling of the Better Care Fund forms part of these arrangements. The total MLCO Pooled budget for both health and social care is £340m.

MCC and MFT Pooled funding and Expenditure:	2022/23 £000's	2023/24 £000's
<b>Funding</b>		
Manchester City Council	(189,588)	(220,203)
Manchester University NHS Foundation Trust	(111,259)	(119,314)
<b>Total Funding</b>	<b>(300,847)</b>	<b>(339,597)</b>
<b>Expenditure</b>		
Manchester City Council	189,714	226,341
Manchester University NHS Foundation Trust	109,580	118,108
<b>Total Expenditure</b>	<b>299,294</b>	<b>344,449</b>
<b>Overspend / (Underspend)</b>	<b>(1,553)</b>	<b>4,852</b>

### Better Care Fund

The Government established the Better Care Fund to provide funds to local areas to support the integration of health and social care. It was a requirement of the Better Care Fund that

Greater Manchester Integrated Commissioning Board (GM ICB) and the Council establish a pooled fund from 1 April 2015 for this purpose.

	<b>2022/23</b> <b>£000's</b>	<b>2023/24</b> <b>£000's</b>
<b>Funding</b>		
Manchester City Council	(42,454)	(45,423)
Manchester CCG/GM ICB	(86,269)	(61,420)
<b>Total Funding</b>	<b>(128,723)</b>	<b>(106,843)</b>
<b>Expenditure</b>		
New Delivery Models of Integrated Care	87,623	76,508
Protection of Adult Social Care	15,955	16,978
Reablement	14,583	2,286
Care Act Responsibilities	2,116	2,116
Capital Expenditure	8,483	9,223
<b>Total Expenditure</b>	<b>128,760</b>	<b>107,111</b>
<b>Overspend / (Underspend)</b>	<b>37</b>	<b>268</b>

The overspend of £268k relates to spend on the Discharge to Assess bed model, due to more spot placements than planned.

The Council is the local Social Services Authority for Manchester within the meaning of the Local Authority Social Services Act 1970 and a commissioner and provider of health and social care services to people of all ages in Manchester. The aims and benefits of the partners in entering into this agreement are to:

- give the Council and the GM ICB greater transparency and control over the use of funding to support local integration of health and care services
- realise benefits from integration in terms of efficiencies in how services are delivered, reducing reactive unplanned health and social care activity, and improving long term health outcomes for people
- deliver reform of the local health and care system based on agreed strategic objectives for the Locality Plan and national conditions for use of the Better Care Fund
- protect health and / or social care as relevant to the partners in so far as this delivers the Better Care Fund national conditions

Note 13. Financing and investment income and expenditure

The table below analyses the figures included in the Comprehensive Income and Expenditure Statement.

	<b>Gross Expenditure 2022/23 £000's</b>	<b>Gross Income 2022/23 £000's</b>	<b>Gross Expenditure 2023/24 £000's</b>	<b>Gross Income 2023/24 £000's</b>
Interest payable on debt	28,968	0	42,247	0
Interest payable on PFI unitary payments	10,417	0	8,943	0
Interest income / expense on the defined benefit pension scheme	118,583	(102,400)	149,042	(179,576)
Investment interest income	0	(42,233)	0	(49,657)
Rentals received on investment properties	0	(42,967)	0	(44,016)
Expenses incurred on investment properties	19,126	0	12,609	0
Change in fair value of investment properties	18,463	(41,446)	41,373	(5,958)
Dividend receivable	0	(448)		(3,935)
Impairment loss on debtors	4,897	0	7,527	0
Impairment of financial assets	(2,350)	0	336	0
(Gain)/Loss on trading accounts	0	0	0	0
<b>Total</b>	<b>198,104</b>	<b>(229,494)</b>	<b>262,077</b>	<b>(283,142)</b>

Note 14. Taxation and non-specific grant income

The table below analyses the figure included in the taxation and non-specific grant income line of the Comprehensive Income and Expenditure Statement.

	<b>2022/23 £000</b>	<b>2023/24 £000</b>
Council Tax Income	(198,619)	(214,275)
Business Rates Income	(296,936)	(347,010)
Business Rates Tariff	35,033	53,236
Business Rates Section 31 Grants	(64,003)	(84,904)
Enterprise Zone Relief Grant	(486)	(348)
Education Services Grant	(1,150)	(1,055)
New Homes Bonus Grant	(9,857)	(6,637)
Housing Benefit and Council Tax Support Administration Grant	(3,987)	(3,042)
Returned Business Rates Growth Levy Share	(1,499)	(1,499)
Private Finance Initiative Grant (General Fund)	(6,580)	(6,580)
Improved Better Care Fund	(31,749)	(31,749)
Airport Loan Inc	(1,328)	0
Children's and Adults Social Care Grant	(31,924)	(50,695)
Other grant contributions	0	(6,542)
Services Grant	(12,324)	(7,230)
COVID New Burdens Grant	(801)	(413)
Other Revenue Grants	(152)	(91)
Adjustment on concessionary interest loan	329	261
Capital Grants and contributions	(73,462)	(98,270)
<b>Total taxation and non-specific grant income</b>	<b>(699,496)</b>	<b>(806,843)</b>

Note 15. Revenue grants credited to the Comprehensive Income and Expenditure Statement

The table below analyses the revenue grants credited to Net Cost of Services in the Comprehensive Income and Expenditure Statement

	<b>2022/23</b> <b>£000s</b>	<b>2023/24</b> <b>£000s</b>
dedicated Schools Grant	(342,602)	(357,473)
Pupil Premium	(24,530)	(25,566)
Housing and Council Tax Support	(165,590)	(167,860)
Private Finance Initiative (Housing Revenue Account)	(23,374)	(23,374)
Learning and Skills Council Grants	(8,031)	(9,172)
Asylum Seekers Grant	(11,529)	(14,382)
Universal Free School Meals Grant	(3,060)	(3,185)
Sixth Form Funding Grant	(541)	(510)
Troubled Families Grant	(3,782)	(4,338)
Independent Living Fund	(1,984)	0
Youth Justice Board Grants	(2,205)	(3,050)
Department for Education- (Inherited Staff Liabilities)	(694)	(671)
Department for Education-High needs funding	0	(1,843)
Department for Levelling Up, Housing & Communities- Other contributions	0	(4,000)
Homelessness, Rough Sleepers, Accommodation for Ex- Offenders and Staying Put Grant	(5,048)	(6,645)
Homeless Prevention Grant	(3,905)	(4,486)
Pe and Sports Grant	(1,874)	(1,810)
Additional School Grant including Teacher Pension grant for maintained schools and COVID emergency support for schools	(14,752)	(10,096)
Public Health Grants	(2,104)	(4,363)
Household Support Fund	(12,906)	(12,906)
Afghan Resettlement Grant	(11,095)	(9,226)
Homes for Ukraine Grant	(3,628)	(3,004)
New Burdens Council Tax Energy Rebate Scheme	(317)	0
Market Sustainability Fair Cost of Care	(1,800)	(10,298)
Adult Social Care Discharge Fund	0	(4,451)
SAFE Taskforce (schools)	(1,589)	(895)
Council Tax Energy Rebate (Discretionary scheme)	(1,626)	0
Family Hub Grant	(888)	(2,208)
Domestic Abuse Grant	(1,658)	(1,691)
Other Grants	(4,482)	(5,451)

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	<b>2022/23</b> <b>£000s</b>	<b>2023/24</b> <b>£000s</b>
Total revenue grants credited to the Comprehensive Income and Expenditure Statement	(655,593)	(692,957)

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Note 16. Officers' Emoluments and Senior Employees' Remuneration

Employee Remuneration

The Accounts and Audit Regulations require the disclosure of employees' remuneration in excess of £50,000 excluding the remuneration details of the Council's senior employees, which are disclosed separately. OBJ

Non schools-based staff

The number of non-schools-based staff in each salary band over £50,000 split between those staff who have not received severance or other related payments and those who have is shown below.

	<b>2022/23 Staff Who Have Not Received Severance or Other Related Payments</b>	<b>2022/23 Staff Who Have Received Severance or Other Related Payments</b>	<b>2022/23 Total</b>	<b>2023/24 Staff Who Have Not Received Severance or Other Related Payments</b>	<b>2023/24 Staff Who Have Received Severance or Other Related Payments</b>	<b>2023/24 Total</b>
£50,000 - £54,999	194	0	194	339	1	340
£55,000 - £59,999	87	0	87	138	1	139
£60,000 - £64,999	29	0	29	79	0	79
£65,000 - £69,999	20	0	20	24	0	24
£70,000 - £74,999	24	0	24	26	0	26
£75,000 - £79,999	18	0	18	15	0	15
£80,000 - £84,999	13	0	13	19	0	19
£85,000 - £89,999	5	0	5	15	0	15
£90,000 - £94,999	20	0	20	6	0	6
£95,000 - £99,999	2	0	2	19	0	19
£100,000 - £104,999	2	0	2	2	0	2
£105,000 - £109,999	4	0	4	2	0	2
£110,000 - £114,999	4	0	4	3	0	3
£115,000 - £119,999	0	0	0	4	0	4
£120,000 - £124,999	1	0	1	2	0	2
£125,000 - £129,999	2	0	2	2	0	2

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	<b>2022/23 Staff Who Have Not Received Severance or Other Related Payments</b>	<b>2022/23 Staff Who Have Received Severance or Other Related Payments</b>	<b>2022/23 Total</b>	<b>2023/24 Staff Who Have Not Received Severance or Other Related Payments</b>	<b>2023/24 Staff Who Have Received Severance or Other Related Payments</b>	<b>2023/24 Total</b>
£135,000 - £139,999	1	0	1	1	0	1
£140,000 - £144,999	0	0	0	1	0	1
<b>Total</b>	426	0	426	697	2	699

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Schools based staff

The number of schools-based staff in each salary band over £50,000 split between those staff who have not received severance or other related payments and those who have is shown below.

	<b>2022/23 Staff Who Have Not Received Severance or Other Related Payments</b>	<b>2022/23 Staff Who Have Received Severance or Other Related Payments</b>	<b>2022/23  Total</b>	<b>2023/24 Staff Who Have Not Received Severance or Other Related Payments</b>	<b>2023/24 Staff Who Have Received Severance or Other Related Payments</b>	<b>2023/24  Total</b>
£50,000 - £54,999	85	0	85	107	0	107
£55,000 - £59,999	60	0	60	56	2	58
£60,000 - £64,999	22	0	22	39	2	41
£65,000 - £69,999	24	0	24	21	0	21
£70,000 - £74,999	17	0	17	13	0	13
£75,000 - £79,999	15	0	15	12	0	12
£80,000 - £84,999	10	0	10	11	0	11
£85,000 - £89,999	6	0	6	7	0	7
£90,000 - £94,999	7	0	7	8	0	8
£95,000 - £99,999	2	0	2	4	1	5
£100,000 - £104,999	2	0	2	2	0	2
£105,000 - £109,999	0	0	0	2	0	2
£110,000 - £114,999	1	1	2	1	0	1
£115,000 - £119,999	1	0	1	1	0	1
£120,000 - £124,999	2	0	2	1	0	1
<b>Total</b>	<b>254</b>	<b>1</b>	<b>255</b>	<b>285</b>	<b>5</b>	<b>290</b>

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Senior Employees' Remuneration

Below are Senior Council employees who receive in a salary excess of £50,000, where it exceeds £150,000, they are disclosed by name. Where they and are part of the Council's Strategic Management Team or there is a requirement to disclose the role, these are disclosed by job title.

Senior Employees' Remuneration	Salary, Fees, or Allowances	Salary, Fees, or Allowances	Employer's Contribution to Pension	Employer's Contribution to Pension	Total including Pension Contributions	Total including Pension Contributions
	2022/23 £	2023/24 £	2022/23 £	2023/24 £	2022/23 £	2023/24 £
Chief Executive (Head of Paid Service), Joanne Roney	213,509	220,982	39,499	38,009	253,008	258,991
Deputy Chief Executive & City Treasurer (Section 151 Officer), Carol Culley	161,491	167,219	29,876	28,749	191,367	195,968
City Solicitor (Monitoring Officer), Fiona Ledden	150,626	156,393	27,866	26,814	178,492	183,207
Strategic Director of Neighbourhoods (a)	68,851	0	0	0	68,851	0
Strategic Director of Neighbourhoods (b)	109,481	139,834	20,033	23,988	129,514	163,822
Strategic Director of Children and Education Services, Paul Marshall	150,626	155,973	27,866	26,814	178,492	182,787
Executive Director of Adult Social Service, Bernadette Enright	150,626	155,973	27,866	26,814	178,492	182,787
Director of Education	122,411	126,421	22,646	21,732	145,057	148,153
Strategic Director of Growth and Development	131,377	145,267	24,305	24,973	155,682	170,240
Strategic Director of Population Health (Director of Public Health)	116,458	124,010	16,747	17,822	133,205	141,832
Assistant Chief Executive	108,121	116,700	18,978	19,570	127,099	136,270
Project Director (Our Town Hall), Paul Candelent	150,626	155,898	27,866	26,814	178,492	182,712
<b>Total</b>	<b>1,634,203</b>	<b>1,664,670</b>	<b>283,548</b>	<b>282,099</b>	<b>1,917,751</b>	<b>1,946,769</b>

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There were no expenses allowances, severance payments or employer contributions to early retirement costs in relation to any of the officers disclosed above in 2022/23 and 2023/24.

(a) The post-holder was on phased retirement during 2022/23 and left the Council on 31 March 2023

(b) The current post-holder commenced on 1 June 2022

Note 17. Exit Packages

The number of agreed exit packages and the total cost of these within each band is shown below. The total cost figures shown include severance, early retirement, and any compensation for loss of office payments that have been agreed at the year end.

Non schools-based staff

	<b>2022/23 Number of Staff Departures Agreed</b>	<b>2022/23 Total Cost of Exit Packages £000s</b>	<b>2023/24 Number of Staff Departures Agreed</b>	<b>2023/24 Total Cost of Exit Packages £000s</b>
£0 - £20,000	10	47	4	48
£20,001 - £40,000	2	53	6	164
£40,001 - £60,000	1	55	1	42
£80,001 - £100,000	0	0	2	183
<b>Total</b>	<b>13</b>	<b>155</b>	<b>13</b>	<b>437</b>

There were no compulsory redundancies in relation to non-schools-based staff during 2022/23 and 2023/24.

Schools-based staff

	<b>2022/23 Number of Compulsory Redundancies</b>	<b>2022/23 Number of Other Staff Departures Agreed</b>	<b>2022/23 Total Number of Exit Packages</b>	<b>2022/23 Total Cost of Exit Packages</b>	<b>2023/24 Number of Compulsory Redundancies</b>	<b>2023/24 Number of Other Staff Departures Agreed</b>	<b>2023/24 Total Number of Exit Packages</b>	<b>2023/24 Total Cost of Exit Packages</b>
£0 - £20,000	2	54	56	468	18	61	79	554

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£20,001 - £40,000	0	6	6	141	1	7	8	202
£40,001 - £60,000	0	3	3	141	0	3	3	135
<b>Total</b>	<b>2</b>	<b>63</b>	<b>65</b>	<b>750</b>	<b>19</b>	<b>71</b>	<b>90</b>	<b>891</b>

The table above accounts for 19 compulsory redundancies within schools in 2023/24 at a cost of £106,221.

Note 18. Audit Fees

The following amount of fees have been incurred for work carried out by the external auditors:

	<b>Restated 2022/23 £000</b>	<b>2023/24 £000</b>
Fees payable to Forvis Mazars with regard to external audit services carried out by the appointed auditor	189	543

Note 19a. Property, Plant and Equipment

Movements on property, plant, and equipment during 2023/24 were as follows:

	<b>Council Dwellings £000s</b>	<b>Other Land and Buildings £000s</b>	<b>Vehicles, Plant, and Equipment £000s</b>	<b>Community Assets £000s</b>	<b>Assets Under Construction £000s</b>	<b>Surplus Assets £000s</b>	<b>Total £000s</b>
<b>Movement in 2023/24</b>							
Gross book value brought forward	739,065	1,269,816	146,645	43,333	526,314	153,259	2,878,432
Accumulated depreciation and impairment brought forward	(713)	(75,239)	(83,916)	(853)	0	(1,758)	(162,479)
<b>Net book value carried forward as at 31 March 2023</b>	<b>738,352</b>	<b>1,194,577</b>	<b>62,729</b>	<b>42,480</b>	<b>526,314</b>	<b>151,501</b>	<b>2,715,953</b>
Additions	31,769	82,621	6,439	1,403	154,073	3,173	279,478

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	<b>Council Dwellings £000s</b>	<b>Other Land and Buildings £000s</b>	<b>Vehicles, Plant, and Equipment £000s</b>	<b>Community Assets £000s</b>	<b>Assets Under Construction £000s</b>	<b>Surplus Assets £000s</b>	<b>Total £000s</b>
Revaluations recognised in revaluation reserve	58,330	31,278	25	0	0	53,336	142,969
Downward Revaluations recognised in deficit on the provision of services	(7,237)	(80,018)	0	0	0	(6,745)	(94,000)
Derecognition – disposals	0	(43,039)	0	0	0	0	(43,039)
Transferred (to) held for sale assets	(7,083)	0	0	0	0	0	(7,083)
Other transfers	9,415	287,848	(678)	19	(300,507)	(2,333)	(6,236)
Other movements in cost or valuation - newly recognised leased/ PFI assets	0	0	0	0	0	0	0
Depreciation	(18,097)	(38,767)	(10,473)	0	0	(197)	(67,534)
Impairments charged to the deficit / surplus on the provision of services	(5,992)	(229)	(64)	0	0	0	(6,285)
Impairments covered by the revaluation reserve	(12,493)	(322)	0	0	0	0	(12,815)
<b>Net book value carried forward as at 31 March 2024</b>	<b>786,964</b>	<b>1,433,949</b>	<b>57,978</b>	<b>43,902</b>	<b>379,880</b>	<b>198,735</b>	<b>2,901,408</b>
Gross book value carried forward	791,175	1,503,603	149,594	44,754	379,880	200,461	3,069,467
Accumulated depreciation and Impairment carried forward as at 31 March 2023	(4,211)	(69,654)	(91,616)	(852)	0	(1,726)	(168,059)

Manchester City Council Annual Statement of Accounts 2023/24

	<b>Council Dwellings £000s</b>	<b>Other Land and Buildings £000s</b>	<b>Vehicles, Plant, and Equipment £000s</b>	<b>Community Assets £000s</b>	<b>Assets Under Construction £000s</b>	<b>Surplus Assets £000s</b>	<b>Total £000s</b>
Net book value carried forward as at 31 March 2024	<b>786,964</b>	<b>1,433,949</b>	<b>57,978</b>	<b>43,902</b>	<b>379,880</b>	<b>198,735</b>	<b>2,901,408</b>

Movements on property, plant, and equipment during 2022/23 were as follows:

	<b>Council Dwellings £000s</b>	<b>Other Land and Buildings £000s</b>	<b>Vehicles, Plant, and Equipment £000s</b>	<b>Community Assets £000s</b>	<b>Assets Under Construction £000s</b>	<b>Surplus Assets £000s</b>	<b>Total £000s</b>
<b>Movement in 2022/23</b>							
Gross book value brought forward	744,818	1,308,532	141,109	41,033	329,963	156,858	2,722,313
Accumulated depreciation and impairment brought forward	(341)	(66,795)	(73,277)	(853)	0	(2,977)	(144,243)
<b>Net book value carried forward as at 31 March 2022</b>	<b>744,477</b>	<b>1,241,737</b>	<b>67,832</b>	<b>40,180</b>	<b>329,963</b>	<b>153,881</b>	<b>2,578,070</b>
Additions	21,130	48,755	5,686	1,614	192,269	993	270,447
Revaluations recognised in revaluation reserve	25,884	25,726	0	0	0	20,378	71,988
Downward Revaluations recognised in the deficit on the provision of services	(7,576)	(33,956)	0	0	0	(3,598)	(45,130)
Derecognition – disposals	0	(5,563)	0	0	0	(945)	(6,508)
Transferred (to) held for sale assets	(12,565)	(27,208)	0	0	0	(19,267)	(59,040)
Other transfers	3,815	(12,281)	(213)	686	4,082	151	(3,760)

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	<b>Council Dwellings £000s</b>	<b>Other Land and Buildings £000s</b>	<b>Vehicles, Plant, and Equipment £000s</b>	<b>Community Assets £000s</b>	<b>Assets Under Construction £000s</b>	<b>Surplus Assets £000s</b>	<b>Total £000s</b>
Other movements in cost or valuation - newly recognised leased / PFI assets	935	0	614	0	0	0	1,549
Depreciation	(23,332)	(30,839)	(11,137)	0	0	(92)	(65,400)
Impairments charged to the deficit on the provision of services	(935)	(4,925)	(53)	0	0	0	(5,913)
Impairments covered by the revaluation reserve	(13,481)	(6,869)	0	0	0	0	(20,350)
<b>Net book value carried forward as at 31 March 2023</b>	<b>738,352</b>	<b>1,194,577</b>	<b>62,729</b>	<b>42,480</b>	<b>526,314</b>	<b>151,501</b>	<b>2,715,953</b>
Gross book value carried forward	739,065	1,269,816	146,645	43,333	526,314	153,259	2,878,432
Accumulated depreciation and Impairment carried forward as at 31 March 2023	(713)	(75,239)	(83,916)	(853)	0	(1,758)	(162,479)
<b>Net book value carried forward as at 31 March 2023</b>	<b>738,352</b>	<b>1,194,577</b>	<b>62,729</b>	<b>42,480</b>	<b>526,314</b>	<b>151,501</b>	<b>2,715,953</b>

Note 19b. Infrastructure assets

In accordance with the temporary relief offered by the Update to the Code on Infrastructure Assets this note does not disclose gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resulting information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

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

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

	£000s
Net book value as at 1 April 2023	553,237
Movement in 2023/24	
Additions	39,095
Other transfers	2,365
Depreciation	(29,122)
Net book value carried forward at 31 March 2024	565,575

	£000s
Net book value as at 1 April 2022	552,732
Movement in 2022/23	
Additions	35,194
Other transfers	(302)
Depreciation	(34,387)
Net book value carried forward at 31 March 2023	553,237

Note 20. Disposal of Assets

The note below shows the value of assets disposed of and the gain and loss on disposal.

	2022/23 £000	2023/24 £000
<b>Disposals of Assets</b>		
Held for Sale - Council dwellings (right to buy)	12,565	7,083
Other HRA disposals	86	0
Held for Sale - General Fund	50,699	2,845
Academy Disposals	5,563	41,472
Other General Fund Disposals	859	1,568
<b>Total</b>	<b>69,772</b>	<b>52,968</b>

(Gains) and Losses on Disposal of Non-current Assets

	2022/23 £000	2023/24 £000
Held for Sale - Council dwellings (right to buy)	(4,846)	(3,596)
HRA Other	(2,519)	(1,012)
Held for Sale General Fund	5,247	387
Academy Disposals	5,563	41,472
Other General Fund Disposals and other Capital Receipts	(13,715)	(4,829)
<b>Total</b>	<b>(10,270)</b>	<b>32,422</b>

Note 21. Accounting for Local Government Schools

The Council has the following maintained schools:

	Community	Voluntary Controlled	Voluntary Aided	Foundation
Number of schools at 31 March 2024	50	13	40	2
Value of land and buildings at 31 March 2024	£352,003,000	N/A	N/A	£16,900,000
Value of land and buildings at 31 March 2023	£388,418,000	N/A	N/A	£16,787,000

Non-Current assets

The treatment of land and buildings for each type of school is based on the legal framework underlying each type of school. The Council controls the non-current assets of community schools and foundation schools that are vested with the governing body and therefore the land and buildings of those schools are shown on the Council's balance sheet. The land and

buildings of voluntary aided, voluntary controlled and foundation schools that are vested with an external trust are owned and controlled by the trustees of the schools or the foundation body and are therefore not shown on the balance sheet of the Council.

Capital expenditure on community and foundation schools vested with the governing body schools is added to the balances for those schools as reported in property, plant, and equipment (Note 19a). Capital expenditure on voluntary aided, voluntary controlled and foundation schools vested with an external trust is treated as REFCUS (Revenue Expenditure Funded from Capital under Statute) expenditure and written off each year to the Comprehensive Income and Expenditure Statement within the Children's Services line.

#### Revenue Funding

Dedicated Schools Grant (DSG) is a ring-fenced government grant used to fund the running costs of schools and is credited to the Comprehensive Income and Expenditure Statement within gross income on the Children's Services line based on amounts due from the Department for Education. The running costs of all categories of schools, apart from academies, are shown within the Comprehensive Income and Expenditure Statement.

The DSG is allocated between central council budget and budgets allocated to individual schools (delegated school budgets). Expenditure from central council budgets and delegated schools' budgets is charged to the Comprehensive Income and Expenditure Statement under the Children's Services line.

Individual schools' balances, for all categories of schools apart from academies, are included in the balance sheet of the Council within usable reserves (Note 38).

Included within the Council's Comprehensive Income and Expenditure Statement and Balance Sheet are the following amounts relating to each category of school.

	<b>Community £000s</b>	<b>Voluntary Controlled £000s</b>	<b>Voluntary Aided £000s</b>	<b>Foundation £000s</b>	<b>Total £000s</b>
Opening schools' reserves	10,494	2,052	3,493	476	16,515
Funding, including DSG	162,860	37,348	104,783	7,711	312,704
Net expenditure incurred by schools	(165,415)	(36,762)	(104,174)	(7,629)	(313,980)
Closing schools' reserves	7,939	2,638	4,102	558	15,239

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Note 22. Heritage Assets

Movements on heritage assets during 2023/24 were as follows:

	<b>Fine Art Works</b>	<b>Civic Plate</b>	<b>Town Hall Sculptures</b>	<b>Monuments, Statues, Fountains, Buildings, and other Civic Regalia</b>	<b>Total</b>
<b>Cost or valuation</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
Balance at 1 April 2023	615,343	2,959	2,962	18,010	639,274
Additions / Donations	0	0	0	133	133
Revaluations	612	0	0	0	612
Reclassifications	0	0	0	2,419	2,419
Balance at 31 March 2024	615,955	2,959	2,962	20,562	642,438

Movements on heritage assets during 2022/23 were as follows:

	<b>Fine Art Works</b>	<b>Civic Plate</b>	<b>Town Hall Sculptures</b>	<b>Monuments, Statues, Fountains, Buildings, and other Civic Regalia</b>	<b>Total</b>
<b>Cost or valuation</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
Balance at 1 April 2022	613,434	2,959	2,962	17,957	637,312
Additions/ Donations	0	0	0	53	53
Revaluations	1,909	0	0	0	1,909
Reclassifications	0	0	0	0	0
Balance at 31 March 2023	615,343	2,959	2,962	18,010	639,274

#### a) Heritage Assets Nature and Scale of Assets Held

Manchester City Galleries (Manchester Art Gallery, Platt Hall, and Queens Park Conservation Studios) currently holds around 46,900 objects in trust on behalf of the People of Manchester. The collection comprises of approximately 14,400 items of fine art, 10,400 items of decorative art, and 22,000 items of costume.

In addition to the MCG collections, the Libraries, Information and Archives Service holds a collection of rare books, records and archives that have heritage significance relating to Manchester but are also of national significance.

Heritage furniture, civic plate and Lord Mayor's regalia, sculpture, paintings from the Town Hall collection (and also some paintings from the MCG collection) are displayed in appropriate public spaces, selected offices and meeting rooms.

Manchester City Galleries' (MCG) collections are covered by the Greater Manchester Act 1981 whereby financially motivated disposal is prohibited by the Act. Further details can be found in the following documents:

- Manchester Art Gallery Collection Development Policy 2021
- Resource and Governance Overview and Scrutiny Committee 17 November 2011 – Heritage Assets Report

#### b) Heritage Asset Management and Preservation

##### Manchester City Galleries Collection

The management and care of the collection is overseen by the Senior Operational Lead, in partnership with the Senior Curator, Collection Manager and Conservation Manager.

Public access to the collections and collection information is delivered in a variety of ways:

- Gallery displays and temporary exhibitions at Manchester Art Gallery.
- Education and learning activities.
- Web-based information, including the galleries website with searchable database, social networking sites, and the Art UK website.
- Access in store to researchers and interested individuals/groups by arrangement.
- Loans out to UK and international museums and galleries, or other venues.

The collections are assessed and conserved in the conservation studios at Queens Park by highly specialised, fully trained conservators.

The condition of the art works is maintained through a programme of effective collection care to reduce damage and deterioration by reducing risk from physical damage (including handling), theft and vandalism, fire and water/flood, inappropriate relative humidity, light, and pollutants.

Further details can be found in the following documents: [\[00\]](#)

- Manchester City Galleries Constitution
- Manchester Art Gallery Business Plan 2023-2026
- Manchester City Galleries Procedures Manual 2016

- Manchester City Galleries Collections Development Policy 2021-2024
- Manchester City Galleries Loans Policy 2019-2021
- Manchester City Galleries Conservation and Collection Care Policy 2016 -2019
- Manchester City Galleries Handling Guidelines 2016
- Manchester City Galleries Collection Information Policy 2020-2023

#### The Town Hall Collection

The Town Hall Collection includes sculpture, fine art, silver, textiles, photographs, and social history material. The collection is currently the responsibility of the Our Town Hall Curatorial Manager who manages a Collections Officer and a Paintings Conservator. Details of the collections are held on the EMu collections management database.

As part of the Our Town Hall project, considerable conservation work is being undertaken on the collection. This focuses primarily on the collection that will be returned to public display or for use in public rooms. The paintings, furniture and sculpture collection will all be assessed and conserved accordingly.

The Collection is managed according to the Town Hall Collections Development Policy which was approved by the Our Town Hall Strategic Board in 2022.

#### The Lord Mayor's Regalia

The Lord Mayors regalia is frequently used and is therefore cared for and managed by the Civic and Ceremonial team. The material is kept in two safes in the Town Hall Extension.

#### c) Heritage Assets Accounting Policies

##### Manchester City Galleries Collections

Specified items (those valued over £100,000) are included in the balance sheet at market valuation.

In the case of loss or damage the recoverable amount may be less than the full market valuation as works over £200,000 are insured at 75% of market value up to a threshold cap of £7,000,000.

Non-specified works are grouped. Where they have a market valuation, they are included in the balance sheet at that value, otherwise the insurance valuation has been used.

Over the course of the year the valuations of works which are due to go out on loan are checked and amended if necessary. Valuations are also updated on an incidental basis if a curator becomes aware that a particular work may have increased or decreased in value based on comparative works sold at auction. Changes in value during 2023/24 resulted in an increase in value of £612,000 (2022/23 £1,909,000 increase).

##### Civic Plate / Lord Mayors Regalia / Model of HMS Manchester

These items are included in the balance sheet at insurance valuation.

##### Sculptures

The sculptures are deemed to have indefinite lives; hence the Council does not consider it appropriate to charge depreciation.

### Furniture

These items are included in the balance sheet at a nominal value until a more detailed and appropriate valuation can be obtained. The assets within this category are deemed to have indeterminate lives; hence the Council does not consider it appropriate to charge depreciation.

The majority of the heritage furniture, paintings and social history material (including civic gifts) from the Town Hall have been moved to an offsite storage location during the Town Hall restoration project. A selection of furniture and the Lord Mayor's regalia has been retained for use in the Lord Mayor's rooms in Central Library. The Town Hall sculpture collection has been relocated to various venues within the Council's Estate, or on loan to other venues in the city.

### Statues and Monuments in the Public Realm

These items are included in the balance sheet at a nominal value plus some relocation and enhancement costs.

The assets will be included at this value until a more detailed and appropriate valuation can be obtained.

The assets within this category are deemed to have indefinite lives; hence the Council does not consider it appropriate to charge depreciation.

### d) Heritage Assets carried as other asset types

#### Listed Buildings

Manchester has 84 listed buildings and related assets such as the Town Hall, Central Library, Heaton Hall, bridges, and areas of parks. The Council also has custody of scheduled ancient monuments including the City Centre Hanging Bridge and the moated sites to Clayton Hall and Peel Hall in addition to a number of other monuments, statues and fountains.

Listed buildings, such as the Town Hall complex, are actively used in the delivery of Council services. In accounting terms, they have been classified as operational assets and reported and valued as Property, Plant and Equipment in the same way as other assets of this type.

#### Statues / Fountains

Statues and Fountains situated in open spaces are classified as street furniture. As no insurance valuation is available and cannot be obtained at a cost which is commensurate with the benefits to users of the financial statements these assets have not been recognised in the balance sheet.

#### Rare Books, Records and Archives

Rare books, records and archives that have heritage significance relating to Manchester. As no insurance or market valuation is available and cannot be obtained at a cost which is commensurate with the benefits to users of the financial statements these assets have not been recognised in the balance sheet.

### Note 23. Valuation of Property, Plant and Equipment

The Council's non-current assets are valued on the balance sheet in accordance with the statement of asset valuation principles and guidance notes issued by the Royal Institution of Chartered Surveyors (RICS):

- plant and machinery are included in the valuations of buildings when it is an integral part of the building
- properties classified as operational, excluding council dwellings, were valued on the basis of net realisable value in existing use or, where a market did not exist, on the basis of depreciated replacement cost
- council dwellings were valued at existing use value - social housing
- community assets and infrastructure have been valued at historic cost net of depreciation
- assets under construction are held at historic cost until brought into use.
- surplus assets have been valued on the basis of market value for the highest or best use

Depreciation has been calculated using a straight-line method (i.e., apportioned equally over each year of the life of the asset) for all assets. The estimated useful life of each property is determined by a qualified valuer and updated at each valuation. Land and assets not yet available for use (assets under construction) are not depreciated.

Council dwellings are valued annually. All other assets, with the exception of those valued at historic cost net of depreciation, are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their value at year end, but as a minimum every five years. Valuations have been undertaken during the year by internal Council valuers, Jacobs, Avison Young and Capita; external valuers commissioned by the Council. Avison Young have provided indexation factors for the percentage increase in value from the date of the last valuation to 31 March 2023 for various categories of asset. These have been applied to the asset values.

The Valuers have determined the appropriate method of valuation having regard to the assets' physical and economic characteristics. Assets are valued using the depreciated replacement cost approach where there is no active market for the asset being valued, that is, where there is no relevant evidence of recent sales transactions due to specialist nature of the asset. Where recent transactions can be identified, the Valuer has adopted the existing use value method, where rental value is capitalised at a rate determined by the type, quality, and location of the asset. The assumptions made by the valuer include the application of an appropriate rental value and capitalisation rate. This is based on comparable evidence of market transactions of similar assets nearby.

A large proportion of the Council's property, plant, and equipment (PPE) asset value is comprised of properties valued using the Depreciated Replacement Cost (DRC) method of valuation.

Inspections of PPE were carried out in 2023/24 as part of the Council's revaluation process. As a result of these inspections the Council recognised revaluations of PPE in the revaluation reserve of £142.969m reflecting the revaluation movement since the last revaluation of these assets. The Council also performed impairment reviews where there were

impairment indicators, such as a change in use or capital expenditure in excess of £500,000 during the year. Downward valuations were charged against the revaluation reserve to the extent there was a credit balance in the reserve for the individual asset. Amounts in excess of the credit balance in the reserve were charged to the Comprehensive Income and Expenditure Statement. This has resulted in £ 100.285m in relation to PPE being charged to the Comprehensive Income and Expenditure Statement. In keeping with the presentation of Note 19a, infrastructure assets are omitted from this table. Infrastructure assets are carried at historical cost.

The following table lists the value of each type of property, plant, and equipment with the year of their last valuation. (Note infrastructure assets are carried at historical cost and are omitted from this table.):

	<b>Council Dwellings £000s</b>	<b>Other Land and Buildings £000s</b>	<b>Vehicles, Plant and Equipment £000s</b>	<b>Community Assets £000s</b>	<b>Assets Under Construction £000s</b>	<b>Surplus Assets £000s</b>	<b>Total £000s</b>
Historical Cost	0	0	57,817	43,902	374,880	0	481,599
Valuation in Year							
2019/20	0	348,933	87	0	0	913	349,933
2020/21	0	72,354	0	0	0	8,734	81,088
2021/22	0	33,190	0	0	0	3,990	37,180
2022/23		172,150	0	0	0	7,087	179,237
2023/24	786,964	807,322	74	0	0	178,011	1,772,371
<b>Total</b>	<b>786,964</b>	<b>1,433,949</b>	<b>57,978</b>	<b>43,902</b>	<b>379,880</b>	<b>198,735</b>	<b>2,901,408</b>

### Surplus Assets

#### Fair Value Hierarchy

Details of the Council's surplus properties and information about the fair value hierarchy as at 31 March is as follows:

		<b>31 March 2023 £000s</b>	<b>31 March 2024 £000s</b>
Other significant inputs*	Level 2	2,588	913
Significant unobservable inputs*	Level 3	148,913	197,822
<b>Total</b>		<b>151,501</b>	<b>198,735</b>

\*The fair value hierarchy categorisation at the end of note provides additional information.

All surplus property has been valued in accordance with IFRS13 under the fair value hierarchy. The fair value measurement requires the valuer to determine:

- the highest and best use of the asset and whether it is used in combination with other assets or on a stand-alone basis
- what is legally, physically, and financially feasible
- the market in which an orderly transaction would take place for the asset
- the appropriate valuation technique to use maximising the use of relevant observable inputs (market data such as market rents and yields or actual information about transactions such as lease details or covenant strength) and minimising observable inputs (these are inputs where market data is not available and are developed using the best information available about the assumptions market participants would use when pricing the asset such as comparable land or property values. Where such evidence is not available the use of sales values and cost of development to produce a residual value has been used).

The fair value of surplus assets has been measured using the market valuation technique and has taken account of the following factors - market evidence of capital values, location, size, layout, knowledge of planning requirements and potential development costs. As the future use of these assets is yet to be determined, the current use cannot be assumed to be highest and best, however in estimating the fair value of surplus properties, the highest and best use of the properties has been adopted in accordance with the Code.

There have been £1.177m transfers between levels of fair value hierarchy during 2023/24.

#### Reconciliation of Fair Value Measurements Categorised within Level 3 of the Fair Value Hierarchy

	2022/23 £000s	2023/24 £000s
Balance at 1 April	147,990	148,913
Transfers to surplus assets	(11,587)	(2,052)
Transfers between levels	3,176	1,177
Total (losses) included in deficit / surplus on provision of services resulting from changes in the fair value	(3,598)	(6,098)
Total gains / (losses) included in other comprehensive income and expenditure	12,856	53,336
	<b>148,837</b>	<b>195,276</b>
Additions	254	2,744
Disposals	(86)	0
Depreciation	(92)	(198)
<b>Balance at 31 March</b>	<b>148,913</b>	<b>197,822</b>

Total losses included in surplus / deficit on provision of services resulting from changes in the fair value are shown within council wide costs in the Comprehensive Income and Expenditure Statement.

## Fair Value Hierarchy

### Level 1

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the balance sheet date. A quoted market price in an active market provides the most reliable evidence of fair value.

### Level 2

Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset, either directly or indirectly. Level 2 inputs include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in markets that are not active

Inputs other than quoted prices that are observable for the asset or liability, for example: Interest rates and yield curves

### Level 3

Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, considering all information about market participant assumptions that is reasonably available.

## Note 24. Assets Held for Sale

Assets held for sale are when an asset is available for immediate sale in its present condition, the sale is probable and is being actively marketed and the sale is expected to be within one year. Movements on assets held for sale during the year were as follows:

	<b>Assets Held For Sale £000s</b>
Net book value carried forward at 31 March 2022	5,569
Movement in 2022/23	
Additions	6,667
Reclassifications	59,040
Disposals	(63,265)
Revaluations	(485)
Net book value carried forward at 31 March 2023	7,526
Movement in 2023/24	
Additions	0
Reclassifications	7,083
Disposals	(9,928)
Revaluations	0
Net book value carried forward at 31 March 2024	4,681

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Note 25. Assets Recognised Under PFI and Similar Arrangements

Movements on PFI and similar arrangements assets and liabilities during the year were as follows:

	Energy Services £000s	Plymouth Grove Housing £000s	Miles Platting Housing £000s	Brunswick Housing £000s	Public Lighting £000s	Refuse Vehicles Service Concession £000s	Total £000s
Net book value at 31 March 2022	55	34,660	99,535	60,666	62,108	4,047	261,071
<b>Movement in 2022/23</b>							
Expenditure	0	973	0	0	27	0	1,000
Newly recognised assets	0	0	0	935	0	614	1,549
Reclassifications	0	(560)	(1,929)	(846)	0	0	(3,335)
Depreciation	(8)	(1,005)	(3,144)	(1,844)	(3,293)	(862)	(10,156)
Revaluations	0	2,014	5,170	(5,944)	0	0	1,240
Impairments	0	(584)	0	(1,643)	0	0	(2,227)
Net book value carried forward as at 31 March 2023	47	35,498	99,632	51,324	58,842	3,799	249,142
<b>Movement in 2023/24</b>							
Expenditure	0	0	122	16	20	0	158
Newly recognised assets	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Reclassifications	0	(439)	(227)	(630)	0	0	(1,296)
Depreciation	(14)	(841)	(2,396)	(1,203)	(2,697)	(907)	(8,058)
Revaluations	170	1,571	5,881	6,089	0	0	13,711
Impairments	0	0	(72)	(10)	0	(3)	(85)

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<b>Net book value carried forward as at 31 March 2024</b>	<b>203</b>	<b>35,789</b>	<b>102,940</b>	<b>55,586</b>	<b>56,165</b>	<b>2,889</b>	<b>253,572</b>
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	<b>Temple Primary School £000s</b>	<b>Plymouth Grove Housing £000s</b>	<b>Miles Platting Housing £000s</b>	<b>RESTATED Brunswick Housing £000s</b>	<b>Public Lighting £000s</b>	<b>Wright Robinson Sports College £000s</b>	<b>Refuse Vehicles Service Concession £000s</b>	<b>Total £000s</b>
Deferred liability carried forward as at March 2022	1,541	13,224	40,778	47,006	20,783	17,690	4,047	145,069
<b>Movement in 2022/23</b>								
Additional liability	0	0	0	935	0	0	615	1,550
Disposals and derecognitions	0	0	0	0	0	0	(1)	(1)
Write down of liability	(320)	(709)	(1,996)	(2,529)	(2,331)	(1,303)	(862)	(10,051)
Deferred liability carried forward as at March 2023	1,221	12,515	38,782	45,412	18,452	16,387	3,799	136,567
<b>Movement in 2023/24</b>								
Additional liability	0	0	0	0	0	0	0	0
Disposals and derecognitions	0	0	0	0	0	0	0	0
Write down of liability	(361)	(745)	(2,073)	(2,266)	(2,479)	(1,387)	(907)	(10,218)
Deferred liability carried forward as at March 2024	860	11,770	36,709	45,529	15,973	15,000	2,891	128,732

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Note 26. Assets Held as Lessee

Operating Leases

The Council has obtained the right to use printers and multi-functional devices by entering into operating leases.

The Council has entered into a number of leases relating to offices and land. The leases vary in length from short-term leases to those with terms over 600 years.

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

	<b>31 March 2023</b> <b>£000s</b>	<b>31 March 2024</b> <b>£000s</b>
Not later than one year	4,650	4,220
Later than one year and not later than five years	15,710	13,739
Later than five years	55,081	16,872
<b>Total</b>	<b>75,441</b>	<b>34,831</b>

Lease payments made:

	<b>2022/23</b> <b>£000s</b>	<b>2023/24</b> <b>£000s</b>
Minimum lease payments	4,797	4,291
<b>Total</b>	<b>4,797</b>	<b>4,291</b>

The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

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	<b>2022/23</b> <b>£000s</b>	<b>2023/24</b> <b>£000s</b>
Corporate Core	307	324
Growth and Development	4,490	3,967
<b>Total minimum lease payments</b>	<b>4,797</b>	<b>4,291</b>

Note 27. Assets Held as Lessor

Operating Leases

The Council has leased out a number of offices, industrial premises and land to various organisations for both community use and economic development purposes. The leases vary in length and are all classed as operating leases.

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

	<b>31 March 2023</b> <b>£000s</b>	<b>31 March 2024</b> <b>£000s</b>
Not later than one year	15,392	15,460
Later than one year and not later than five years	59,544	60,489
Later than five years	946,634	964,701
<b>Total minimum lease payments</b>	<b>1,021,570</b>	<b>1,040,650</b>

The minimum lease payments do not include rents that are contingent on events taking place after the lease has been entered into, such as adjustments following rent reviews.

Note 28. Investment Properties

The value of income generating investment properties classed as operating leases is £503.948m (£537.407m at 31 March 2023).

These assets are classed as investment properties because they are held to either solely earn rentals or for capital appreciation. They are not used by the Council in delivering its services. As these assets are classed as investment properties, no depreciation charge has been made in 2022/23 or 2023/24.

	<b>2022/23</b> <b>£000s</b>	<b>2023/24</b> <b>£000s</b>
Rental income from investment property	(42,967)	(44,016)
Direct operating expenses arising from investment property	19,126	12,609
<b>Net (gain)</b>	<b>(23,841)</b>	<b>(31,407)</b>

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

	<b>Investment Properties £000s</b>
Net book value carried forward as at 31 March 2022	493,722
Movement in 2022/23	
Expenditure	16,621
Reclassifications	4,081
Movement in fair value of investment property	22,983
Net book value carried forward as at 31 March 2023	537,407
Movement in 2023/24	
Expenditure	504
Reclassifications	1,452
Movement in fair value of investment property	(35,415)
Net book value carried forward as at 31 March 2024	503,948

#### Fair Value Hierarchy

All properties within the Council's investment portfolio have been value assessed as Level 2 on the fair value hierarchy for valuation purposes (accounting policy 5.2.33 provides an explanation of the fair value levels).

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

The fair value of investment property has been measured using a market approach, which takes into account quoted market prices for similar assets in active markets, existing lease terms and rentals, research into market evidence including market rentals and yields, covenant strength for existing tenants and data and market knowledge gained in managing the Council's investment asset portfolio. Market conditions are such that similar properties are actively purchased and sold, and the level of observable inputs are significant, leading to the properties being categorised as level 2 on the fair value hierarchy.

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

#### Highest and Best Use

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

#### Valuers

The investment properties were valued in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS) by Colliers, external valuers engaged by the Council.

Note 29. Capital Expenditure and Capital Financing

	<b>2022/23</b> <b>£000s</b>	<b>2023/24</b> <b>£000s</b>
<b>Opening Capital Financing Requirement</b>	1,768,251	1,956,936
<b>Expenditure</b>		
Property, plant, and equipment	277,133	280,892
Infrastructure	35,194	37,760
Investment properties	16,621	505
Heritage assets	53	55
Revenue expenditure funded from capital under statute*	48,675	33,014
Long term debtors	19,308	1,114
Investment in share capital	6,630	7
	403,614	353,347
Assets acquired under finance lease / PFI arrangements	1,550	0
<b>Funding Resources</b>		
Revenue contributions	(4,971)	(1,480)
Capital Receipts	(56,158)	(49,257)
Major Repairs Reserve	(23,310)	(21,379)
Government grants	(79,100)	(88,438)
External contributions	(15,484)	(26,003)
Minimum Revenue Provision	(37,457)	(41,891)
<b>Closing Capital Financing Requirement</b>	<b>1,956,935</b>	<b>2,081,835</b>
HRA	300,983	300,983
Non HRA	1,655,952	1,780,852
<b>Closing Capital Financing Requirement</b>	<b>1,956,935</b>	<b>2,081,835</b>
<b>Explanation of Movement in Year</b>		
Minimum Revenue Provision	(37,457)	(41,891)
Increase in underlying need to borrow	224,591	166,791
Assets acquired under finance lease / PFI arrangements	1,550	0
	<b>188,684</b>	<b>124,900</b>

\* Legislation allows some expenditure to be classed as capital expenditure even though it does not result in the recognition of a non-current asset on the Council's balance sheet (i.e., grants and expenditure on property not owned by the Council). This enables the expenditure to be funded by capital resources, rather than charging the General Fund and impacting upon the year's council tax.

**Further analysis of the capital expenditure incurred is shown in the narrative report**

Note 30. Contracted Capital Commitments

Many capital schemes take two or more years to complete. At the Balance Sheet date, the main contractual commitments relating to ongoing schemes for the enhancement of assets were as follows:

	31 March 2023 £000s	31 March 2024 £000s
Housing	0	45,178
Indoor Leisure	8,314	0
Our Town Hall	100,946	46,365
Culture	7,761	2,445
Back of Ancoats	0	10,004
Public Sector Decarbonisation	6,909	379
Housing Investment Fund	31,461	20,534
This City	1,787	31,333
Hammerstone Road Depot	13,335	1,321
<b>Total</b>	<b>170,513</b>	<b>157,559</b>

Note 31. Investments

The Council has the following long-term investments:

	Restated 31 March 2023 £000s	31 March 2024 £000s
<b>Investments in organisations included in the group statements</b>		
Manchester Airports Holdings Ltd Share Capital	112,354	112,354
Destination Manchester Ltd Share Capital	10,200	10,200
Manchester Heat Network Holdco	6,630	6,630
Manchester Airports Holdings Ltd (C Shares)	5,610	5,610
<b>Other long-term investments</b>		
<b>Investments in subsidiaries not included in the group statements</b>		
Manchester Mortgage Corporation Plc Share Capital	131	0
<b>Investments in associates and joint ventures not included in the group statements</b>		
Eastlands Development Company Limited	1,276	1,276
Matrix Homes Ltd	5,888	10,548
Manchester Science Park	6,244	7,958
Apis Assay Technologies	4,561	3,842
Mayfield Developments	7,198	9,908
	<b>160,092</b>	<b>168,326</b>
<b>Total other long-term investments</b>	<b>2,653</b>	<b>3,199</b>
<b>Total Long-Term Investments</b>	<b>162,745</b>	<b>171,525</b>

The investments in Manchester Airports Holdings Ltd (apart from the C shares, which relate to a car park investment), and Destination Manchester Ltd are shown at cost.

All other investments are held at fair value, at the quoted price based on the Council's share of the reserves of the Company.

**Note 32. Debtors and Payments in Advance**

As the balance sheet date represents the position at the end of the financial year, there are monies owed to the Council at that date which are yet to be received in cash. The following analysis shows the amounts owed to the Council at 31<sup>st</sup> March.

The Council also makes an impairment loss allowance for outstanding monies which it is anticipated will not be recovered. These amounts are then deducted from the total value of debtors shown in the accounts. An analysis of this impairment of debt is also shown below:

	<b>31 March 2023 £000s</b>	<b>31 March 2024 £000s</b>
<b>Short term debtors and payments in advance</b>		
<b>Debtors included in the Financial Instruments note</b>		
Government departments	31,283	35,777
Other local authorities	14,603	19,541
NHS bodies	21,072	15,515
Housing rents	9,378	9,832
Destination Manchester Ltd / Manchester Central Ltd	750	750
All other bodies (external to government) - trade organisations and individuals	168,155	160,094
	245,241	241,508
<b>Impairment of Debt</b>		
Housing rents	(7,315)	(7,541)
Other	(76,892)	(74,659)
	161,035	159,308
<b>Debtors not included in the Financial Instruments note</b>		
HM Revenue and Customs	17,963	10,701
Other Local Authorities payments in advance	1	0
Council tax	91,506	96,253
Business rates	44,627	55,038
All other bodies (external to government) payments in advance	6,871	8,402
<b>Impairment of Debt</b>		
Council tax	(69,242)	(63,703)
Business rates	(37,348)	(36,946)
<b>Total</b>	<b>215,412</b>	<b>229,054</b>

Long Term Debtors

These are amounts which are owed to the Council which are being repaid over various periods longer than one year. Long-term debt which has become due in less than twelve months has been classified as short-term debt.

	<b>31 March 2023 £000s</b>	<b>31 March 2024 £000s</b>
<b>Amounts falling due after one year</b>		
<b>Debtors included in the Financial Instruments note</b>		
Private Sector Housing Loans	12,542	12,431
Equity Mortgages	1,063	3,459
Matrix Homes	11,135	11,936
Biffa Municipal	2,862	1,955
Manchester College	8,212	7,467
Manchester Airport Holdings Ltd	409,954	409,785
Destination Manchester Ltd / Manchester Central Ltd	13,407	12,657
Northern Gateway (Far East Consortium)	7,931	7,633
Advertising Debtors	307	101
Manchester Heat Network Tradeco	14,500	15,000
Other	6,170	4,030
	<b>488,082</b>	<b>486,455</b>
<b>Debtors not included in the Financial Instruments note</b>		
PFI prepayments	20,074	19,350
<b>Total</b>	<b>508,156</b>	<b>505,805</b>

A financial instrument is any contract that results in a financial asset in one entity and a financial liability or equity shareholder in another.

Note 33. Creditors and Receipts in Advance

This note sets out monies owed by the Council at 31 March which have yet to be paid, and the Council has received which relates to services which have not yet been provided.

	<b>31 March 2023 £000s</b>	<b>31 March 2024 £000s</b>
<b>Short Term Creditors and Receipts in Advance</b>		
<b>Creditors classed as Financial Instruments</b>		
Government departments	25,919	14,803
Other local authorities	17,301	10,364
NHS bodies	853	620
Financial institutions	615	0
Housing rents	2,818	2,716

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	<b>31 March 2023 £000s</b>	<b>31 March 2024 £000s</b>
Other bodies (external to government) - trade organisations and individuals	126,392	120,058
	<b>173,899</b>	<b>148,561</b>
<b>Creditors not classed as Financial Instruments</b>		
Government departments receipts in advance	6,012	3,813
Other local authorities' receipts in advance	5,349	573
NHS bodies receipts in advance	505	0
Other public bodies receipts in advance	0	378
Other bodies (external to Government) receipts in advance	3,697	6,345
HM Revenue and Customs	12,940	12,988
Council tax	8,979	8,413
Business rates	37,857	28,600
<b>Total</b>	<b>249,238</b>	<b>209,671</b>

A financial instrument is any contract that results in a financial asset in one entity and a financial liability or equity shareholder in another.

Note 34. Analysis of Long-term Borrowing

a. To Balance Sheet Date

The table below shows the outstanding long-term borrowing at 31 March:

	<b>31 March 2023 £000s</b>	<b>Range of Interest Rates Payable</b>		<b>Average Interest %</b>	<b>31 March 2024 £000s</b>
		<b>From %</b>	<b>To %</b>		
<b>Analysis of loans by type</b>					
Public Works Loans Board	500,000	1.3400	5.7500	2.3275	755,000
Market Loans	400,753	0.1000	5.2500	4.4239	400,626
Government Debt	31,490	0.0000	5.7500	2.6326	30,712
Stocks	858	4.0000	4.0000	4.0000	858
<b>Total Outstanding</b>	<b>933,101</b>				<b>1,187,197</b>
<b>Analysis of loans by maturity</b>					
1-2 years	30,904				140,844
2-5 years	31,125				210,431
5-10 years	70,815				35,851
after 10 years	800,256				800,071
<b>Total by maturity</b>	<b>933,101</b>				<b>1,187,197</b>

b. To Maturity

The table below includes the outstanding long-term borrowing at the balance sheet date, plus interest due to the date of maturity of the outstanding loans. This provides details of future commitments if the loans are held to the date of maturity.

	31 March 2023 £000s	Range of Interest Rates Payable		Average Interest %	31 March 2024 £000s
		From %	To %		
<b>Analysis of loans by type</b>					
Public Works Loans Board	712,251	1.3400	5.7500	2.3275	1,088,332
Market Loans	1,055,302	0.1000	5.2500	4.4239	1,037,840
Government Debt	32,160	0.0000	5.7500	2.6326	31,619
Stocks	1,787	4.0000	4.0000	4.0000	1,753
<b>Total Outstanding</b>	<b>1,801,500</b>				<b>2,159,543</b>
<b>Analysis of loans by maturity</b>					
1-2 years	56,898				181,638
2-5 years	77,166				300,408
5-10 years	127,503				163,107
after 10 years	1,539,933				1,514,391
<b>Total by maturity</b>	<b>1,801,500</b>				<b>2,159,543</b>

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Note 35. Deferred Liabilities

Note below shows the amounts owed by the Council, split between short-term (amounts owed in less than 12 months) and long-term (amounts owed in more than 12 months) on the balance sheet.

	<b>Restated 31 March 2023 £000s</b>	<b>Restated Short Term 31 March 2023 £000s</b>	<b>Restated Long Term 31 March 2023 £000s</b>	<b>Repaid in year £000s</b>	<b>Disposals and Derecognitions in year £000s</b>	<b>Additions in year £000s</b>	<b>31 March 2024 £000s</b>	<b>Short Term 31 March 2024 £000s</b>	<b>Long Term 31 March 2024 £000s</b>
Private Finance Initiatives	123,005	9,312	125,841	(9,312)	0	0	125,841	9,623	116,218
Service Concession	2,891	908	2,891	(910)	0	0	2,889	920	1,969
<b>Total</b>	<b>125,897</b>	<b>10,220</b>	<b>128,732</b>	<b>(10,222)</b>	<b>0</b>	<b>0</b>	<b>128,730</b>	<b>10,543</b>	<b>118,187</b>

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Note 36. Provisions

Provisions are established to meet liabilities or losses which are likely or certain to be incurred, but the amounts or timings are uncertain.

These have been split between short-term (amounts owed in less than 12 months) and long-term (amounts owed in more than 12 months) on the balance sheet.

The Council has established the following provisions:

	<b>31 March 2023 £000s</b>	<b>Short Term 31 March 2023 £000s</b>	<b>Long Term 31 March 2023 £000s</b>	<b>Contributions in year £000s</b>	<b>Amounts released/used in year £000s</b>	<b>31 March 2024 £000s</b>	<b>Short Term 31 March 2024 £000s</b>	<b>Long Term 31 March 2024 £000s</b>
Compensation provisions	4,426	2,530	1,898	1,278	(581)	5,123	3,329	1,795
Insurance provision (including HRA)	2,719	1,048	1,671	639	(76)	3,282	1,666	1,616
Provision for business rate appeals	128,845	7,138	121,705	40,056	(37,649)	131,252	22,753	108,498
Various other provisions	509	428	81	72	(171)	410	378	32
<b>Total</b>	<b>136,499</b>	<b>11,144</b>	<b>125,355</b>	<b>42,045</b>	<b>(38,476)</b>	<b>140,068</b>	<b>28,126</b>	<b>111,941</b>

Note 37. Financial Instruments

The Council's treasury management policy complies with the CIPFA Code of Practice on Treasury Management (Revised December 2021). In accordance with best practice, the City Treasurer has undertaken a review of the policy and is satisfied that the policy is relevant and complete.

The Council's treasury management activities are managed through a Central Loans and Investment Account. Operating a Central Loans and Investment Account enables the Council to borrow on advantageous terms, minimise administration costs and dampen the effects of large interest rate changes. In 2023/24 the average net rate of interest paid and received was 3.62% (3.16% in 2022/23).

A financial instrument is any contract that results in a financial asset in one entity and a financial liability or equity shareholder in another.

Financial Instruments Balances

	Long-Term		Current		Total	
	Restated 31 March 2023 £000s	31 March 2024 £000s	Restated 31 March 2023 £000s	31 March 2024 £000s	Restated 31 March 2023 £000s	31 March 2024 £000s
<b>Financial Liabilities at Amortised Cost:</b>						
Borrowings	933,101	1,187,197	119,148	153,147	1,052,250	1,340,344
Deferred Liabilities	125,897	118,187	10,671	10,543	136,568	128,730
Creditors	765	749	173,899	149,143	174,664	149,892
<b>Total Financial Liabilities</b>	<b>1,059,763</b>	<b>1,306,133</b>	<b>303,718</b>	<b>312,833</b>	<b>1,363,482</b>	<b>1,618,966</b>
<b>Financial Assets</b>						
Amortised cost	483,998	486,455	256,056	271,846	740,054	758,301
Designated Fair value through other comprehensive income	38,078	34,844	0	0	38,078	34,844
Fair value through profit and loss	2,267	1,888	0	0	2,267	1,888
<b>Total Financial Assets</b>	<b>524,344</b>	<b>523,187</b>	<b>256,056</b>	<b>271,846</b>	<b>780,400</b>	<b>795,033</b>

The Council's treasury management strategy during the year was to seek long-term borrowing to fund the capital programme, and therefore, in the table above, long-term borrowings have increased.

Assets that are classed as fair value are valued at a quoted market value where this is available (level 1 of the fair value hierarchy). Where investments are not quoted the value of that investment has been taken as the Council's share of the reserves of the company invested in (level 2 of the fair value hierarchy).

Fair Value of Assets and liabilities

	Restated Carrying Amount		Restated Fair Value	
	31 March 2023 £000s	31 March 2024 £000s	31 March 2023 £000s	31 March 2024 £000s
<b>Liabilities</b>				
Public Work Loans Board (PWLB)	502,108	799,064	311,094	583,598
Market debt	413,118	405,195	398,780	356,336
Government debt	136,154	135,218	131,291	134,768
Stocks	868	868	778	700
<b>Total Borrowings</b>	<b>1,052,249</b>	<b>1,340,344</b>	<b>841,943</b>	<b>1,075,401</b>
Ex GMC debt	0	0	0	0
PFI and service concessions liabilities	136,568	128,730	136,568	128,730
Trade creditors	174,664	149,892	174,664	149,892
<b>Total Financial Liabilities</b>	<b>1,363,481</b>	<b>1,618,966</b>	<b>1,153,175</b>	<b>1,354,023</b>
	Carrying Amount		Fair Value	
<b>Assets</b>	31 March 2023 £000s	31 March 2024 £000s	31 March 2023 £000s	31 March 2024 £000s
Cash and cash equivalents	95,021	112,538	95,022	112,538
Long term investments	40,346	36,731	40,346	36,731
Trade debtors	645,033	645,763	678,638	645,483
<b>Total Financial Assets</b>	<b>780,400</b>	<b>795,032</b>	<b>814,005</b>	<b>794,752</b>

Assets and liabilities are carried at amortised cost where part of their carrying amount (as per the balance sheet) will either be written down or written up via the Comprehensive Income and Expenditure Statement over the term of the financial instrument.

For the purposes of the notes to the accounts, all assets and liabilities are given a fair value, although this is only shown in the balance sheet for fair value through profit and loss and fair value through other comprehensive income assets. For many financial instruments, the fair value will be the same as the outstanding principal amount, but for others there could be a significant difference.

Fair value is the price that would be received to sell an asset or paid to transfer a liability at the measurement date in the principal market for the asset or liability or in the absence of a principal market, the most advantageous market.

The fair values for PWLB, market and Government debt were determined by reference to new loan rates on the Gilt market as at the balance sheet date as there is no active market for similar assets at this time and include accrued interest as this provides a sound approximation for the fair value for these instruments (level 2). By way of comparison, if the fair values were calculated with reference to PWLB redemption rules and prevailing PWLB redemption rates, they would be £634.4m for PWLB debt, £135.0m for Government debt and £424.24m for market debt.

Fair value for PFI and service concessions cannot be obtained as there is no comparable information available and has therefore been shown at the carrying amount.

Income, expense, gains, and losses

	2022/23		2023/24	
	Surplus / Deficit on the provision of services £000s	Other comprehensive income and expenditure £000s	Surplus / Deficit on the provision of services £000s	Other comprehensive income and expenditure £000s
Net (gains)/losses on:				
Financial assets measured at fair value through profit or loss	2,267	0	73	0
Financial assets measured at amortised cost	(2,350)	0	336	0
Investments in equity instruments designated at fair value through other comprehensive income	0	(154)	0	(9,061)
<b>Total net (gains)/losses</b>	<b>(83)</b>	<b>(154)</b>	<b>409</b>	<b>(9,061)</b>
Interest income	(42,233)	0	(49,657)	0
Interest expense	39,385	0	51,189	0

Nature and extent of risk arising from Financial Instruments and the management of those risks

Key Risks

The Council's activities expose it to a variety of financial risks:

- Credit Risk - the possibility that other parties might fail to pay amounts due to the Council.
- Liquidity Risk - the possibility that the Council might not have funds available to meet its commitments to make payments.
- Refinancing Risk - the possibility that the Council might be required to renew financial instruments on maturity at a disadvantageous interest rate or terms.
- Market Risk - the possibility that financial loss might arise for the Council due to changes in such measures as interest rates movements.

Overall Procedures for Risk

The Council's overall risk management procedures focus on the unpredictability of financial markets and implementing restrictions to minimise these risks.

The procedures for risk management are set out through a legal framework in the Local Government Act 2003 and the associated regulations. These require the Council to comply

with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act. Overall, these procedures require the Council to manage risk in the following ways:

- By formally adopting the requirements of the Code of Practice.
- By the adoption of a Treasury Policy statement and Treasury Management clauses within its constitution.
- By approving annually in advance prudential indicators for the following three years limiting:
  - The Council's overall borrowing.
  - Its maximum and minimum exposures in the maturity structure of its debts.
  - Its maximum and minimum exposures to investments maturing beyond a year.
  - By approving an investment strategy for the forthcoming year, setting out its criteria for both investing and selecting investment counter parties with Government Guidance.

These are required to be reported and approved annually before the start of the year to which they relate. These items are reported with the annual Treasury Management Strategy and actual performance is also reported semi-annually to Members.

The annual Treasury Management Strategy was approved by full Council on 3 March 2023. The strategy is available on the Council's website.

#### 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 managed through the Annual Investment Strategy which was approved by full Council on 3 March 2023. This strategy is available on the Council's website. Some of the key areas of the strategy are as follows:

Specified Investments are investments in sterling denomination, with maturities up to a maximum of one year. All specified investments meet the minimum "high" ratings criteria where applicable. Examples of the investments used are:

- Term deposits – Other Local Authorities
- Term deposits – Banks and building societies
- Money Market Funds

Non-specified investments are any other type of investment than specified. The Council does not make use of this type of investment.

#### Investment Limits

The financial investment limits of banks and building societies are linked to their Fitch (or equivalent) long-term ratings, as follows:

##### Banks and Building Societies

Fitch or Equivalent AA+ and above	£20 million
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Fitch or Equivalent AA/AA-	£15 million
Fitch or Equivalent A+/A	£15 million
Fitch or Equivalent A-	£10 million
Fitch or Equivalent BBB+	£10 million

Other

Debt Management Office	£200 million
Greater Manchester Combined Authority	£200 million
Other local authorities	£20 million

Credit quality of counter parties (issuers and issues) and investment schemes will be determined by reference to credit ratings published by Fitch, Moodys and Standard and Poor's rating agencies. The Council's minimum long-term, short-term, and other credit rating criteria, which are considered sufficient for each category of investment, will be adhered to at all times. Since the 2009/10 financial year, in response to the continuing economic uncertainty and financial difficulties faced by some banks the Council has restricted fixed deposits to UK banks and building societies and has limited fixed deposits to a time period of 3 months. The Council continued to rely on market intelligence as well as credit ratings, credit outlooks and additional information to alert it to institutions possibly facing financial difficulties.

As at the balance sheet date, the amounts included within the cash and cash equivalents figure above held with banks and financial institutions (excluding other local authorities) can be analysed by potential credit loss:

<b>Deposit</b>	<b>Fitch Short Term rating</b>	<b>Moody's Short-Term rating</b>	<b>S&amp;P short term rating</b>	<b>Amount at 31 March 2022 £000's</b>	<b>Assessed Risk of Default</b>	<b>Estimated value at risk £000's</b>
Bank of Scotland	F1	P-1	A-1	12	0.02%	0
NatWest Bank	F1	P-1	A-1	1	0.05%	0
Barclays Bank	F1	P-1	A-1	7,124	0.02%	1

The Council does not expect any losses from these investments.

#### Monitoring of credit ratings

A - All credit ratings will be monitored on a continual basis and reviewed weekly. The Council is alerted by Link Asset Services, its external Treasury Management advisors, to changes in the Fitch, Moody's, and Standard and Poor's rating agencies ratings daily.

B - If a downgrade results in the counter party/investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.

C - If a counter party/investment scheme is upgraded so that it fulfils the Council's criteria, the City Treasurer will have the discretion to include it on the lending list.

For all financial assets held at amortised cost the Council has reviewed the creditworthiness of each relevant organisation to ascertain the likely 12-month impairment. For those with indications of financial distress the Council has provided for lifetime impairment losses.

The trade debtor amount is £727,963,000 and the estimated exposure to default is £82,200,000. <sup>[OBJ]</sup>

#### Liquidity Risk

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

The Council manages its liquidity risk 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 maturity analysis of financial assets, net of any impairment, is as follows:

	<b>31 March 2023</b> <b>£000</b>	<b>31 March 2024</b> <b>£000</b>
Less than 1 year	263,976	279,041
Between 1 year and 2 years	3,440	2,812
Between 2 and 3 years	2,436	2,335
More than 3 years	510,549	510,844
<b>Total</b>	<b>780,400</b>	<b>795,032</b>

### Refinancing and Maturity Risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures listed 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 approved treasury and investment strategies address the main risks, and the central treasury management 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 Council has £310,000,000 lender option borrower option (LOBO) loans. These have fixed rates of interest, but the lender may seek to increase interest rates at which point the Council has the option to repay the loan. As there is no certainty as to whether these loans will be repaid early, the Council has treated these loans as fixed loans which will run to maturity.

The maturity profile of financial liabilities is as follows:

	<b>RESTATED 31 March 2023 £000</b>	<b>31 March 2024 £000</b>
Less than 1 year	302,910	312,833
Between 1 year and 2 years	41,604	151,579
Between 2 and 5 years	62,407	241,985
Between 5 and 10 years	115,354	79,750
More than 10 years	841,206	832,819
<b>Total</b>	<b>1,363,481</b>	<b>1,618,966</b>

### 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.
- investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise.
- investments at fixed rates – the fair value of the assets will fall.

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 Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Comprehensive Income and Expenditure Statement and affect the General Fund Balance.

The Council has several strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy, a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure. The central treasury management 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 rate borrowing would be postponed.

The Council tries to maximise its income on temporary investment and minimise its interest costs on temporary and long-term borrowing.

The maximum interest rate increase that could be expected in the current climate is assessed at 1%. This would only apply to the net short-term investments. The Council also has several LOBO loans that can be called at periods. There is the risk that these may have to be refinanced at a higher rate.

LOBO risk (loans potentially subject to call £130,000,000 @ 1%) = £1,300,000.

#### Price Risk

The Council, excluding the pension fund, does not generally invest in equity shares but does have shareholdings at a value of £170,295,000 in several organisations including those within its group. Whilst these holdings are generally illiquid, the Council is exposed to losses arising from movements in the prices of the shares or impairment of the assets held. As the shareholdings have arisen in the acquisition of specific interests, the Council is not in a position to limit its exposure to price movements by diversifying its portfolio. Instead, it only acquires shareholdings in return for "open book" arrangements with the company concerned so that the Council can monitor factors that might cause a fall in the value of specific shareholdings.

#### 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.

Note 38. Usable Reserves

The Council maintains several useable reserves on the Balance Sheet. Useable reserves have been set up voluntarily to earmark resources for future spending plans.

Movements on the Council's usable reserves in 2023/24 were as follows:

	<b>Balance 31 March 2023 £000s</b>	<b>Transfers between reserves £000s</b>	<b>Transfers to reserves £000s</b>	<b>Transfers from reserves £000s</b>	<b>31 March 2024 £000s</b>
<b>Reserves Held for Revenue Purposes</b>					
<b>a) Schools Reserves</b>					
Local Management of Schools	(16,516)	0	0	1,276	(15,239)
<b>Total Schools Reserves</b>	<b>(16,516)</b>	<b>0</b>	<b>0</b>	<b>1,276</b>	<b>(15,239)</b>
<b>General Fund Reserves</b>					
<b>b) Statutory Reserves</b>					
Bus Lane Enforcement Reserve	(6,579)	0	(3,568)	1,035	(9,110)
On-Street Parking Reserve	(7,178)	0	(5,689)	5,807	(7,060)
Ancoats Square Reserve	(2,604)	0	0	59	(2,546)
St. John's Gardens Contingency	(1,047)	0	(135)	30	(1,153)
Other smaller reserves under £1.0m	(3,060)	283	(403)	563	(2,828)
<b>Total Statutory Reserves</b>	<b>(20,679)</b>	<b>283</b>	<b>(9,795)</b>	<b>7,494</b>	<b>(22,697)</b>
<b>Earmarked Reserves</b>					
<b>c) Reserves held for PFIs</b>					
Temple School PFI Reserve	(391)	0	(6)	39	(357)
Wright Robinson Sports College PFI Reserve	(1,545)	0	(35)	26	(1,553)
<b>Total Reserves held for PFIs</b>	<b>(1,936)</b>	<b>0</b>	<b>(41)</b>	<b>66</b>	<b>(1,910)</b>
<b>d) Managing Economic and Commercial Risks</b>					
Business Rates Reserve	(15,118)	830	(14,704)	22,255	(6,737)
Airport Dividend Reserve	(14,189)	0	0	1,073	(13,116)
Planning Income Reserve	(3,640)	0	0	494	(3,147)
Investment Estate Smoothing Reserve	(431)	(1,028)	0	0	(1,459)
Other smaller reserves under £1.0m	(219)	0	0	130	(89)
<b>Total Managing Economic and Commercial Risks</b>	<b>(33,597)</b>	<b>(198)</b>	<b>(14,704)</b>	<b>23,952</b>	<b>(24,548)</b>
<b>e) Insurance Fund</b>					
Insurance Fund Reserve	(18,978)	0	0	2,713	(16,265)
<b>Total Insurance Fund Reserve</b>	<b>(18,978)</b>	<b>0</b>	<b>0</b>	<b>2,713</b>	<b>(16,265)</b>

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	Balance 31 March 2023 £000s	Transfers between reserves £000s	Transfers to reserves £000s	Transfers from reserves £000s	31 March 2024 £000s
<b>f) Reserves that will be utilised to support the delivery, financing and risk of the capital strategy</b>					
Capital Fund Reserve	(105,479)	24,843	(14,442)	14,881	(80,197)
Capital Financing Reserve	(34,730)	0	0	0	(34,730)
Investment Reserve	(8,893)	0	(3)	1,707	(7,190)
Town Hall Reserve	(7,899)	0	0	2,114	(5,785)
Enterprise Zone Reserve	(2,103)	0	(881)	99	(2,886)
Manchester International Festival Reserve	(9,002)	0	0	2,254	(6,748)
Eastlands Reserve	0	0	(5,396)	3,872	(1,525)
Highways Commuted Sums Reserve	(4,706)	0	(327)	109	(4,924)
<b>Total Reserves that will be utilised to support the delivery, financing and risk of the capital strategy</b>	<b>(172,812)</b>	<b>24,843</b>	<b>(21,049)</b>	<b>25,035</b>	<b>(143,985)</b>
<b>g) Reserves held to support delivery and risk in the MTFP</b>					
Budget Smoothing Reserve	(48,734)	0	(1,800)	8,692	(41,842)
Integration Reserve	(5,143)	0	(108)	3,067	(2,184)
Transformation Reserve	(7,902)	0	(130)	245	(7,787)
Supporting Families Reserve	(2,340)	0	0	120	(2,220)
Adult Social Care Reserve	(7,921)	87	0	5,946	(1,889)
Homelessness Reserve	(2,636)	0	(284)	580	(2,340)
ICT Investment Reserve	0	(24,843)	0	747	(24,096)
Other smaller reserves under £1.0m	(878)	(830)	(280)	1,295	(692)
<b>Total Reserves held to support delivery and risk in the MTFP</b>	<b>(75,554)</b>	<b>(25,587)</b>	<b>(2,602)</b>	<b>20,692</b>	<b>(83,050)</b>
<b>h) Reserves held for Accounting Purposes</b>					
Manchester Adult Education Service Reserve	(1,422)	0	(274)	0	(1,696)
Children's Services Reserve	(4,419)	0	(1,154)	2,333	(3,239)
Collections Initiative Reserve	(4,806)	(87)	(2,243)	652	(6,483)
Asylum Seekers	(921)	0	(97)	15	(1,003)
Other smaller reserves under £1.0m	(3,783)	182	(319)	2,694	(1,226)
<b>Total Reserves held for Accounting Purposes</b>	<b>(15,351)</b>	<b>96</b>	<b>(4,088)</b>	<b>5,695</b>	<b>(13,647)</b>
<b>i) Other Specific Reserves</b>					
Public Health Reserves	(2,703)	(436)	0	2,611	(528)

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	Balance 31 March 2023 £000s	Transfers between reserves £000s	Transfers to reserves £000s	Transfers from reserves £000s	31 March 2024 £000s
Making Manchester Fairer	(2,989)	975	0	233	(1,782)
Other smaller reserves under £1.0m	(4,505)	24	(5,064)	823	(8,723)
Total other Specific Reserves	(10,197)	563	(5,064)	3,667	(11,032)
Total Earmarked Reserves	(328,424)	(283)	(47,548)	81,820	(294,437)
<b>j) General Fund Reserve</b>					
General Fund Reserve	(25,847)	0	0	5,976	(19,871)
Total General Fund Reserve	(25,847)	0	0	5,976	(19,871)
Total General Fund Reserves	(374,950)	0	(57,344)	95,290	(337,005)
<b>k) Housing Revenue Account Reserve</b>					
Housing Revenue Account Reserve	(95,794)	0	0	8,530	(87,263)
Total Housing Revenue Account Reserve	(95,974)	0	0	8,530	(87,263)
Total Revenue Reserves	(487,259)	0	(57,343)	105,096	(439,507)
<b>l) Reserves Held for Capital Purposes</b>					
Capital Receipts Reserve	(153,958)	0	(23,307)	49,257	(128,008)
Major Repairs Reserve	(8,647)	0	(18,475)	21,379	(5,743)
Capital Grants Unapplied Reserve	(69,794)	0	(111,283)	114,440	(66,637)
Total Reserves Held for Capital Purposes	(232,399)	0	(153,065)	185,076	(200,388)
Total Reserves	(719,662)	0	(210,409)	290,172	(639,898)

- a)** Reserves Held for Capital purposes have decreased by £32.0m in line with the delivery of the planned capital programme and reflects capital receipts received to be utilised in future years in line with the approved capital strategy as detailed below.

**Note 37. Financial Instruments**

The Council's treasury management policy complies with the CIPFA Code of Practice on Treasury Management (Revised December 2021). In accordance with best practice, the City Treasurer has undertaken a review of the policy and is satisfied that the policy is relevant and complete.

The Council's treasury management activities are managed through a Central Loans and Investment Account. Operating a Central Loans and Investment Account enables the Council to borrow on advantageous terms, minimise administration costs and dampen the effects of large interest rate changes. In 2023/24 the average net rate of interest paid and received was 3.62% (3.16% in 2022/23).

A financial instrument is any contract that results in a financial asset in one entity and a financial liability or equity shareholder in another.

Financial Instruments Balances

	Long-Term		Current		Total	
	Restated 31 March 2023 £000s	31 March 2024 £000s	Restated 31 March 2023 £000s	31 March 2024 £000s	Restated 31 March 2023 £000s	31 March 2024 £000s
<b>Financial Liabilities at Amortised Cost:</b>						
Borrowings	933,101	1,187,197	119,148	153,147	1,052,250	1,340,344
Deferred Liabilities	125,897	118,187	10,671	10,543	136,568	128,730
Creditors	765	749	173,899	149,143	174,664	149,892
<b>Total Financial Liabilities</b>	<b>1,059,763</b>	<b>1,306,133</b>	<b>303,718</b>	<b>312,833</b>	<b>1,363,482</b>	<b>1,618,966</b>
<b>Financial Assets</b>						
Amortised cost	483,998	486,455	256,056	271,846	740,054	758,301
Designated Fair value through other comprehensive income	38,078	34,844	0	0	38,078	34,844
Fair value through profit and loss	2,267	1,888	0	0	2,267	1,888
<b>Total Financial Assets</b>	<b>524,344</b>	<b>523,187</b>	<b>256,056</b>	<b>271,846</b>	<b>780,400</b>	<b>795,033</b>

The Council's treasury management strategy during the year was to seek long-term borrowing to fund the capital programme, and therefore, in the table above, long-term borrowings have increased.

Assets that are classed as fair value are valued at a quoted market value where this is available (level 1 of the fair value hierarchy). Where investments are not quoted the value of that investment has been taken as the Council's share of the reserves of the company invested in (level 2 of the fair value hierarchy).

Fair Value of Assets and liabilities

	Restated Carrying Amount		Restated Fair Value	
	31 March 2023 £000s	31 March 2024 £000s	31 March 2023 £000s	31 March 2024 £000s
<b>Liabilities</b>				
Public Work Loans Board (PWLB)	502,108	799,064	311,094	583,598
Market debt	413,118	405,195	398,780	356,336
Government debt	136,154	135,218	131,291	134,768
Stocks	868	868	778	700
<b>Total Borrowings</b>	<b>1,052,249</b>	<b>1,340,344</b>	<b>841,943</b>	<b>1,075,401</b>
Ex GMC debt	0	0	0	0
PFI and service concessions liabilities	136,568	128,730	136,568	128,730

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	Restated Carrying Amount		Restated Fair Value	
	31 March 2023 £000s	31 March 2024 £000s	31 March 2023 £000s	31 March 2024 £000s
<b>Liabilities</b>				
Trade creditors	174,664	149,892	174,664	149,892
<b>Total Financial Liabilities</b>	<b>1,363,481</b>	<b>1,618,966</b>	<b>1,153,175</b>	<b>1,354,023</b>
<b>Assets</b>	Carrying Amount		Fair Value	
	31 March 2023 £000s	31 March 2024 £000s	31 March 2023 £000s	31 March 2024 £000s
Cash and cash equivalents	95,021	112,538	95,022	112,538
Long term investments	40,346	36,731	40,346	36,731
Trade debtors	645,033	645,763	678,638	645,483
<b>Total Financial Assets</b>	<b>780,400</b>	<b>795,032</b>	<b>814,005</b>	<b>794,752</b>

Assets and liabilities are carried at amortised cost where part of their carrying amount (as per the balance sheet) will either be written down or written up via the Comprehensive Income and Expenditure Statement over the term of the financial instrument.

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Fair value for PFI and service concessions cannot be obtained as there is no comparable information available and has therefore been shown at the carrying amount.

Income, expense, gains, and losses

	2022/23		2023/24	
	Surplus / Deficit on the provision of services £000s	Other comprehensive income and expenditure £000s	Surplus / Deficit on the provision of services £000s	Other comprehensive income and expenditure £000s
<b>Net (gains)/losses on:</b>				
Financial assets measured at fair value through profit or loss	2,267	0	73	0
Financial assets measured at amortised cost	(2,350)	0	336	0
Investments in equity instruments designated at fair value through other comprehensive income	0	(154)	0	(9,061)
<b>Total net (gains)/losses</b>	<b>(83)</b>	<b>(154)</b>	<b>409</b>	<b>(9,061)</b>
Interest income	(42,233)	0	(49,657)	0
Interest expense	39,385	0	51,189	0

Nature and extent of risk arising from Financial Instruments and the management of those risks

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  - Its maximum and minimum exposures in the maturity structure of its debts.
  - Its maximum and minimum exposures to investments maturing beyond a year.
  - By approving an investment strategy for the forthcoming year, setting out its criteria for both investing and selecting investment counter parties with Government Guidance.

These are required to be reported and approved annually before the start of the year to which they relate. These items are reported with the annual Treasury Management Strategy and actual performance is also reported semi-annually to Members.

The annual Treasury Management Strategy was approved by full Council on 3 March 2023. The strategy is available on the Council's website.

#### 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 managed through the Annual Investment Strategy which was approved by full Council on 3 March 2023. This strategy is available on the Council's website. Some of the key areas of the strategy are as follows:

Specified Investments are investments in sterling denomination, with maturities up to a maximum of one year. All specified investments meet the minimum "high" ratings criteria where applicable. Examples of the investments used are:

- Term deposits – Other Local Authorities
- Term deposits – Banks and building societies
- Money Market Funds

Non-specified investments are any other type of investment than specified. The Council does not make use of this type of investment.

#### Investment Limits

The financial investment limits of banks and building societies are linked to their Fitch (or equivalent) long-term ratings, as follows:

##### Banks and Building Societies

Fitch or Equivalent AA+ and above	£20 million
Fitch or Equivalent AA/AA-	£15 million
Fitch or Equivalent A+/A	£15 million
Fitch or Equivalent A-	£10 million
Fitch or Equivalent BBB+	£10 million

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### Other

Debt Management Office	£200 million
Greater Manchester Combined Authority	£200 million
Other local authorities	£20 million

Credit quality of counter parties (issuers and issues) and investment schemes will be determined by reference to credit ratings published by Fitch, Moodys and Standard and Poor's rating agencies. The Council's minimum long-term, short-term, and other credit rating criteria, which are considered sufficient for each category of investment, will be always adhered to. Since the 2009/10 financial year, in response to the continuing economic uncertainty and financial difficulties faced by some banks the Council has restricted fixed deposits to UK banks and building societies and has limited fixed deposits to a period of 3 months. The Council continued to rely on market intelligence as well as credit ratings, credit outlooks and additional information to alert it to institutions possibly facing financial difficulties.

As at the balance sheet date, the amounts included within the cash and cash equivalents figure above held with banks and financial institutions (excluding other local authorities) can be analysed by potential credit loss:

Deposit	Fitch Short Term rating	Moody's Short-Term rating	S&P short term rating	Amount at 31 March 2022 £000's	Assessed Risk of Default	Estimated value at risk £000's
Bank of Scotland	F1	P-1	A-1	12	0.02%	0
NatWest Bank	F1	P-1	A-1	1	0.05%	0
Barclays Bank	F1	P-1	A-1	7,124	0.02%	1

The Council does not expect any losses from these investments.

#### Monitoring of credit ratings

A - All credit ratings will be monitored on a continual basis and reviewed weekly. The Council is alerted by Link Asset Services, its external Treasury Management advisors, to changes in the Fitch, Moody's, and Standard and Poor's rating agencies ratings daily.

B - If a downgrade results in the counter party/investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.

C - If a counter party/investment scheme is upgraded so that it fulfils the Council's criteria, the City Treasurer will have the discretion to include it on the lending list.

For all financial assets held at amortised cost the Council has reviewed the creditworthiness of each relevant organisation to ascertain the likely 12-month impairment. For those with indications of financial distress the Council has provided for lifetime impairment losses.

The trade debtor amount is £727,963,000 and the estimated exposure to default is £82,200,000. <sup>[OBJ]</sup>

#### Liquidity Risk

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

The Council manages its liquidity risk 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 maturity analysis of financial assets, net of any impairment, is as follows:

	<b>31 March 2023</b> <b>£000</b>	<b>31 March 2024</b> <b>£000</b>
Less than 1 year	263,976	279,041
Between 1 year and 2 years	3,440	2,812
Between 2 and 3 years	2,436	2,335
More than 3 years	510,549	510,844
<b>Total</b>	<b>780,400</b>	<b>795,032</b>

### Refinancing and Maturity Risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures listed 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 approved treasury and investment strategies address the main risks, and the central treasury management 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 Council has £310,000,000 lender option borrower option (LOBO) loans. These have fixed rates of interest, but the lender may seek to increase interest rates at which point the Council has the option to repay the loan. As there is no certainty as to whether these loans will be repaid early, the Council has treated these loans as fixed loans which will run to maturity.

The maturity profile of financial liabilities is as follows:

	<b>RESTATED 31 March 2023 £000</b>	<b>31 March 2024 £000</b>
Less than 1 year	302,910	312,833
Between 1 year and 2 years	41,604	151,579
Between 2 and 5 years	62,407	241,985
Between 5 and 10 years	115,354	79,750
More than 10 years	841,206	832,819
<b>Total</b>	<b>1,363,481</b>	<b>1,618,966</b>

### 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.
- investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise.
- investments at fixed rates – the fair value of the assets will fall.

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 Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Comprehensive Income and Expenditure Statement and affect the General Fund Balance.

The Council has several strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy, a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure. The central treasury management 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 rate borrowing would be postponed.

The Council tries to maximise its income on temporary investment and minimise its interest costs on temporary and long-term borrowing.

The maximum interest rate increase that could be expected in the current climate is assessed at 1%. This would only apply to the net short-term investments. The Council also has a number of LOBO loans that can be called at periods. There is the risk that these may have to be refinanced at a higher rate.

LOBO risk (loans potentially subject to call £130,000,000 @ 1%) = £1,300,000.

#### Price Risk

The Council, excluding the pension fund, does not generally invest in equity shares but does have shareholdings at a value of £170,295,000 in several organisations including those within its group. Whilst these holdings are generally illiquid, the Council is exposed to losses arising from movements in the prices of the shares or impairment of the assets held. As the shareholdings have arisen in the acquisition of specific interests, the Council is not in a position to limit its exposure to price movements by diversifying its portfolio. Instead, it only acquires shareholdings in return for "open book" arrangements with the company concerned so that the Council can monitor factors that might cause a fall in the value of specific shareholdings.

#### 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.

Note 38. Usable Reserves

The Council maintains several useable reserves on the Balance Sheet. Useable reserves have been set up voluntarily to earmark resources for future spending plans.

Movements on the Council's usable reserves in 2023/24 were as follows:

	Balance 31 March 2023 £000s	Transfers between reserves £000s	Transfers to reserves £000s	Transfers from reserves £000s	31 March 2024 £000s
<b>Reserves Held for Revenue Purposes</b>					
<b>a) Schools Reserves</b>					
Local Management of Schools	(16,516)	0	0	1,276	(15,239)
<b>Total Schools Reserves</b>	<b>(16,516)</b>	<b>0</b>	<b>0</b>	<b>1,276</b>	<b>(15,239)</b>
<b>General Fund Reserves</b>					
<b>b) Statutory Reserves</b>					
Bus Lane Enforcement Reserve	(6,579)	0	(3,568)	1,035	(9,110)
On-Street Parking Reserve	(7,178)	0	(5,689)	5,807	(7,060)
Ancoats Square Reserve	(2,604)	0	0	59	(2,546)
St. John's Gardens Contingency	(1,047)	0	(135)	30	(1,153)
Other smaller reserves under £1.0m	(3,060)	283	(403)	563	(2,828)
<b>Total Statutory Reserves</b>	<b>(20,679)</b>	<b>283</b>	<b>(9,795)</b>	<b>7,494</b>	<b>(22,697)</b>
<b>Earmarked Reserves</b>					
<b>c) Reserves held for PFIs</b>					
Temple School PFI Reserve	(391)	0	(6)	39	(357)
Wright Robinson Sports College PFI Reserve	(1,545)	0	(35)	26	(1,553)
<b>Total Reserves held for PFIs</b>	<b>(1,936)</b>	<b>0</b>	<b>(41)</b>	<b>66</b>	<b>(1,910)</b>
<b>d) Managing Economic and Commercial Risks</b>					
Business Rates Reserve	(15,118)	830	(14,704)	22,255	(6,737)
Airport Dividend Reserve	(14,189)	0	0	1,073	(13,116)
Planning Income Reserve	(3,640)	0	0	494	(3,147)
Investment Estate Smoothing Reserve	(431)	(1,028)	0	0	(1,459)
Other smaller reserves under £1.0m	(219)	0	0	130	(89)
<b>Total Managing Economic and Commercial Risks</b>	<b>(33,597)</b>	<b>(198)</b>	<b>(14,704)</b>	<b>23,952</b>	<b>(24,548)</b>
<b>e) Insurance Fund</b>					
Insurance Fund Reserve	(18,978)	0	0	2,713	(16,265)

	Balance 31 March 2023 £000s	Transfers between reserves £000s	Transfers to reserves £000s	Transfers from reserves £000s	31 March 2024 £000s
Total Insurance Fund Reserve	(18,978)	0	0	2,713	(16,265)
f) Reserves that will be utilised to support the delivery, financing and risk of the capital strategy					
Capital Fund Reserve	(105,479)	24,843	(14,442)	14,881	(80,197)
Capital Financing Reserve	(34,730)	0	0	0	(34,730)
Investment Reserve	(8,893)	0	(3)	1,707	(7,190)
Town Hall Reserve	(7,899)	0	0	2,114	(5,785)
Enterprise Zone Reserve	(2,103)	0	(881)	99	(2,886)
Manchester International Festival Reserve	(9,002)	0	0	2,254	(6,748)
Eastlands Reserve	0	0	(5,396)	3,872	(1,525)
Highways Commuted Sums Reserve	(4,706)	0	(327)	109	(4,924)
Total Reserves that will be utilised to support the delivery, financing and risk of the capital strategy	(172,812)	24,843	(21,049)	25,035	(143,985)
g) Reserves held to support delivery and risk in the MTFP					
Budget Smoothing Reserve	(48,734)	0	(1,800)	8,692	(41,842)
Integration Reserve	(5,143)	0	(108)	3,067	(2,184)
Transformation Reserve	(7,902)	0	(130)	245	(7,787)
Supporting Families Reserve	(2,340)	0	0	120	(2,220)
Adult Social Care Reserve	(7,921)	87	0	5,946	(1,889)
Homelessness Reserve	(2,636)	0	(284)	580	(2,340)
ICT Investment Reserve	0	(24,843)	0	747	(24,096)
Other smaller reserves under £1.0m	(878)	(830)	(280)	1,295	(692)
Total Reserves held to support delivery and risk in the MTFP	(75,554)	(25,587)	(2,602)	20,692	(83,050)
h) Reserves held for Accounting Purposes					
Manchester Adult Education Service Reserve	(1,422)	0	(274)	0	(1,696)
Children's Services Reserve	(4,419)	0	(1,154)	2,333	(3,239)
Collections Initiative Reserve	(4,806)	(87)	(2,243)	652	(6,483)
Asylum Seekers	(921)	0	(97)	15	(1,003)
Other smaller reserves under £1.0m	(3,783)	182	(319)	2,694	(1,226)

	Balance 31 March 2023 £000s	Transfers between reserves £000s	Transfers to reserves £000s	Transfers from reserves £000s	31 March 2024 £000s
Total Reserves held for Accounting Purposes	(15,351)	96	(4,088)	5,695	(13,647)
i) Other Specific Reserves					
Public Health Reserves	(2,703)	(436)	0	2,611	(528)
Making Manchester Fairer	(2,989)	975	0	233	(1,782)
Other smaller reserves under £1.0m	(4,505)	24	(5,064)	823	(8,723)
Total other Specific Reserves	(10,197)	563	(5,064)	3,667	(11,032)
Total Earmarked Reserves	(328,424)	(283)	(47,548)	81,820	(294,437)
j) General Fund Reserve					
General Fund Reserve	(25,847)	0	0	5,976	(19,871)
Total General Fund Reserve	(25,847)	0	0	5,976	(19,871)
Total General Fund Reserves	(374,950)	0	(57,344)	95,290	(337,005)
k) Housing Revenue Account Reserve					
Housing Revenue Account Reserve	(95,794)	0	0	8,530	(87,263)
Total Housing Revenue Account Reserve	(95,974)	0	0	8,530	(87,263)
Total Revenue Reserves	(487,259)	0	(57,343)	105,096	(439,507)
l) Reserves Held for Capital Purposes					
Capital Receipts Reserve	(153,958)	0	(23,307)	49,257	(128,008)
Major Repairs Reserve	(8,647)	0	(18,475)	21,379	(5,743)
Capital Grants Unapplied Reserve	(69,794)	0	(111,283)	114,440	(66,637)
Total Reserves Held for Capital Purposes	(232,399)	0	(153,065)	185,076	(200,388)
Total Reserves	(719,662)	0	(210,409)	290,172	(639,898)

- b) Reserves Held for Capital purposes have decreased by £32.0m in line with the delivery of the planned capital programme and reflects capital receipts received to be utilised in future years in line with the approved capital strategy as detailed below.

a (1) - Capital Receipts Reserve

Proceeds of non-current assets sales available to meet future capital investment.

	2022/23 £000s	2023/24 £000s
Balance at 1 April	(114,374)	(153,958)
Capital receipts received in year	(95,742)	(23,307)
Paid to housing national pool	0	0
Applied to fund capital expenditure	56,158	49,257
<b>Balance at 31 March</b>	<b>(153,958)</b>	<b>(128,008)</b>

a (2) - Major Repairs Reserve

Resources available to meet capital investment in council housing.

	2022/23 £000s	2023/24 £000s
Balance at 1 April	(8,274)	(8,647)
HRA depreciation	(23,683)	(18,475)
Financing of capital expenditure on council dwellings	23,310	21,379
<b>Balance at 31 March</b>	<b>(8,647)</b>	<b>(5,743)</b>

a (3) - Capital Grants Unapplied Reserve

Capital grants and contributions available to meet future capital expenditure.

	2022/23 £000s	2023/24 £000s
Balance at 1 April	(78,370)	(69,794)
Grants received in year	(86,006)	(111,283)
Transferred to Capital Adjustment Account: General Grants and Contributions	82,040	101,427
Transferred to Capital Adjustment Account: Revenue Expenditure Funded from Capital Under Statute (REFCUS) Grants and Contributions	12,544	13,013
<b>Balance at 31 March</b>	<b>(69,792)</b>	<b>(66,637)</b>

Note 39. Unusable Reserves

The balances on the Council's unusable reserves were as follows:

	<b>Restated 31 March 2023 £000s</b>	<b>31 March 2024 £000s</b>	<b>Note</b>
<b>Revaluation balances</b>			
Revaluation Reserve	(1,627,914)	(1,726,822)	(a)
Financial Instruments Revaluation Reserve	(14,859)	(23,713)	(b)
<b>Adjustment accounts</b>			
Pensions Reserve	(645,117)	80,517	(c),43
Capital Adjustment Account	(1,453,785)	(1,395,014)	(d)
Deferred Capital Receipts Reserve	(7,771)	(7,436)	(e)
Financial Instruments Adjustment Account	4,497	4,238	(f)
Collection Fund Adjustment Account	(34,866)	(27,473)	(g)
Short-term Accumulated Absences Account	5,699	5,867	(h)
Dedicated Schools Grant Reserve	1,417	7,803	(i)
<b>Total</b>	<b>(3,772,698)</b>	<b>(3,082,031)</b>	

a - Revaluation Reserve

The revaluation reserve represents the level of revaluation gains net of impairments charged on the Council's non-current assets from 1 April 2007 onwards.

	<b>2022/23 £000s</b>	<b>2023/24 £000s</b>
Balance at 1 April	(1,626,935)	(1,627,914)
Revaluations relating to property, plant, and equipment	(71,988)	(142,969)
Revaluations relating to other non-PPE assets	(1,909)	(612)
Revaluation gain depreciation	26,142	8,506
Impairment not charged to CIES	20,350	12,815
Transfer to Investment property	0	251
Disposals transferred to Capital Adjustment Account (CAA)	26,426	23,101
<b>Total</b>	<b>(1,627,914)</b>	<b>(1,726,822)</b>

b - Financial Instruments Revaluation Reserve

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

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

	<b>Restated 2022/23 £000s</b>	<b>2023/24 £000s</b>
Balance at 1 April	(14,205)	(14,859)
Upward revaluation of investments	(1,118)	(16,082)
Downward revaluation of investments	464	7,101
Gain / (Loss) on realised investments	0	127
<b>Balance at 31 March</b>	<b>(14,859)</b>	<b>(23,713)</b>

#### c - Pensions Reserve

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

Under the International Accounting Standards (IAS19) the Council must disclose the lower of the actuarial valuation or the Asset Ceiling calculation. For 2023/24 the actuarial valuation estimates a net effect of zero, at the closing position, as the present value of future contributions is greater than the present value of future service costs.

The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan, but it has no effect on the employer's gross assets and obligations held within the reserve fund and consequently the asset ceiling adjustment applied for £917m, results to no change within the employer's contributions.

	<b>2022/23 £000s</b>	<b>2023/24 £000s</b>
Balance at 1 April	583,813	(645,117)
Net Movement in Year	(1,228,930)	1,642,984
Asset ceiling adjustment	0	(917,350)
<b>Balance at 31 March</b>	<b>(645,117)</b>	<b>80,517</b>

#### d - Capital Adjustment Account (CAA)

The Capital Adjustment Account includes the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction, or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as

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

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

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

	<b>RESTATED 2022/23 £000s</b>	<b>2023/24 £000s</b>
Balance at 1 April	(1,441,695)	(1,451,401)
Repayment of ex GMC debt	0	0
Minimum revenue provision	(37,457)	(41,895)
Reversal of PFI charges to HRA	(4,784)	(4,488)
Capital grants and contributions	(94,584)	(114,440)
Revenue contributions used	(4,971)	(1,480)
Movement in fair value of investment property	(22,983)	35,415
Revaluation gain depreciation	(26,143)	(8,506)
Disposals transferred from revaluation reserve	(26,426)	(23,101)
Revaluation reserve transfer to Investment property	0	(251)
Depreciation	99,788	96,657
Major Repairs Allowance	(23,310)	(21,379)
Capital Receipts Used	(56,158)	(49,257)
Other Disposals	69,772	52,968
Amortisation of intangible assets	61	30
Repayment of long-term debtors	17,031	2,761
(Gain) on repayment of housing loan	220	(282)
Write down of revenue expenditure funded from capital under statute	48,675	33,014
Impairment of non-current assets	51,529	100,286
Impairment of financial instrument assets	(2,350)	336
<b>Balance at 31 March</b>	<b>(1,453,785)</b>	<b>(1,395,014)</b>

#### e - Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the granting of equity mortgages, equity loans and the disposal of council houses under right to buy legislation but for which cash settlement has yet to take place. Under statutory arrangements, the Council

does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement takes place, amounts are transferred to the Capital Receipts Reserve.

#### Equity Mortgages

##### a) Redrow Homes

The council has a joint home build scheme with Redrow Homes. The Council has provided homebuyers, purchasing the properties, equity mortgage loans for up to 25% of the property value. Some of the loans become repayable 10 years after the purchase of the property or earlier if the homeowner decides to sell the property before this time, others are repayable only on sale or transfer. There is also the option for the homebuyer to repay the loan before either of these events. The outstanding balance is adjusted each year in line with the Land Registry House Pricing Index.

##### b) Bowes Street

Manchester City Council offered an Equity Share Assistance scheme to residents within the Bowes Street area of Moss Side. The scheme allowed potential buyers to purchase one of these properties, whilst Manchester City Council retained a share of the equity. The Council's share is secured by a charge on the property. Purchasers do not need to make any payments or pay any interest on the share that Manchester City Council retains if the purchaser lives in the house as their only or principal home. The Council's share is only repaid when the purchaser sells the house, moves out, or dies.

#### Equity Loans

##### a) Home Improvement Loans

These are equity share loans offered to homeowners to carry out essential renovation works. The minimum loan value available is £7,000 up to a maximum of £25,000 or 33% of the value of the improved home. The equity share is secured by a legal charge, and loans are repayable on the death of the purchaser, or the sale of the property or when the purchaser ceases to occupy the property as their main home. The outstanding balance is adjusted each year in line with the Land Registry House Pricing Index.

##### b) Relocation Assistance Loans

These are equity share loans provided to assist owner-occupiers displaced by demolition to purchase a replacement property. Loan values are available which meet the difference between the value of the property to be demolished and the cost of buying another property subject to specified limits. The equity share is secured by a legal charge, and loans are repayable on the death of the purchaser, or the sale of the property or when the purchaser ceases to occupy the property as their main home. The outstanding balance is adjusted each year in line with the Land Registry House Pricing Index.

	<b>Opening Balance 1 April 2023 £000s</b>	<b>Gains on disposal £000s</b>	<b>Principal Repayments £000s</b>	<b>Fair Value Adjustments £000s</b>	<b>Closing Balance 31 March 2024 £000s</b>
Equity Mortgages	(3,322)	(33)	105	73	(3,177)
Equity Loans	(4,449)	0	0	190	(4,259)
<b>Total Deferred Capital Receipts</b>	<b>(7,771)</b>	<b>(33)</b>	<b>105</b>	<b>263</b>	<b>(7,436)</b>

f - Financial Instruments Adjustment Account

Balancing account to allow for differences in statutory requirements and proper accounting practices for borrowings and investments.

	<b>2022/23 £000s</b>	<b>2023/24 £000s</b>	
Balance at 1 April	4,723	4,498	
Soft loans in year movements	(48)	(55)	
Adjustment for interest free loans	329	260	f(a)
Premium and discounts	(506)	(465)	
<b>Balance at 31 March</b>	<b>4,498</b>	<b>4,238</b>	

f (a) The Council has received interest free loans of £8.5m from the Homes England repayable in 2024 and £20.5m from Salix repayable until 2025. This amount represents the saving to the Council over the remaining length of the loans of them being interest free.

g - Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and business rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax and business rate payers, compared with the statutory arrangements for paying across amounts to the general fund from the collection fund.

<b>Council Tax</b>	<b>2022/23 £000s</b>	<b>2023/24 £000s</b>
Balance at 1 April	(10,763)	(419)
Movement in Year	10,344	3,692
<b>Balance at 31 March</b>	<b>(419)</b>	<b>3,273</b>

<b>Business Rates</b>	<b>2022/23 £000s</b>	<b>2023/24 £000s</b>
Balance at 1 April	74,540	(34,448)
Movement in Year	(108,988)	3,701
<b>Balance at 31 March</b>	<b>(34,447)</b>	<b>(30,746)</b>

<b>Total</b>	<b>2022/23 £000s</b>	<b>2023/24 £000s</b>
Balance at 1 April	63,777	(34,866)
Movement in Year	(98,643)	7,395
<b>Balance at 31 March</b>	<b>(34,866)</b>	<b>(27,473)</b>

**h - Short-term Accumulated Absences Account**

The Short-term Accumulated Absences Account absorbs the differences that would otherwise arise on the general fund balance from accruing for compensated absences earned but not taken in the year e.g., annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the general fund balance is neutralised by transfers to and from this account.

	<b>2022/23 £000s</b>	<b>2023/24 £000s</b>
Balance at 1 April	6,593	5,699
Movement in Year	(893)	168
<b>Balance at 31 March</b>	<b>5,700</b>	<b>5,867</b>

**i - Dedicated Schools Grant Reserve**

The DSG deficit is presented 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 pressures on resources required for other essential services.

**Note 40. Dedicated Schools Grant**

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

Details of the deployment of DSG received in 2023/24 were as follows:

	Central Expenditure £000s	Individual Schools Budget £000s	Total £000s
Final DSG for 2023/24 before academy and high needs recouplement			676,925
Academy and high needs figure recouped for 2023/24			(324,211)
Total DSG after academy and high needs recouplement for 2023/24			352,714
Plus brought forward from 2022/23			1,285
Less carry forward to 2024/25 agreed in advance			(1,700)
Agreed initial budgeted distribution in 2023/24	45,126	307,173	352,298
In year adjustments	0	(1,053)	(1,053)
Final budgeted distribution for 2023/24	45,126	306,120	351,245
Less: actual central expenditure	52,195	0	52,195
Less: actual ISB deployed to schools	0	305,912	305,912
Plus: local authority contribution for 2023/24	59	0	59
In year Carry forward to 2024/25 surplus / (deficit)	(7,010)	208	(6,802)
Plus carry forward to 2024/25 agreed in advance			1,700
Carry forward surplus / (deficit) to 2024/25			0
DSG unusable reserve at the end of 2022/23			(2,702)
Addition to DSG unusable reserve at the end of 2023/24			(5,102)
Total of DSG unusable reserve at the end of 2023/24			(7,803)
Net DSG position at the end of 2023/24			(7,803)

The DSG reserve was negative because the centrally retained DSG had overspent, largely due to expenditure within the high needs block which supports the education of children with Special Educational Needs and Disabilities. It is classed as an unusable reserve.

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

	Central Expenditure £000s	Individual Schools Budget £000s	Total £000s
Final DSG for 2022/23 before academy and high needs recouplement			633,392
Academy and high needs figure recouped for 2022/23			(289,459)

	Central Expenditure £000s	Individual Schools Budget £000s	Total £000s
Total DSG after academy and high needs recoupment for 2022/23			343,933
Plus brought forward from 2021/22			0
Less carry forward to 2023/24 agreed in advance			(1,350)
Agreed initial budgeted distribution in 2022/23	42,302	300,281	342,583
In year adjustments	0	(118)	(118)
Final budgeted distribution for 2022/23	42,302	300,163	342,465
Less: actual central expenditure	42,518	0	42,518
Less: actual ISB deployed to schools	0	300,206	300,206
Plus: local authority contribution for 2022/23	193	0	193
In year Carry forward to 2023/24 surplus / (deficit)	(22)	(43)	(65)
Plus Carry forward to 2023/24 agreed in advance			1,350
Carry forward surplus / (deficit) to 2023/24			1,285
DSG unusable reserve at the end of 2021/22			(2,702)
Addition to DSG unusable reserve at the end of 2022/23			0
Total of DSG unusable reserve at the end of 2022/23			(2,702)
Net DSG position at the end of 2022/23			(1,417)

The Dedicated Schools Grant (DSG) reserve is again negative due to overspend on budgets deployed to schools, largely due to expenditure within the high needs block which supports the education of children with Special Educational Needs and Disabilities.

A detailed recovery plan of the high needs block is underway with operational leadership and guidance from the Children's Leadership Team.

The original budget for the Central Expenditure includes the following which are transferred to schools during the year:

- provisions for funding for Special Education Needs
- increases in pupil numbers
- contingencies within schools

#### Note 41. Local Government Pension Scheme

As part of the terms and conditions of employment of its officers and other employees, the Council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The Council participates in three pension schemes:

- The Local Government Pension Scheme
- Teachers' Pension Scheme
- NHS Pension Scheme

Details of Teachers and NHS pension schemes are covered in notes 42 and 43.

#### The Local Government Pension Scheme

The Local Government Pension Scheme is a fully funded defined benefits scheme based on career average revalued earnings and is operated under the regulatory framework for the Local Government Pension Scheme (LGPS). The Greater Manchester Pension Fund (GMPF) is administered by of Tameside MBC. The Pension Fund Management Panel, the Pension Fund Advisory Panel, Pension Fund Working Groups, and the Chief Executive of GMPF have responsibility for decision making, investment management, monitoring investment activity and performance, overseeing administrative activities, and providing guidance to officers in exercising delegated powers. All the Greater Manchester authorities are represented on the Management Panel.

The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund

There are risks and uncertainties associated with whatever assumptions are adopted, the assumptions are in effect projections of future investment returns and demographic experience many years into the future and there is inevitably a great deal of uncertainty in what constitutes best estimate for such projections. The main risk to the Council is that if the assumptions are more prudent than other employers it would lead to a poorer reported financial position or if less prudent an improved financial position. This does not have an impact on the underlying cost of the Fund nor the level of contributions that will be derived from future funding valuations.

In order to assess the value of the employer's liabilities in the Fund at 31 March 2024 the actuary has rolled forward the value of liabilities calculated at the latest formal valuation, 31 March 2022, adjusted for financial assumptions required under the Accounting Standards the estimated liability or asset will not reflect any difference in demographic experience from that assumed in the latest valuation, the impact of differences in salary and pension increases and changes for specific individuals and the effect of any changes in the age and length of service structure of the liabilities. It is not possible to reflect these without undertaking a full valuation. There is no reason to believe that this will introduce any undue distortions in the results.

Transactions Relating to Retirement Benefits

The costs of retirement benefits in the net cost of services are recognised when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against the Council Tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement during the year:

<b>Note 41. Local Government Pension Schemes</b>	<b>2022/23 £000s</b>	<b>2023/24 £000s</b>
<b>Comprehensive Income and Expenditure Statement</b>		
Net Cost of Services:	124,999	61,998
Current service cost	4,114	4,857
Past service costs	(1,705)	794
Effect of settlements		
<b>Total Service Cost:</b>	<b>127,408</b>	<b>67,649</b>
Financing and investment income and expenditure:		
Interest income on scheme assets	(102,400)	(179,576)
Interest cost on defined benefit obligation	118,583	149,042
<b>Total Net Interest</b>	<b>16,183</b>	<b>(30,534)</b>
<b>Total post-employment benefits charged to the Comprehensive Income and Expenditure Statement</b>	<b>143,591</b>	<b>37,115</b>
Return on plan assets (excluding amounts included in net interest)	35,728	(102,575)
Actuarial gains and losses arising on changes in demographic assumptions	(33,208)	0
Change in Demographic assumptions re-measurements	0	(21,715)
Actuarial gains and losses arising on changes in financial assumptions	(1,545,521)	(141,413)
Other experience re-measurements	230,084	99,800
<b>Total remeasurements recognised in other comprehensive income and expenditure</b>	<b>(1,312,917)</b>	<b>(165,903)</b>
The post-employment benefits charged to the comprehensive income and expenditure statement	1,169,326	(128,788)
<b>Movement in Reserves Statement</b>	<b>Restated</b>	
Reversal of the charges to the surplus / deficit on the provision of services and the amounts chargeable to the general fund under regulation	(143,591)	(37,115)
Employer's contribution payable to scheme	50,873	53,744
Employer's contribution in respect of unfunded deficit	8,731	9,184

Assets and Liabilities in Relation to Retirement Benefits

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

Present value of the scheme liabilities:	2022/23 £000s	2023/24 £000s
<b>Funded Liabilities: Local Government Pension Scheme</b>		
Balance at 1 April	<b>4,382,178</b>	<b>3,176,894</b>
Current service cost	124,999	61,998
Effect of settlements	(2,985)	(14,192)
Interest cost on defined benefit obligations	118,583	149,042
Effect of business combinations and disposals	0	0
Contributions by scheme participants	19,094	20,345
Changes in financial assumptions	(1,545,521)	(141,413)
Changes in demographic assumptions	(33,208)	(21,715)
Other experience re-measurements	230,084	99,800
Unfunded benefits paid	(8,731)	(9,184)
Benefits paid	(111,713)	(139,057)
Past service cost including curtailments	4,114	4,857
<b>Balance at 31 March</b>	<b>3,176,894</b>	<b>3,187,375</b>

Present value of the scheme liabilities:	2022/23 £000s	2023/24 £000s
<b>Local Government Pension Scheme</b>		
Balance at 1 April	(3,841,579)	(3,822,011)
Interest income on plan assets	(102,400)	(179,576)
Return on assets (excluding amounts included in net interest)	35,728	(102,575)
Effect of business combinations and disposals *	0	0
Other experience	0	0
Effect of settlements	1,280	14,986
Contributions in respect of unfunded benefits	(8,731)	(9,184)
Employer contributions	(7,659)	(53,744)
Contributions by scheme participants	(19,094)	(20,345)
Benefits paid	111,713	139,057
Unfunded benefits paid	8,731	9,184
<b>Balance at 31 March</b>	<b>(3,822,011)</b>	<b>(4,024,208)</b>

\*The effect of business combinations and disposals is the share of the pension fund assets and liabilities of former Northwards staff following the transfer of staff back to the Council.

Net Liability

Net Liability for Year	2022/23 £000s	2023/24 £000s
Present value of funded liabilities	(3,094,110)	(3,106,858)
Present value of unfunded liabilities	(82,784)	(80,517)
Fair value of assets	3,822,011	4,024,208
Asset Ceiling Adjustment	0	(836,833)
<b>Net Liability arising from Defined Benefit obligation</b>	<b>645,117</b>	<b>0</b>

The net effect on the defined benefit obligation equals nil. The asset within the pension reserves has increased by £191.7m.

**Note Basis for Estimating Assets and Liabilities**

Assets and liabilities have been assessed on an actuarial basis by Hymans Robertson, an independent firm of actuaries. The main assumptions used in their calculations have been:

Basis for Estimating Assets and Liabilities	2022/23	2023/24
<b>Mortality assumptions:</b>		
<b>Longevity at 65 for current pensioners</b>		
Men	19.6 years	19.4 years
Women	23.0 years	22.8 years
<b>Longevity at 65 for future pensioners *</b>		
Men	21.2 years	21.0 years
Women	24.6 years	24.3 years
Rate of increase in salaries	3.80%	3.60%
Rate of increase in pensions	3.00%	2.80%
Discount rate	4.75%	4.80%
Take-up of option to convert annual pension into retirement lump sum	50%	50%

The estimate of the defined benefit obligation is sensitive to the actuarial assumptions set out in the table above. The table shows the effect of changes to each assumption in isolation. It is possible for the experience of the Fund to deviate from more than one of the assumptions simultaneously and so the precise effect on the valuation is more complex.

The principal demographic assumption is the longevity assumption (i.e., member life expectancy). For sensitivity purposes it is estimated that a one-year increase in life expectancy would approximately increase the Employers Defined Benefit Obligation between 2-4%. In practice the actual cost of a one-year increase in life expectancy will depend on the structure

The asset values are at bid value as required under IAS19. The assets consist of the following categories, by proportion of the total assets held:

	REVISED Quoted Prices in Active Markets 31 March 23	REVISED Unquoted Prices not in Active Markets 31 March 23	REVISED Total 31 March 23	Quoted Prices in Active Markets 31 March 24	Unquoted Prices not in Active Markets 31 March 24	Total 31 March 24
	£000s	£000s	£000s	£000s	£000s	£000s
<b>Equity securities</b>						
Consumer	229,641	0	229,641	257,584	0	257,584
Manufacturing	211,297	0	211,297	234,327	0	234,327
Energy and utilities	188,669	0	188,669	232,150	0	232,150
Financial institutions	326,083	0	326,083	355,884	0	355,884
Health and care	191,425	0	191,425	208,803	0	208,803
Information technology	269,756	0	269,756	229,777	0	229,777
Other	43,454	0	43,454	40,028	0	40,028
<b>Debt securities</b>						
Corporate bonds (investment grade)	152,318	0	152,318	139,669	0	139,669
UK Government	91,336	0	91,336	109,623	0	109,623
Other	113,765	0	113,765	122,354	0	122,354
<b>Private equity</b>						
All	0	285,889	285,889	0	274,037	274,037
<b>Real estate</b>						
UK property	0	148,700	148,700	0	177,313	177,313
<b>Investment funds and unit trusts</b>						
Equities	204,158	0	204,158	190,033	0	190,033
Bonds	339,168	0	339,168	382,620	0	382,620
Infrastructure	0	305,423	305,423	0	342,648	342,648
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Other	93,172	530,805	623,977	100,140	539,781	639,921
<b>Derivatives</b>						
Other	0	0	0	(1,284)	0	(1,284)
<b>Cash and cash equivalents</b>						
All	96,955	0	96,955	88,721	0	88,721
<b>Totals</b>	<b>2,551,197</b>	<b>1,270,817</b>	<b>3,822,014</b>	<b>2,690,429</b>	<b>1,333,780</b>	<b>4,024,208</b>

In relation to IAS 19, the Court of Appeal has recently issued its judgment in the Virgin Media case (Virgin Media Ltd v NTL Pension Trustees II Ltd & Ors) which could affect any scheme which was contracted-out of the State Second Pension on a final salary basis in the period between 6 April 1997 and 5 April 2016. The case centred on a change to benefits made in 1999 to the way in which deferred members' pensions were revalued in relation to inflation. The impact of the ruling on LGPS liabilities is not known and no adjustments to reflect the impact of the ruling have been made to the financial statements for the year.

#### Note 42. Teachers' Pension Scheme

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by the Department for Education. This scheme provides teachers with specified benefits on their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries. The scheme is technically a defined benefit scheme. However, the scheme is unfunded and the Department for Education uses a notional fund as a basis for calculating the employers' contribution rate paid by Local Authorities. The Council is not able to identify its share of underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. Therefore, for the purposes of this Statement of Accounts, it is accounted for on the same basis as a defined contribution scheme.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These benefits accounted for on a defined benefit basis as detailed in Note 41.

In 2023/24 the Council paid £22.673m (£23.38m 2022/23) to the Teachers' Pension Agency in respect of teachers retirement benefits, representing 23.68% of pensionable pay which was the same in 2022/23. In addition, the Council is responsible for all pension payments relating to added years it has awarded, together with related increases. In 2023/24 these amounted to £4.935m (£4.850m in 2022/23) of which £0.671m (£0.694m in 2022/23) relates to staff pension for former further education employees. This is refunded by the Department for Education.

#### Note 43. National Health Service Pension Scheme

Public Health employees are members of the NHS Pension Scheme, administered by the Business Services Authority. This scheme provides its members with specified benefits on their retirement and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries. The NHS Pension Scheme is operated in a similar way to the Teachers' Pension Scheme, in that Employer Contributions are set nationally and all contributions from employers and employees are paid into one pot. In 2023/24 the Council's contribution in respect of former NHS staff pension costs were £0.176m; (£0.103m in 2022/23), the set contribution rate being 20.6% (14.38% in 2022/23).

#### Note 44. Contingent Assets and Liabilities

##### Contingent Assets

There are no Contingent Liabilities reported.

##### Contingent Liabilities

There are no Contingent Liabilities reported.

Note 45. Related Party Transactions

The Code of Practice on Local Authority Accounting requires the disclosure of any material transactions with related parties to ensure that stakeholders are aware that these transactions have taken place as well as the amount and implications of such transactions.

<b>Income</b>	<b>2022/23 £000s</b>	<b>2023/24 £000s</b>
Central Government - revenue grants	786,400	840,506
Central Government - capital grants	73,462	98,270
Greater Manchester Combined Authority - capital contribution	22,141	25,863
Manchester Airports Holdings Ltd - repayment of interest	36,638	39,802
Manchester Airports Holdings Ltd - net rent	9,468	9,880
Manchester Airports Holdings Ltd - dividend	0	3,548
Manchester Energy Network	32	887
Manchester Energy Network – Asset Novation	22,780	0
Manchester Integrated Care Board (ICB)	12,808	9,500
Destination Manchester Ltd	1,574	3,506
Manchester Professional Services Ltd	89	101
Manchester Creative Digital Assets Ltd	4,877	7,525
Manchester Working Ltd	33	0
Lord Mayor Charity Appeal Trust	146	251
Wythenshawe Forum Trust Limited	156	163
Manchester Mortgage Corporation	0	133
Manchester Active	598	526
<b>Total</b>	<b>971,201</b>	<b>1,040,462</b>

<b>Expenditure</b>	<b>2022/23 £000s</b>	<b>2023/24 £000s</b>
Manchester Energy Network	5,861	3,173
Manchester Integrated Care Board (ICB)	5,655	5,913
Manchester Working Ltd	3,999	1,391
Manchester Professional Services Ltd	44	49
Manchester Active	5,846	7,588
Manchester Creative Digital Assets Ltd	2,942	3,382
CityCo (Manchester) Ltd	142	138
Lord Mayor Charity Appeal Trust	13	13
National Car Parks Manchester Ltd	28	0
Factory International	1,750	1,500
Wythenshawe Forum Trust Limited	962	1,157
<b>Total</b>	<b>27,243</b>	<b>24,304</b>

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Amounts owed from and to:	Amounts owed from		Amounts owed to	
	2022/23 £000s	2023/24 £000s	2022/23 £000s	2023/24 £000s
Central Government	49,246	46,479	44,871	31,605
Manchester Airports Holdings Ltd	409,954	409,785	0	0
Destination Manchester Ltd	14,157	14,807	1	64
Manchester Energy Network	14,577	15,845	0	22
Manchester Integrated Care Board (ICB)	1,519	80	51	385
Manchester Working Ltd	1	0	0	0
Greater Manchester Combined Authority	22,141	8,192	0	0
Manchester Professional Services Ltd	20	20	0	0
Manchester Creative Digital Assets Ltd	712	1,333	29	0
Manchester Active Ltd	83	149	4	17
Lord Mayor Charity Appeal Trust	35	160	0	0
National Car Parks Manchester Ltd	391	391	0	0
Factory International	0	0	10,034	1,850
Matrix Homes Limited Partnership	11,135	11,936	0	0
Wythenshawe Forum Trust Limited	0	0	2	0
<b>Total</b>	<b>523,971</b>	<b>509,177</b>	<b>54,993</b>	<b>33,942</b>

### Members and Chief Officers

Members of the Council have a direct control over the Council's financial and operating policies. Details of member's interest, both pecuniary and non-financial are recorded in the register of member's interest (available for public inspection). During 2023/24 there were no material transactions with Members or Chief Officers (Senior Management Team).

#### a. Central Government

Central Government has effective control over the general operations of the Council. Government is responsible for providing the framework within which the Council operates and provides most of its funding as grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g., council tax bills and housing benefits).

#### b. Other Public Bodies

The Council receives capital grants from Greater Manchester Combined Authority (GMCA) in support of the Councils capital programme.

#### c. Entities controlled or significantly influenced by the Council

The Council has a number of subsidiaries over which it has control, as well as associates, joint venture companies, and partnerships over which it exerts significant influence. Manchester Airports Holdings Ltd is a joint venture. Destination Manchester Ltd and Manchester Heat Network are subsidiaries. These entities have related party transactions that are material.

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### Manchester Airports Holdings Ltd

The Council is a related party to Manchester Airports Holdings Ltd. The Council owns 35.5% of the share capital of the company. The principal activities of the Group during the year were ownership, operation, and development of airport facilities. Cllr Beverley Craig, the Leader of the Council, is a non-executive director to Manchester Airports Holdings Ltd.

### Destination Manchester Ltd (DML)

Destination Manchester Ltd.'s ultimate parent and controlling party is Manchester City Council. Destination Manchester Ltd owns and manages the Manchester Central Convention Complex, which holds major conferences and exhibitions. The director who served the company during the year was the Deputy Chief Executive and City Treasurer, Carol Culley.

### Manchester Energy Network (MEN SPV)

Manchester City Council fully own Manchester Energy Network. The principal activity of the company is the provision of energy services within Manchester's Civic Quarter.

### d. Manchester Integrated Care Board (ICB)

The Council and Manchester Clinical Commissioning Group entered into a Section 75 Better Care Fund Agreement in March 2022. The S75 Agreement outlines the terms on which Partners have agreed to collaborate and to establish a framework, through which the Partners can secure the future position of health and social care services through Lead Commissioning Arrangements or Joint Commissioning Arrangements in relation to the BCF and IBCF. On 1 July 2022, the MCCG ceased to exist and was replaced by the GM ICB. On 1 July 2022, the S75 Agreement was transferred from MCCG to the GM ICB.

### e. Other related parties

The following are related parties where there were no transactions in 2022/23 or 2023/24 which are considered material to either party:

This City Manchester Limited, Manchester Knowledge Capital Limited, Northern Gateway Operations Limited, One Education Limited, Sports City Management Company, Manchester Art Gallery Trading Company Limited, Castlefield Heritage Trust, The Whitworth Baths and Matrix Homes (General Partner) Limited.

### Note 46. Analysis of Cash and Cash Equivalents

	<b>31 March 2023</b>	<b>31 March 2024</b>
	<b>£000s</b>	<b>£000s</b>
Cash and Cash Equivalents		
Cash in hand	0	0
Call accounts	18,287	7,138
Cash equivalents	59,054	99,567
Cash at bank	17,681	5,833
<b>Total</b>	<b>95,021</b>	<b>112,538</b>

Note 47. Cash Flow Statement - Adjustments to net surplus / deficit on the provision of services for non-cash movements

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	<b>31 March 2023</b> <b>£000s</b>	<b>31 March 2024</b> <b>£000s</b>
Depreciation of non-current assets	99,787	96,656
Impairment and revaluation losses of non-current assets	46,745	100,286
Amortisation of intangible non-current assets	61	30
Movement in contract assets, liabilities, and costs	717	0
Increase (decrease) in provision for impairments / doubtful debts re loans and advances	(2,350)	0
Increase (decrease) in creditors	(47,737)	(31,644)
(Increase) decrease in debtors	(68,468)	(17,335)
(Increase) decrease in inventories	(32)	32
Movement in pension liability	131,263	(25,813)
Carrying amount of non-current assets and non-current assets held for sale, sold, or derecognised	69,772	52,968
Other non-cash items charged to the net surplus of deficit on the provision of services	(8,305)	40,393
<b>Total</b>	<b>221,453</b>	<b>215,573</b>

Note 48. Cash Flow Statement - Adjustments for items included in the net surplus / deficit on the provision of services that are investing and financing activities

	<b>31 March 2023</b> <b>£000s</b>	<b>31 March 2024</b> <b>£000s</b>
Proceeds from the sale of short term and long-term investments	0	
Proceeds from the disposal of property, plant and equipment, investment properties and intangible assets	(79,677)	(20,170)
Any other items for which the cash effects are investing or financing cash flows	(86,006)	(111,148)
<b>Total</b>	<b>(165,683)</b>	<b>(131,318)</b>

Note 49. Cash Flow Statement - Operating Activities

The net cash flows from operating activities include the following items:

	<b>2022/23</b> <b>£000s</b>	<b>2023/24</b> <b>£000s</b>
Interest received	18,507	47,887
Interest paid	(38,111)	(46,207)
Dividends received	448	3,935

Note 50. Cash Flow Statement - Investing Activities

	2022/23 £000s	2023/24 £000s
Purchase of plant, property and equipment, investment property and intangible assets	(331,166)	(322,642)
Purchase of short-term and long-term investments	(6,630)	(7)
Other payments for investing activities	(19,492)	(1,072)
Proceeds from the sale of plant, property and equipment, investment property and intangible assets	78,688	21,647
Other receipts from investing activities	112,729	118,329
<b>Net cash flows from investing activities</b>	<b>(165,871)</b>	<b>(183,745)</b>

Note 51. Cash Flow Statement - Financing Activities

	2022/23 £000s	2023/24 £000s
Cash receipts of long and short-term borrowing	228,961	451,414
Cash payments for the reduction of outstanding liabilities relating to finance leases and PFI contracts	(10,051)	(10,222)
Repayments of short and long-term borrowing	(18,596)	(167,965)
<b>Net cash flows from financing activities</b>	<b>200,314</b>	<b>273,227</b>

Note 52. Cash Flow Statement - Reconciliation of liabilities arising from Financing Activities

	RESTATED 1 April 2022 £000s	Financing cash flows £000s	Non-cash changes		31 March 2023 £000s
			Acquisition £000s	Other non-cash charges £000s	
Long-term borrowings	819,672	100,000	0	13,429	933,101
Short-term borrowings	20,610	110,365	0	(11,827)	119,148
PFI liabilities	141,022	(9,189)	935	0	132,768
Service concessions	4,047	(862)	615	(1)	3,799
<b>Total liabilities from financing activities</b>	<b>985,351</b>	<b>200,314</b>	<b>1,550</b>	<b>1,601</b>	<b>1,188,816</b>

	1 April 2023 £000s	Financing cash flows £000s	Non-cash changes		31 March 2024 £000s
			Acquisition £000s	Other non-cash charges £000s	
Long-term borrowings	933,101	295,000	0	(40,904)	1,187,197

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	1 April 2023 £000s	Financing cash flows £000s	Non-cash changes		31 March 2024 £000s
			Acquisition £000s	Other non-cash charges £000s	
Short-term borrowings	119,148	(11,551)	0	(45,551)	153,148
PFI liabilities	132,768	(9,312)	0	0	125,840
Service concessions	3,799	(907)	0	0	2,892
<b>Total liabilities from financing activities</b>	<b>1,188,816</b>	<b>273,230</b>	<b>0</b>	<b>4,647</b>	<b>1,469,077</b>

[Note 53. Events after the Balance Sheet Date](#)

Park View Primary School transferred to academy status on 1 July 2024. The carrying value at the balance sheet date was £6.6m.

Peel Hall Primary School transferred to academy status on 1 September 2024. The carrying value at the balance sheet date was £4.5m

[Note 54. Authorisation for Issue of the Statement of Accounts](#)

The 2023/24 Statement of Accounts was authorised for issue by Tom Wilkinson the City Treasurer on 31 July 2024. All events after the Balance Sheet date until this date have been considered for disclosure as events after the Balance Sheet date.

## Housing Revenue Account (HRA) Income and Expenditure Statement

The HRA reflects a statutory obligation to account separately for council housing provision. The HRA Income and Expenditure Statement shows the major elements of HRA expenditure and how they are met from rents, grants, and other income. The account does not reflect all the transactions required by statute to be charged or credited to the HRA for the year. The Movement on the HRA Statement gives details of the additional transactions which are required by statute.

2022/23 £000s	Housing Revenue Account (HRA) Income and Expenditure Statement	2023/24 £000s	Note
	<b>Expenditure</b>		
37,714	Repairs and maintenance	48,618	
24,089	Supervision and management	23,934	
190	Rents, rates, taxes, and other charges	233	
32,195	Depreciation and impairment of non-current assets	32,447	d, e
15	Debt management costs	17	
72	Revenue expenditure funded from capital under statute	59	f
94,275	<b>Total Expenditure</b>	<b>105,307</b>	
	<b>Income</b>		
(63,829)	Dwelling rents	(67,631)	
(368)	Non-dwelling rents	(353)	
(2,264)	Charges for services and facilities	(1,928)	
(14)	Contributions towards expenditure	(247)	
(23,374)	Private Finance Initiative Grant	(23,374)	
(89,849)	<b>Total Income</b>	<b>(93,533)</b>	
4,426	<b>Net (Income) of HRA Services as included in the Council's Comprehensive Income and Expenditure Statement</b>	<b>11,774</b>	
98	HRA services share of corporate and democratic core	98	
14	HRA share of other amounts included in the Council's net cost of services but not allocated to specific services (past service costs)	16	
0	HRA share of other amounts included in the Council's net cost of services but not allocated to specific services (IAS19 business combinations)	0	
4,538	<b>Net (Income) / Expenditure of HRA Services</b>	<b>11,888</b>	
	<b>HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement</b>		
(7,365)	(Gain) on disposal of HRA non-current assets	(4,608)	
10,666	Interest payable and similar charges	9,417	
313	Movement in the allowance for bad debts	214	
(1,190)	Interest and investment income	(3,435)	
49	Net interest on the net defined benefit liability	(121)	
(5,046)	Capital grants and contributions	(13,875)	
1,964	<b>(Surplus) / Deficit for the year on HRA services</b>	<b>(519)</b>	

Movement on the Housing Revenue Account statement

2022/23 £000s	Movement on the Housing Revenue Account Statement	2023/24 £000s
(106,087)	Balance on the HRA at the end of the previous year	(95,793)
1,964	(Surplus) / Deficit for Year on the HRA Income and Expenditure Statement	(519)
	Adjustments between accounting basis and funding basis under the legislative framework	
0	Capital expenditure funded by the HRA	0
7,365	Gain/(Loss) on disposal of HRA non-current assets	4,608
(0)	Transfer to short-term accumulating absences account	(0)
(283)	HRA share of employer contributions from pension scheme	108
(8,511)	Impairment of non-current assets	(13,971)
(72)	Amortisation of Revenue Expenditure Funded from Capital under Statute	(59)
4,784	Reversal of PFI Charges	4,488
5,046	Capital grants and contributions receivable	13,875
10,293	Net (Increase) / Decrease in Year on the HRA	8,530
(95,793)	Balance on the HRA at the end of the current year	(87,263)

## Notes to the Housing Revenue Account

### (a) Housing Stock

The Council was responsible for managing an average of 15,213 dwellings during 2023/24.

The stock at each year end was made up as follows:

	31 March 2023	31 March 2024
Houses and bungalows	8,484	8,413
Flats	6,672	6,702
Others	77	77
	15,233	15,192

The change in stock is as follows:

	2022/23	2023/24
Stock at 1 April	15,450	15,233
Sales - Right to Buy	(233)	(138)
Right to Buy– buy-back scheme	(46)	0
Other	0	18
New buildings	61	69
Acquisitions	1	10
Stock at 31 March	15,233	15,192

The balance sheet value of the HRA's non-current assets was as follows:

	31 March 2023 £000s	31 March 2024 £000s
<b>Operational</b>		
Council dwellings	738,353	786,964
Other land and buildings	6,123	4,942
Vehicles, plant, and equipment	3,053	5,551
Infrastructure	1,792	1,792
<b>Total operational</b>	<b>749,321</b>	<b>799,249</b>
<b>Non-operational</b>		
Surplus properties	139	1,882
Assets under construction	15,068	26,603
<b>Total non-operational</b>	<b>15,207</b>	<b>28,485</b>
<b>Total non-current assets</b>	<b>764,528</b>	<b>827,735</b>

### (b) Vacant Possession of Dwellings

The vacant possession value of dwellings within the Council's HRA at 1 April 2023 was £1,840,278,500 and at 31 March 2024 was £1,954,390,400. The difference between the vacant possession value and balance sheet value of dwellings within the HRA shows the economic cost of providing council housing at less than open market rents.

(c) Capital Expenditure, Funding and Receipts

	2022/23 £000s	2023/24 £000s
<b>Expenditure</b>		
Property, plant, and equipment	30,132	42,088
Revenue expenditure funded from capital under statute	72	59
<b>Total Expenditure</b>	<b>30,204</b>	<b>42,147</b>
<b>Funded by</b>		
Revenue contributions	0	0
Capital receipts	2,962	6,053
Major repairs reserve	23,310	21,379
Government grants	3,859	14,715
External contributions	73	0
<b>Total Funded by</b>	<b>30,204</b>	<b>42,147</b>
<b>Receipts</b>		
Council dwellings	20,016	11,692
<b>Total receipts</b>	<b>20,016</b>	<b>11,692</b>

(d) Depreciation

	2022/23 £000s	2023/24 £000s
Council dwellings	23,333	20,474
Other land and buildings	114	(2,258)
Vehicles, plant and equipment	236	260
Infrastructure	0	0
<b>Total</b>	<b>23,683</b>	<b>18,475</b>

(e) Impairment Charges

	2022/23 £000s	2023/24 £000s
Non-enhancing capital expenditure	0	5,992
Downward revaluation of assets	7,576	7,772
Damaged properties / demolitions / other	935	207
<b>Total</b>	<b>8,511</b>	<b>13,971</b>

(f) Revenue Expenditure Funded from Capital Under Statute

Revenue expenditure funded from capital under statute of £58,945 (£71,800 in 2022/23) has been charged to the HRA.

(g) Contribution from the Pension Reserve

The cost of the HRA has increased after the replacement of employer's pension contributions by current service costs and a share of the corporate items (pensions interest costs, expected return on pensions assets, past service costs, settlements, and curtailments). The HRA share of the contribution from the pensions reserve in 2023/24 is £108,000. The overall amount to be met from rent payers remains unchanged.

(h) Rent Arrears

	<b>2022/23</b> <b>£000s</b>	<b>2023/24</b> <b>£000s</b>
Arrears at 31 March	8,895	9,378

The balance is the Opening position. Adjustments to arrears are made in the new financial year, at the point of bringing all other rent balance sheet codes back to zero for the new rent year.

	<b>2022/23</b> <b>£000s</b>	<b>2023/24</b> <b>£000s</b>
Provision at 1 April	6,970	7,314
Contributions in year	366	271
Amounts written (off)/back in the year	(22)	(44)
<b>Provision as at 31 March</b>	<b>7,314</b>	<b>7,541</b>

(i) Management of the HRA stock

Most of the Council's stock was managed via an Arm's Length Management Organisation until July 2021, at which point management of the stock transferred back to the Council, along with all staff and assets/liabilities. The costs and savings associated with this have been included within the accounts.

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Collection Fund

This statement reflects statutory requirements for billing authorities to maintain a separate collection fund to account for the income from council tax and business rates and its distribution to the Council, the Greater Manchester Combined Authority Police and Crime and Fire and Rescue elements.

2022/23 Business Rates £000's	2022/23 Council Tax £000's	2022/23 Total £000's		2023/24 Business Rates £000's	2023/24 Council Tax £000's	2023/24 Total £000's
			<b>Income</b>			
0	250,920	250,920	Council Tax income	0	265,378	265,378
0	1,912	1,912	Local Council Tax Hardship Fund / Energy Rebate	0	74	74
0	0	0	Council Tax Support Fund	0	1,286	1,286
329,922	0	329,922	Collectable from business ratepayers	357,263	0	357,263
			Apportionment of Previous Year Deficit			
106,690	0	106,690	- Manchester City Council	0	0	0
0	0	0	- GMCA Police and Crime Commissioner	0	0	0
1,024	0	1,024	- GMCA Mayoral and Fire and Rescue	0	0	0
437,636	252,832	690,468	<b>Total Income</b>	357,263	266,738	624,002
			<b>Expenditure</b>			
			Apportionment of Previous Year Surplus			
0	12,257	12,257	- Manchester City Council	14,434	4,981	19,415
0	1,788	1,788	- GMCA Police and Crime Commissioner	0	738	738
0	745	745	- GMCA Mayoral and Fire and Rescue	146	333	479
			Precepts and demands			
301,081	196,706	497,787	- Manchester City Council	341,667	212,987	554,654
0	29,136	29,136	- GMCA Police and Crime Commissioner	0	32,022	32,022

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2022/23 £000s				2023/24 £000s		
Business Rates	Council Tax	Total		Business Rates	Council Tax	Total
0	250,920	250,920	<b>Income</b>			
0	1,912	1,912	Council Tax income	0	265,378	265,378
0	0	0	Local Council Tax Hardship Fund / Energy Rebate	0	74	74
329,922	0	329,922	Council Tax Support Fund	0	1,286	1,286
106,690	0	106,690	Collectable from business ratepayers	357,263	0	357,263
0	0	0	Apportionment of Previous Year Deficit			
1,024	0	1,024	- Manchester City Council	0	0	0
	0	0	- GMCA Police and Crime Commissioner	0	0	0
	0	0	- GMCA Mayoral and Fire and Rescue	0	0	0
<b>437,636</b>	<b>252,832</b>	<b>690,468</b>	<b>Total Income</b>	<b>357,263</b>	<b>266,738</b>	<b>624,002</b>
			<b>Expenditure</b>			
0	12,257	12,257	Apportionment of Previous Year Surplus			
0	1,788	1,788	- Manchester City Council	14,434	4,981	19,415
0	745	745	- GMCA Police and Crime Commissioner	0	738	738
			- GMCA Mayoral and Fire and Rescue	146	333	479
301,081	196,706	497,787	Precepts and demands			
0	29,136	29,136	- Manchester City Council	341,667	212,987	554,654
1,953	13,138	15,091	- GMCA Police and Crime Commissioner	0	32,022	32,022
			- GMCA Mayoral and Fire and Rescue	3,451	14,208	17,659
2,353	0	2,353	<b>Business rates</b>			
498	0	498	- Transitional protection payment	(28,859)	0	(28,859)
			- Enterprise Zone Growth Disregard	881	0	881

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2022/23 £000s				2023/24 £000s		
Business Rates	Council Tax	Total		Business Rates	Council Tax	Total
0	798	798	Charges to Collection Fund			
(2,695)	10,679	7,984	- Write offs of uncollectable amounts	2,747	12,687	15,434
23,244	0	23,244	- Increase in Allowance for Impairment	(2)	(6,724)	(6,725)
1,114	0	1,114	- Contribution to Provision for Appeals	25,414	0	25,414
			- Costs of collection	1,122	0	1,122
<b>327,548</b>	<b>265,247</b>	<b>592,795</b>	<b>Total Expenditure</b>	<b>361,002</b>	<b>271,233</b>	<b>632,234</b>
110,087	(12,415)	97,672	Movement on fund balance	(3,738)	(4,494)	(8,233)
(75,293)	12,924	(62,369)	Fund balance brought forward	34,794	509	35,303
<b>34,794</b>	<b>509</b>	<b>35,303</b>	<b>Fund Balance Carried Forward</b>	<b>31,056</b>	<b>(3,985)</b>	<b>27,069</b>

## Notes to the Collection Fund Statement

### (a) Business Rates

The Council collects business rates for its area on behalf of itself and the Greater Manchester Combined Authority (Fire and Rescue). These rates are based on rateable values for properties set by the Valuation Office Agency which are multiplied by a uniform business rate set by central government. The multiplier for the year was set at 49.9p (49.9p in 2022/23) for smaller businesses and for larger businesses 51.2p (51.2p in 2022/23). The total business rates rateable value at 31 March 2024 was £990,008,110 (£900,241,051 at 31 March 2023).

### (b) Calculation of the Council Tax Base

For 2023/24 there were 248,286 residential properties in Manchester which were placed in one of eight valuation bands, depending on their capital value, by the Listing Officer of the government's Valuation Office. There are 212,115.5 equivalent number of dwellings after taking account of discounts, exemptions, and disabled relief. These equate to 165,774.8 equivalent Band D properties, which are used for the calculation of the tax base.

The table below shows the total number of equivalent properties after discounts, exemptions and disabled relief and the number of chargeable Band D equivalents.

Valuation Band	Band Ratio	Total Equivalent Number of Dwellings after Discounts, Exemptions and Disabled Relief	Chargeable Band D Equivalents
A-	5/9	273.5	151.9
A	6/9	113,632.8	75,755.2
B	7/9	36,605.3	28,470.8
C	8/9	33,326.8	29,623.8
D	9/9	18,105.3	18,105.3
E	11/9	6,045.8	7,389.3
F	13/9	2,863.5	4,136.2
G	15/9	1,148.0	1,913.3
H	18/9	114.5	229.0
		212,115.5	165,774.8

\*A- is used for Band A dwellings entitled to a disabled relief band reduction.

The number of chargeable Band D equivalents for 2022/23 was 164,965.2.

(c) Share of Fund Balance

The shares of the closing fund balances are shown in the tables below.

Business Rates	Surplus/(Deficit) 2022/23 £000s	Surplus/(Deficit) 2023/24 £000s
Manchester City Council	34,447	30,745
GMCA Fire and Rescue	347	311
<b>Total Surplus/(Deficit)</b>	<b>34,794</b>	<b>31,056</b>
Council Tax	Surplus/(Deficit) 2022/23 £000s	Surplus/(Deficit) 2023/24 £000s
Manchester City Council	419	(3,273)
GMCA Police and Crime Commissioner	62	(494)
GMCA Mayoral and Fire and Rescue	28	(218)
<b>Total Surplus/(Deficit)</b>	<b>509</b>	<b>(3,985)</b>

The COVID 19 pandemic has had a material impact on the Collection Fund and several government schemes have been announced in response to the pandemic and collection of local taxation.

As per the announcement in the 2020/21 Provisional Local Government Finance Settlement any in-year deficit forecast in business rates or council tax must be spread over 3 years, from 2021/22 to 2023/24, in equal thirds instead of being fully reflected in 2021/22. This spreadable deficit was determined by the estimate calculated and declared in January 2021 and is still impacting the declared position in 2023/24. For business rates the Expanded Retail Discount / Retail, Hospitality & Leisure Relief continues to provide support, offering 75% relief to businesses in these sectors, with a national businesses cap at £110k and has provided additional relief of £33.9m to Manchester businesses. 2023/24 also saw application of the final element of the compensation for irrecoverable losses of £7.0m, whereby government funded local authorities for 75% of losses in rates income relating to 2020/21.

In 2023/24 government introduced the Council Tax Support Fund providing local authorities with £100m nationally to apply up to £25 discount on Council Tax Support claimants' bills. The Council's allocation of £1.286m was applied to council tax accounts by 31 March 2024. As the scheme was fully funded, a corresponding credit was made to the Collection Fund so not to distort the fund.

The Council also facilitated the Government's Energy Bill Support Scheme Alternative Funding Grant and Alternative Fuel Payment Alternative Fund providing £0.7m to residents who could not automatically access the £400 support from the Energy Bill Support Scheme.

(d) Collection Fund collection rates and debtors

Council tax in year collection in 2023/24 was 87.78%, down 0.47% from 88.25% in 2022/23; and down 5.02% from 92.80% in 2019/20 (pre pandemic).

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Business rates in year collection in 2023/24 was 98.05%, up 0.58% from 97.47% in 2022/23; and up 0.28% from 97.77% in 2019/20 (pre pandemic).

An analysis of business rates and council tax debtors outstanding for over 30 days not impaired is shown below.

	<b>31 March 2023 £000s</b>	<b>31 March 2024 £000s</b>
Less than three months	1,227	2,104
Three to six months	1,400	2,399
Six months to one year	2,830	4,851
More than one year	24,086	41,288
<b>Total</b>	<b>29,543</b>	<b>50,642</b>

## Group Accounts

### Group Comprehensive Income and Expenditure Statement

This account summarises the resources that have been generated and consumed in providing services and managing the Group during the last year. It includes all day-to-day expenses and related income on an accrual's basis.

2022/23 Gross Expenditure £000s	2022/23 Gross Income £000s	2022/23 Net Expenditure £000s		2023/24 Gross Expenditure £000s	2023/24 Gross Income £000s	2023/24 Net Expenditure £000s
			Continuing operations			
273,065	(65,225)	207,840	Adult Social Care	299,938	(77,243)	222,695
45,598	(5,074)	40,524	Public Health	55,651	(7,647)	48,004
641,954	(438,379)	203,575	Children's Services	651,840	(456,247)	195,593
378,553	(228,163)	150,390	Corporate Core	373,001	(239,466)	133,535
282,601	(110,392)	172,209	Neighbourhoods	287,514	(119,043)	168,471
56,087	(31,000)	25,087	Growth and Development	122,213	(35,084)	87,129
8,247	(7,029)	(1,218)	Corporate Items	19,666	(8,699)	10,967
6,585	0	6,585	Council-Wide Costs	3,450	0	3,450
96,659	(89,849)	6,810	Housing Revenue Account	105,307	(93,533)	11,774
21,841	(25,575)	(3,734)	Destination Manchester Ltd	21,617	(27,221)	(5,604)
5,671	(2,758)	2,912	Manchester Heat Network Ltd	4,122	(3,475)	(647)
1,816,861	(1,003,444)	813,416	Cost of services	1,944,319	(1,067,658)	876,661
			Other operating expenditure			
0	(10,270)	(10,270)	(Gains) Losses on disposal of non-current assets	32,532	0	32,532
67,844	0	67,844	Levies	70,087	0	70,087
67,844	(10,270)	57,574	Total other operating expenditure	102,619	0	102,619

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2022/23 Gross Expenditure £000s	2022/23 Gross Income £000s	2022/23 Net Expenditure £000s		2023/24 Gross Expenditure £000s	2023/24 Gross Income £000s	2023/24 Net Expenditure £000s
198,104	(228,803)	(30,699)	Financing and investment income and expenditure	262,077	(281,883)	(19,806)
35,361	(734,860)	(699,499)	Taxation and non-specific grant income and expenditure	53,497	(860,340)	(806,843)
2,118,170	(1,977,377)	140,793	(Surplus) / Deficit on provision of services	2,362,511	(2,209,881)	152,630
437,032	(369,320)	67,712	Share of operating results of joint venture	436,823	(451,048)	(14,225)
617	0	617	Tax expenses of subsidiary	875	0	875
0	(11,782)	(11,782)	Tax expenses of joint venture	16,502	0	16,502
2,555,820	(2,358,479)	197,341	Group (Surplus) / Deficit on provision of services (Note 1)	2,816,711	(2,660,930)	155,782
		(134,452)	(Surplus) on revaluation of non-current assets			(187,882)
		20,350	Impairment losses on non-current assets charged to the revaluation reserve			12,815
		(1,312,917)	Remeasurements of the net defined benefit liability			(165,903)
		0	Asset Ceiling Adjustment			917,350
		(60,692)	Share of other comprehensive income and expenditure of joint ventures			28,786
			Items that will be subsequently classified in (Surplus) / Deficit on Provision of Services			
		(654)	(Surplus) / Deficit from investments in equity instruments designated at fair value through other comprehensive income			(8,854)
		(1,488,365)	Total other comprehensive income and expenditure			596,312

Manchester City Council Annual Statement of Accounts 2023/24

<b>2022/23 Gross Expenditure</b> <b>£000s</b>	<b>2022/23 Gross Income</b> <b>£000s</b>	<b>2022/23 Net Expenditure</b> <b>£000s</b>		<b>2023/24 Gross Expenditure</b> <b>£000s</b>	<b>2023/24 Gross Income</b> <b>£000s</b>	<b>2023/24 Net Expenditure</b> <b>£000s</b>
		(1,291,025)	Total comprehensive income and expenditure			752,094

## Group Movement In Reserves Statement

This statement shows the movement in the year on the Council's single entity usable and unusable reserves, as well as the Council's share of the group reserves.

	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	Total Usable Reserves	Total Unusable Reserves	Council Share of Group Reserves	Total Group Reserves
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance at 31 March 2022	(528,991)	(106,089)	(114,374)	(78,372)	(8,274)	(836,099)	(2,427,684)	(720,356)	(3,984,139)
Movement in reserves during 2022/23									
Total comprehensive income and expenditure	136,572	4,351	0	0	0	140,924	(1,367,118)	(64,831)	(1,291,025)
Total adjustments between accounting basis and funding basis under regulations	948	5,944	(39,584)	8,577	(373)	(24,487)	24,488	0	0
(Increase) / decrease in year	137,521	10,296	(39,584)	8,577	(373)	116,436	(1,342,630)	(64,831)	(1,291,025)
Balance at 31 March 2023	(391,470)	(95,793)	(153,958)	(69,795)	(8,647)	(719,662)	(3,770,314)	(785,187)	(5,275,164)
Movement in reserves during 2023/24									
Total comprehensive income and expenditure	156,739	(519)	0	0	0	156,220	611,827	(15,951)	752,096
Total adjustments between accounting basis and funding basis under regulations	(117,516)	9,049	25,950	3,157	2,904	(76,455)	76,455	0	0
(Increase) / decrease in year	39,223	8,529	25,950	3,157	2,904	79,765	688,282	(15,951)	752,096
Balance at 31 March 2024	(352,247)	(87,264)	(128,007)	(66,638)	(5,743)	(639,897)	(3,082,033)	(801,138)	(4,523,068)

## Group Balance Sheet

The Group Balance Sheet summarises the financial position of the Council and its consolidated joint venture and subsidiaries as a whole. It shows the value of group assets and liabilities at the end of the financial year.

31 March 2023 £000s		Note	31 March 2024 £000s
	<b>Non-current assets</b>		
553,237	Infrastructure Assets		565,575
2,778,594	Property, plant, and equipment	4	2,966,791
639,275	Heritage assets		642,438
537,407	Investment properties		503,948
135	Intangible non-current assets		105
911,640	Long-term investment in joint venture / subsidiaries and associates	5	933,158
2,699	Other long-term investments	5	5,199
480,178	Long-term debtors		477,336
687,220	Net pension assets		0
<b>6,590,385</b>	<b>Total non-current assets</b>		<b>6,094,550</b>
	<b>Current assets</b>		
779	Inventories		748
214,908	Short-term debtors		232,135
109,816	Cash and cash equivalents	6	125,455
7,526	Short-term assets held for sale		4,681
<b>333,029</b>	<b>Total current assets</b>		<b>363,019</b>
<b>6,923,414</b>	<b>Total assets</b>		<b>6,457,569</b>
	<b>Current liabilities</b>		
(119,147)	Short-term borrowing		(153,147)
(262,580)	Short-term creditors	7	(222,293)
(11,143)	Short-term provisions		(28,126)
(10,220)	Short-term deferred liabilities		(10,543)
<b>(403,090)</b>	<b>Total current liabilities</b>		<b>(414,109)</b>
<b>6,520,324</b>	<b>Total assets less current liabilities</b>		<b>6,043,460</b>
	<b>Long-term liabilities</b>		
(765)	Long-term creditors		(749)
(125,355)	Long-term provisions		(111,941)
(933,101)	Long-term borrowing		(1,187,197)
(130,895)	Long-term deferred liabilities		(120,337)
(12,943)	Capital grants receipts in advance	42	(15,673)
(42,103)	Net pensions liability		(80,517)
<b>(1,245,162)</b>	<b>Total long-term liabilities</b>		<b>(1,520,393)</b>
<b>5,275,162</b>	<b>Net assets</b>		<b>4,523,067</b>
	<b>Financed by:</b>		

Manchester City Council Annual Statement of Accounts 2023/24

<b>31 March 2023 £000s</b>		<b>Note</b>	<b>31 March 2024 £000s</b>
(719,661)	Usable reserves		(639,898)
(3,770,313)	Unusable reserves		(3,082,031)
(251,966)	Group Revaluation Reserve		(283,256)
(533,222)	Group income and expenditure reserve		(517,883)
<b>(5,275,162)</b>	<b>Total reserves</b>		<b>(4,523,067)</b>

## Group Cash flow statement

The cash flow statement shows the changes in cash and cash equivalents of the Group during the reporting period. The statement shows how the Group generates and uses cash and cash equivalents by classifying cash flows as operating, investing, and financing activities.

2022/23 £000s		Note	2023/24 £000s
(197,342)	Net (deficit) / surplus on the provision of services		(155,782)
226,759	Adjustments to net deficit / surplus on the provision of services for non-cash movements	9	215,398
(111,071)	Adjustments for items included in the net deficit / surplus on the provision of services that are investing and financing activities	10	(129,102)
(57,655)	<b>Net cash flows from operating activities</b>		<b>(69,487)</b>
(162,262)	Investing activities	12	(187,492)
199,564	Financing activities	13	272,618
(44,353)	<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>15,638</b>
154,168	Cash and cash equivalents at the beginning of the reporting period.		109,816
109,815	<b>Cash and cash equivalents at the end of the reporting period</b>	6	<b>125,454</b>

## Notes to the Group Accounts

### Note 1. Reconciliation of the Single Entity Comprehensive Income and Expenditure Statement Surplus / Deficit to the Group Comprehensive Income and Expenditure Statement Surplus / Deficit

This shows how the group entities have contributed to the overall surplus / deficit shown in the group income and expenditure account.

<b>2022/23 £000s</b>		<b>2023/24 £000s</b>
140,926	Deficit /(Surplus) on the Authority's single entity Income and Expenditure Account for the year	156,220
486	Add (surplus) / deficit attributable to subsidiary	(2,715)
55,930	Add deficit / (surplus) attributable to joint venture including dividends paid (after corporation tax)	2,276
<b>197,342</b>	<b>Group income and expenditure account deficit / (surplus) for the year</b>	<b>155,781</b>

### Note 2. Group Accounting Policies

#### Introduction

To achieve its strategic objectives Manchester City Council often chooses to conduct activities through a variety of undertakings, either under ultimate control of or in partnership with other organisations. The standard financial statements consider the Council only as a single entity, accounting for its interests in other organisations only to the extent of its investment, and not current performance and balances. Thus, a full picture of the Council's economic activities, financial position, service position, accountability for resources and exposure to risk is not presented in the Council's single entity financial statements.

As a result, group financial statements are produced to provide a clearer picture of the Council's activities as a group. The group accounts contain core financial statements similar to those included in the Council's single entity statements, consolidated with figures from organisations considered to be part of the group.

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

The group statements include:

- Group Comprehensive Income and Expenditure Statement
- Group Movement in Reserves Statement
- Group Balance Sheet
- Group Cash Flow Statement

The group financial statements are presented in accordance with the IFRS based Code.

Notes to the Group Accounts are included where they are materially different to the single entity accounts.

#### Manchester City Council Group

Inclusion in Manchester City Council's Group is dependent upon the extent of the Council's interest and control over the entity. An assessment of all the Council's interests has been carried out to determine which of the following categories they fall under. Where an entity is considered to be immaterial, they are not included in the group accounts.

Subsidiaries – where the Council exercises control and gains benefits / exposure to risks arising from this control. Subsidiaries of the Council have been considered for materiality; Destination Manchester Limited (DML) and Manchester Heat Network limited are the only two subsidiaries consolidated into the Council's group accounts. The Council owns 100% of both companies.

Associates – where the Council exercises a significant influence and has a participating interest. Associates of the Council have been considered for materiality; there are no associates consolidated into the Council's group accounts.

Joint Ventures - where the Council and another party exercise joint control with decisions relating to the organisation requiring unanimous consent of the parties sharing control. Those entities considered to be material are included in the group. Joint Ventures are accounted for on an equity basis, by including their net operating results in the group income and expenditure account. Investments in these entities are adjusted on the balance sheet for the Council's share of their results. The group contains one material joint venture which is Manchester Airports Holdings Limited (MAHL). The Council owns 35.5% of MAHL. MAHL owns Manchester, Stansted, and East Midlands airports.

The Group Accounts have been prepared in accordance with the Code of Practice for Local Authority Accounting in the United Kingdom, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

#### Consolidation of Subsidiary

The Council's subsidiary has been consolidated using the acquisition accounting basis. This is a full, line by line consolidation of the financial transactions and balances of the Council and its subsidiary. To avoid overstating the figures within the group financial statements, all transactions, and balances between members of the group (the Council and its subsidiary) have been eliminated.

#### Consolidation of Joint Venture

The Council's joint venture has been consolidated using the equity method. An investment is brought into the group balance sheet and adjusted by the Council's share in the joint venture's net asset movement. The Council's share of the joint venture's operating results for the year is included within the group income and expenditure account.

### Non-Current Assets

Non-current assets have been consolidated using the valuation basis specified by the Code unless the entity has a distinct class of asset that the Council does not recognise. In this case the entity's valuation basis was used.

Land and buildings in the Council's single entity accounts are valued at current value (i.e., the amount that would be paid for an asset in its existing use). Where sufficient market evidence is not available, current value is estimated at depreciated replacement cost, using the modern equivalent asset method (i.e., the market value of the land on which the building sits plus the current gross replacement cost of the building less an allowance for physical deterioration of the building).

Infrastructure is included in the Council's accounts at depreciated historical cost.

Where group organisations use different accounting policies to the Council, their accounts have been restated to align their accounting policies with those of the Council where the effect of not doing so would be material to the reader's interpretation of the accounts.

Manchester Airport Holdings Limited (MAHL) accounts are prepared using deemed cost for land and buildings. Deemed cost is the cost or valuation of assets as at 1 April 2005. Consequently property, plant and equipment are included in MAHL's accounts at cost or deemed cost less accumulated depreciation. A valuation of MAHL's land and building assets has been undertaken to align the accounting policy with that of the Council. This valuation has been used for the Council's group accounts. In undertaking this valuation specialised assets, such as airport terminals, have been valued at depreciated replacement cost using the modern equivalent asset method and income generating assets, such as car parks, have been valued at market value.

Infrastructure, such as runways and taxiways, are included in MAHL's accounts on the same basis as the Council's infrastructure assets (depreciated historical cost) and therefore no adjustment has been made to the valuation for group account purposes.

The land and building assets of Destination Manchester Limited (DML) and Manchester Heat Network are included in their accounts at cost less accumulated depreciation and impairment. A valuation of their land and building assets has been undertaken in order to align their accounting policies with that of the Council. This valuation has been used for the Council's group accounts.

### International Financial Reporting Standards (IFRS)

The Council produces its financial statements in accordance with IFRS. Where UK GAAP is being used by group entities, their financial statements are adjusted to reflect IFRS where any changes have a material effect on the presentation of the group financial statements.

Note 3. Expenditure and Income Analysis

	<b>2022/23 £000</b>	<b>2023/24 £000</b>
<b>Expenditure</b>		
Employee Benefit Expenses	614,901	591,331
Other Service Expenses	1,021,526	1,143,736
Business Rates Tariff	35,033	53,236
Capital Charges including Depreciation and impairment	220,898	271,358
Interest Payments	39,385	51,189
Pensions Interest Costs	118,583	149,042
Precepts and Levies	67,844	70,087
Loss on Disposal of Non-current Assets (general fund)	0	32,532
Share of operating results of joint venture	437,032	436,823
Corporation Tax	617	17,376
<b>Total Expenditure</b>	<b>2,555,820</b>	<b>2,816,712</b>
<b>Income</b>		
Fees, Charges and Other Service Income	(355,077)	(331,981)
Interest and Investment Income	(41,991)	(52,333)
Return on Pension Assets	(102,400)	(179,576)
Capital Charges related income	(53,850)	(19,148)
Income from Council Tax	(198,619)	(214,275)
Business Rates Income	(296,936)	(347,010)
Government Grants and Contributions	(918,232)	(1,065,558)
Gain on Disposal of Fixed Assets (HRA)	(10,270)	0
Share of operating results of joint venture	(381,102)	(451,048)
<b>Total Income</b>	<b>(2,358,478)</b>	<b>(2,660,929)</b>
<b>Deficit / (Surplus) on the Provision of Services</b>	<b>197,342</b>	<b>155,782</b>

Manchester City Council Annual Statement of Accounts 2023/24

Note 4. Property Plant and Equipment

Movements on tangible non-current assets in the group during 2023/24 were as follows:

	Property, Plant and Equipment						Total £000s
	Council Dwellings £000s	Other Land and Buildings £000s	Vehicles, Plant, and Equipment £000s	Community Assets £000s	Assets Under Construction £000s	Surplus Assets £000s	
Gross book value brought forward	739,065	1,317,306	168,808	43,333	526,314	153,259	2,948,086
Accumulated depreciation and impairment brought forward	(713)	(75,239)	(90,927)	(853)	0	(1,758)	(169,490)
Net Book Value carried forward as at 31 March 2023	738,352	1,242,067	77,881	42,480	526,314	151,501	2,778,596
Movement in 2023/24							
Additions	31,769	82,621	7,189	1,403	155,230	3,173	281,385
Revaluations recognised in revaluation reserve	58,330	31,364	(52)	0	0	53,336	142,977
Revaluations recognised in deficit on the provision of services	(7,237)	(78,523)	0	0	0	(6,745)	(92,505)
Derecognition – disposals	0	(43,039)	(156)	0	0	0	(43,195)
Transferred from held for sale	(7,083)	0	0	0	0	0	(7,083)
Other transfers	9,415	287,848	(678)	19	(300,507)	(2,333)	(6,236)
Newly recognised PFI assets	0	0	0	0	0	0	0
Depreciation	(18,097)	(38,767)	(10,986)	0	0	(197)	(68,047)
Impairments charged to the (surplus) / deficit on the provision of services	(5,992)	(229)	(64)	0	0	0	(6,285)

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	Property, Plant and Equipment						Total £000s
	Council Dwellings £000s	Other Land and Buildings £000s	Vehicles, Plant, and Equipment £000s	Community Assets £000s	Assets Under Construction £000s	Surplus Assets £000s	
Impairments covered by the revaluation reserve	(12,493)	(322)	0	0	0	0	(12,815)
Net Book Value carried forward as at 31 March 2024	786,964	1,483,020	73,133	43,902	381,037	198,735	2,966,792
Gross book value carried forward as at 31 March 2024	791,175	1,552,674	172,273	44,754	381,037	200,461	3,142,374
Accumulated depreciation and impairment carried forward as at 31 March 2024	(4,211)	(69,654)	(99,140)	(852)	0	(1,726)	(175,582)
Net Book Value carried forward as at 31 March 2024	786,964	1,483,020	73,133	43,902	381,037	198,735	2,966,792

Movements on tangible non-current assets in the group during 2022/23 were as follows:

Manchester City Council Annual Statement of Accounts 2023/24

	Property, Plant and Equipment						Total £000s
	Council Dwellings £000s	Other Land and Buildings £000s	Vehicles, Plant, and Equipment £000s	Community Assets £000s	Assets Under Construction £000s	Surplus Assets £000s	
Gross book value brought forward	744,818	1,344,681	153,572	41,033	329,963	156,858	2,770,925
Accumulated depreciation and impairment brought forward	(341)	(66,795)	(83,572)	(853)	0	(2,977)	(154,538)
Net Book Value carried forward as at 31 March 2022	744,477	1,277,886	70,000	40,180	329,963	153,881	2,616,387
Movement in 2022/23							
Additions	21,130	56,525	19,144	1,614	192,269	993	291,675
Revaluations recognised in revaluation reserve	25,884	25,726	0	0	0	20,378	71,988
Revaluations recognised in deficit on the provision of services	(7,576)	(30,385)	0	0	0	(3,598)	(41,559)
Derecognition – disposals	0	(5,563)	(3,758)	0	0	(945)	(10,266)
Transferred from held for sale	(12,565)	(27,208)	0	0	0	(19,267)	(59,040)
Other transfers	3,815	(12,281)	(213)	686	4,082	151	(3,760)
Newly recognised PFI assets	935	0	614	0	0	0	1,549
Depreciation	(23,332)	(30,839)	(7,853)	0	0	(92)	(62,116)
Impairments charged to the (surplus) / deficit on the provision of services	(935)	(4,925)	(53)	0	0	0	(5,913)
Impairments covered by the revaluation reserve	(13,481)	(6,869)	0	0	0	0	(20,350)
Net Book Value carried forward as at 31 March 2023	738,352	1,242,066	77,881	42,480	526,314	151,501	2,778,593

Manchester City Council Annual Statement of Accounts 2023/24

	Property, Plant and Equipment						Total £000s
	Council Dwellings £000s	Other Land and Buildings £000s	Vehicles, Plant, and Equipment £000s	Community Assets £000s	Assets Under Construction £000s	Surplus Assets £000s	
Gross book value carried forward as at 31 March 2023	739,065	1,317,306	168,808	43,333	526,314	153,259	2,948,085
Accumulated depreciation and impairment carried forward as at 31 March 2023	(713)	(75,239)	(90,927)	(853)	0	(1,758)	(169,490)
<b>Net Book Value carried forward as at 31 March 2023</b>	<b>738,352</b>	<b>1,242,067</b>	<b>77,881</b>	<b>42,480</b>	<b>526,314</b>	<b>151,501</b>	<b>2,778,595</b>

Note 5. Long-term Investments

	31 March 2023 £000s	31 March 2024 £000s
Investments in organisations included in the group statements		
Manchester Airports Holdings Ltd	886,387	899,625
Investments in subsidiaries not included in the group statements		
Manchester Mortgage Corporation Plc Share Capital	131	0
Investments in associates and joint ventures not included in the group statements		
Eastlands Development Company Limited	1,276	1,276
Matrix Homes Ltd	5,888	10,548
Manchester Science Park	6,244	7,958
Apis Assay Technologies	4,561	3,842
Mayfield Developments	7,152	9,908
Other long-term investments	2,699	5,199
<b>Total Long-Term Investments</b>	<b>914,339</b>	<b>938,357</b>

Note 6. Analysis of Bank Overdraft and Cash and Cash Equivalents

	31 March 2023 £000s	31 March 2024 £000s
<b>Bank Overdraft and Cash and Cash equivalents</b>		
Cash at bank and in hand	33,082	20,054
Call accounts	59,054	99,567
Cash equivalents	17,680	5,833
<b>Total</b>	<b>109,816</b>	<b>125,455</b>

Note 7. Short-Term Creditors

As the Group's Balance Sheet represents the financial position at the end of the financial year, these are monies owed by the Group at that date which have yet to be paid. There are also amounts which the Council has received before the end of the financial year which relates to services which have not yet been provided. This analysis shows the amounts owed which had not yet been paid and the amounts received in advance as at 31 March. Amounts owed by the Council to Destination Manchester Ltd or Manchester Heat Network have been removed as they are classed as intra-company transactions.

Manchester City Council Annual Statement of Accounts 2023/24

	<b>31 March 2023 £000s</b>	<b>31 March 2024 £000s</b>
<b>Manchester City Council</b>	249,238	209,672
	<b>249,238</b>	<b>209,672</b>
<b>Subsidiaries</b>		
Trade Creditors	3,881	3,389
Accruals and deferred income	7,777	8,453
Corporation tax	283	216
Other taxes and social security costs	1,401	562
	13,342	12,621
<b>Total</b>	<b>262,580</b>	<b>222,293</b>

Further details can be found in the Council's accounts Note 33.

#### Note 8. Related Party Transactions

As at 31 March 2024 the amount of loans outstanding owed by Manchester Airports Holdings Limited to Manchester City Council was £409.785m (£409.954m at 31 March 2023).

Destination Manchester Limited had outstanding loans from the Council of £13.407m at 31 March 2024 (£14.157m at 31 March 2023).

Manchester Energy Network had outstanding loans from the Council of £15m at 31 March 2024 (£14.5m at 31 March 2023).

There is one non-executive Director on the board of Manchester Airports Holdings Limited who is a representative of the Council. This is Councillor Beverley Craig, Leader of the Council.

The Director of Destination Manchester Limited during 2023/24 was Carol Culley, Deputy Chief Executive and City Treasurer.

The Directors of Manchester Energy Network (SPV) during 2023/24 were Richard Munns, Head of Corporate Estate and Facilities (Director for Manchester Heat Network HoldCo Limited) and Paul Hindle, Directorate Head of Finance (Director for Manchester Heat Network HoldCo Limited, SupplyCo Limited and TradeCo Limited).

Note 9. Cash Flow Statement - Adjustments to net deficit / surplus on the provision of services for non-cash movements

	<b>2022/23 £000s</b>	<b>2023/24 £000s</b>
Depreciation of noncurrent assets	99,787	96,656
Impairment and revaluation losses of noncurrent assets	46,745	100,286
Amortisation of intangible non-current assets	61	30
Movement in contract assets, liabilities, and costs (IFRS 15)	266	0
Increase/(decrease) in impairment for bad debts	(2,350)	0
Increase/(decrease) in creditors	(47,737)	(31,644)
(Increase)/decrease in debtors	(68,468)	(17,335)
(Increase)/decrease in inventories	(32)	32
Movement in pension liability	131,263	(25,813)
Carrying amount of non-current assets and non-current assets held for sale, sold, or derecognised	69,772	52,968
Other non-cash items charged to the net surplus or deficit on the provision of services	(2,548)	40,217
<b>Total</b>	<b>226,759</b>	<b>215,398</b>

Note 10. Cash Flow Statement - Adjustments for items included in the net deficit / surplus on the provision of services that are investing and financing activities

	<b>2022/23 £000s</b>	<b>2023/24 £000s</b>
Proceeds from the disposal of property, plant and equipment, investment properties and intangible assets	(79,677)	(20,170)
Any other items for which the cash effects are investing or financing cash flows	(31,394)	(108,932)
<b>Total</b>	<b>(111,071)</b>	<b>(129,102)</b>

Note 11. Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

	2022/23 £000s	2023/24 £000s
Interest received	18,507	47,887
Interest paid	(38,619)	(46,637)
Dividends received	448	3,935
Taxation	(811)	370

Note 12. Cash Flow Statement - Investing Activities

	2022/23 £000s	2023/24 £000s
Purchase of plant, property and equipment, investment property and intangible assets	(328,778)	(324,251)
Purchase of short term and long-term investments	0	(1,507)
Other payments for investing activities	(2,122)	(1,072)
Proceeds of plant, property and equipment, investment property and intangible assets	55,908	21,009
Other receipts from investing activities	112,729	118,329
<b>Total</b>	<b>(162,263)</b>	<b>(187,492)</b>

Note 13. Cash Flow Statement - Financing Activities

	2022/23 £000s	2023/24 £000s
Cash receipts of long and short-term borrowing	228,961	451,414
Cash payments for the reduction of outstanding liabilities relating to finance leases and PFI contracts	(10,051)	(10,222)
Repayments of long- and short-term borrowing	(18,596)	(167,965)
Other payments for financing activities	(750)	(609)
<b>Net cash flows from financing activities</b>	<b>199,564</b>	<b>272,618</b>

Note 14. Events after the Balance Sheet Date

Events after the balance sheet date are those events that occur between the end of the reporting period (i.e. 31 March 2023) and the date when the Statement of Accounts is authorised for issue. The Council is required to disclose any material events as a note to the accounts. Please note the adjustments already outlined in the MCC single entity accounts along with the following: Manchester City Council Annual Statement of Accounts 2022/23

The following post balance sheet event relevant for the group accounts is Manchester Airports Group (MAG) carried out a bond issue in November 2024, MAG raised £300 million through the issuance of an 18-year bond. The settlement date for this bond was 7 November 2024.

[Note 15. Prior Period Reclassification](#)

There have been no changes to the Group accounts apart from those outlined in the single entity elements in note 3.

## Glossary of Financial Terms

### Actuarial Gains and Losses

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses) or the actuarial assumptions have changed.

### Agency Services

Services that are performed by or for another authority or public body, where the authority responsible for the service reimburses the authority carrying out the work for the cost of that work.

### Amortisation

A charge to the comprehensive income and expenditure statement spread over a number of years.

### Asset

Items of worth that are measurable in terms of value. Current assets are ones that may change in value on a day-to-day basis (e.g., debtors). Non-current assets are assets that yield benefit to the Council for a period of more than one year (e.g., land).

### Balances

The reserves of the Council, which include the accumulated surplus of income over expenditure.

### Capital Expenditure

Expenditure on the acquisition or enhancement of property, plant and equipment that have a long-term value to the Council. This includes grants or advances paid to third parties to assist them in acquiring or enhancing their own property, plant, and equipment.

### Capital Receipts

Money received from the sale of property, plant and equipment or repayment of a capital advance.

### Collection Fund

The fund maintained by the Council into which are paid the amounts of Council Tax and Business Rates that it collects, and out of which are to be paid precepts issued by precepting authorities, its own demands, and shares of business rates to the Greater Manchester Combined Authority (fire and rescue element).

### Community Assets

These are assets that the Council intends to hold in perpetuity, which have no determinable finite useful life and may have restrictions on their disposal (e.g., parks).

### Contingent Assets

Sums due from individuals or organisations that may arise in the future, but which cannot be determined in advance.

### Contingent Liabilities

Sums due to individuals or organisations that may arise in the future, but which cannot be determined in advance.

### Core Cities

Core Cities are a unique and united local authority voice to promote the role of cities in driving economic growth, representing the councils of England, Wales, and Scotland's largest city economies outside London - Birmingham, Bristol, Cardiff, Glasgow, Leeds, Liverpool, Manchester, Newcastle, Nottingham, and Sheffield.

These cities drive local and underpin national economies. Working in partnership, they aim to enable each City to enhance their economic performance and make them better places to live, work, visit and do business.

### Creditors

Amounts owed by the Council for goods and services provided by the balance sheet date, where payment has not been made at that date.

### Current Service Cost

The increase in present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current financial year.

### Curtailments

For a defined benefit pension scheme, an event that reduces the expected years of future service of present employees or reduces the accrual of defined benefits for a number of employees for some or all their future service.

### Debtors

Sums of money owed to the Council at the balance sheet date but not received at that date.

### Dedicated Schools Grant Adjustment Account

A ringfenced reserve established by the 2020/21 Code to hold any DSG deficit separately from the Council's General Fund Earmarked reserves

### 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.

### Defined Contribution Scheme

A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or 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.

#### Depreciated Replacement Cost

A method of valuation that provides a proxy for the market value of specialist properties.

#### Depreciation

The measure of the wearing out, consumption or other reduction in the useful economic life of property, plant, and equipment.

#### Expenditure

Amounts paid by the Council for goods received or services rendered of either a capital or revenue nature. This does not necessarily involve a cash payment - expenditure is deemed to have been incurred once the goods or services have been received even if they have not been paid for.

#### Fair Value

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction.

#### Fees and Charges

Income arising from the provision of services, e.g., the use of leisure facilities.

#### Finance Lease

A finance lease is one that transfers substantially all the risks and rewards of ownership of items of property, plant and equipment to a lessee.

#### General Fund

The total services of the Council except for the Housing Revenue Account and the Collection Fund. Council Tax, Government Grants and Business Rates meet the net cost of this.

#### Impairment

A reduction in the value of a property, plant and equipment or financial asset below its carrying amount on the balance sheet.

#### Income

Amounts due to the Council for goods supplied or services rendered of either a capital or revenue nature. This does not necessarily involve cash being received - income is deemed to have been earned once the goods or services have been supplied even if the cash has not been received.

#### Infrastructure Assets

These are inalienable assets, expenditure on which is recoverable only by continued use of the asset created. Examples of such assets are highways and footpaths.

#### Interest Cost (Pensions)

For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities that arise from the passage of time.

### International Financial Reporting Standards (IFRS)

These are statements prepared by the International Accounting Standards Board to ensure consistency in accountancy matters. Many of these standards now apply to local authorities and any departure from these must be disclosed in the published accounts.

### Inventory

Raw materials and consumable items the Council has purchased to use on a continuing basis and has not used by the end of the financial year.

### Investment Properties

These are property or land that is held solely to earn rental income or for capital appreciation or both.

### Liabilities

Amounts due to individuals or organisations that will have to be paid at some time in the future. Current liabilities are payable within one year of the balance sheet date.

### Long-term Contracts

A contract entered into for the design, manufacture or construction of a single substantial asset or service where the time taken to complete the contract is such that the contract activity falls into different accounting periods.

### Minimum Revenue Provision (MRP)

This is the amount that is charged to an authority's Movement in Reserves Statement each year and set aside as a provision for credit liabilities.

### National Non-Domestic Rate (NNDR)

All non-domestic properties have been valued and the Government determines a national rate poundage each year, which is payable to all local authorities. The Council collects the national non-domestic rate and passes 1% to the Greater Manchester Combined Authority (fire and rescue element).

### Notional accounting adjustments

Adjustments made to the figures within the accounts that reverse entries required in accordance with International Financial Reporting Standards that do not need to be funded as part of the Council's budget e.g., impairment.

### Observable Inputs

Those that are developed using market data, such as publicly available information about actual events or transactions, and that reflect the assumptions that buyers and sellers would use when pricing the asset or liability.

### Operating Lease

A lease other than a finance lease.

### Outturn

Actual net expenditure and income that is then compared to the budget.

#### Past Service Cost

For a defined benefit pension scheme, the increase in present value of the scheme liabilities related to employee service in prior periods arising in the current period because of the introduction of, or improvement to, retirement benefits.

#### Precept

The amount levied by various joint authorities, which is collected by the Council on their behalf.

#### Provisions

These are sums set aside to meet liabilities or losses that have been incurred but where the amount and/or timing of such costs are uncertain.

#### Public Works Loan Board (PWLB)

A Government agency that lends money to local authorities. Local authorities can borrow some or all of their requirements to finance capital expenditure from this source.

#### Residual Value

The net realisable value of property, plant, or equipment at the end of its useful life.

#### Reserves

These are sums set aside to meet possible future costs where there is no certainty about whether or not these costs will be incurred.

#### Revenue Contributions

The method of financing capital expenditure directly from revenue.

#### Revenue Expenditure

Expenditure incurred on the day-to-day running of the Council. This includes employee costs, general running expenses and capital financing costs.

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

These are items of capital expenditure that do not result in, or remain matched by, the Council's property, plant, and equipment.

#### Settlement

An irrevocable action that relieves the employer of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligations and the assets used to affect the settlement.

#### Unobservable Inputs

Inputs for which market data is not available and that are developed to estimate fair value using the best information available to the Council about the assumptions that buyers or sellers would use when pricing the asset or liability. The most significant of these inputs used in fair value measurement include management assumptions around rent growth and vacancy levels of properties.

## Annual Governance Statement 2023/24

### 1. Introduction

- 1.1 This statement provides an overview of how the Council's governance arrangements operate, including how they are reviewed annually to ensure they remain effective. Governance comprises the systems and processes, culture and values by which the Council is directed and controlled, and through which it is accountable to, engages with and leads the community.
- 1.2 A summary of significant governance challenges which the Council faces is given, alongside an explanation of what actions have been taken to bring about required improvements, and what work is still to be done. This provides transparency and gives assurance that the Council is committed to continuously improve the way in which it functions. More detail on particular topics can be accessed by clicking on the hyperlinks, which are highlighted and underlined throughout the document.
- 1.3 The Council operates in a complex and constantly evolving financial, policy and legislative environment. The role, responsibilities and funding models of local government continue to be in a period of rapid transition. The city continues to progress the delivery of its ambitious Our Manchester strategy, with staff, residents and stakeholders across the city engaged in working towards the realisation of the vision. The Council's Corporate Plan sets out its priority actions for delivering the strategy for the city.
- 1.4 Key challenges for the Council and the city as it continues its longer-term recovery from the COVID-19 pandemic include tackling health inequalities and supporting residents who are impacted by the cost-of-living crisis. Effective leadership and governance of the response to these challenges is critical. The Council is consulting (until May 2024) on our next ten-year plan for Manchester - Our Manchester 2025–2035 - which must tackle gaps in health, wealth, and opportunity.
- 1.5 The introduction of the Integrated Care System (ICS) arrangements at Greater Manchester level continues to drive the next phase of health and social care integration. The operating model for Manchester's health and social care integration is key to enabling further progress towards achievement of the priorities for the city. These ambitions are for the city to significantly improve health outcomes, tackle health inequalities and develop a financially and clinically sustainable system.
- 1.6 The changes taking place present both opportunities and challenges. Therefore, the Council must continue to engage in a broad programme of innovation and reform work so that it can maintain services for residents which are efficient, effective and deliver value for money using available resources. This document explains the governance mechanisms in place to ensure appropriate oversight of this work.

## 2. Scope of Responsibility

- 2.1 Manchester City Council (the Council) is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It is also responsible for ensuring that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 *to make arrangements to secure continuous improvement in the way in which its functions are exercised.*
- 2.2 In discharging these responsibilities, the Council must put in place proper arrangements for the governance of its affairs and effective exercise of its functions, which includes arrangements for the management of risk. *The Council first adopted a Code of Corporate Governance in 2008, which was last updated in November 2022. The Code of Corporate Governance sets out the Council's governance standards. These standards ensure the Council is doing the right things, in the right way in a timely, inclusive, open, honest, and accountable manner. Some of these standards are required by law, while others are a matter for the Council to choose.*
- 2.3 The approach to the production of the Annual Governance Statement (AGS) is reviewed annually to ensure that it remains consistent with the principles of the most recent Chartered Institute of Public Finance and Accountancy and the Society of *Local Authority Chief Executives and Senior Managers (CIPFA/SOLACE) joint framework for delivering good governance in local government. CIPFA issued an update to the Framework in 2016, which has informed the preparation of the Annual Governance Statement (AGS) from 2016/17 onwards.*
- 2.4 This AGS explains how the Council has complied with the Code of Corporate Governance. The AGS also meets the requirements of the [Accounts and Audit \(England\) Regulations 2015](#) regulation 6(1) *which requires all relevant bodies to prepare an Annual Governance Statement (AGS).*

## 3. The Purpose of the Governance Framework

- 3.1 The governance framework comprises the systems and processes, culture and values by which the Council is directed and controlled, and through which it is accountable to, engages with and leads the community. It enables the Council to monitor the achievement of the city's strategic objectives as set out in the [Our Manchester Strategy - Forward to 2025](#), *and to consider whether those objectives have led to the delivery of appropriate, cost effective services. The Council's Corporate Plan sets out the Council's contribution to the Our Manchester vision. The objectives in Our Manchester and Our Corporate Plan are underpinned by the five Our Manchester behaviours.*
- We are proud and passionate about Manchester
  - We take time to listen and understand
  - We own it and are not afraid to try new things

- We work together and trust each other
- We show that we value our differences and treat people fairly

3.2 The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve the Council's aims and objectives and can therefore not provide absolute assurance of effectiveness. The system of internal control identifies and prioritises risks; evaluates the likelihood of those risks being realised and the impact should they be realised; and aims to manage them efficiently, effectively, and economically.

#### 4. The Governance Framework

Corporate governance describes how organisations direct and control what they do. The Council operates to a [Code of Corporate Governance](#), updated versions of which are reviewed by Audit Committee. The Code is updated when appropriate, to ensure it reflects the Council's current governance arrangements.

The information below includes key examples of how the Council has adhered to its governance commitments set out in the Code and includes hyperlinks to sources of further information, which include more detail about how the Council has implemented its commitments.

The Council has a broad range of strategies and policies in place, and therefore this is not intended to be an exhaustive list. There is a particular focus in this statement on 'first tier' strategies which deliver on the five key themes of the Our Manchester Strategy (Thriving & Sustainable, Highly Skilled, Progressive & Equitable, Liveable & Zero Carbon, Connected City). The current Our Manchester Strategy runs to 2025. A new Our Manchester Strategy for 2025 to 2035 will be developed during 2024.

The economic strategy for Manchester ('Investing in Success') sits across all Our Manchester themes. More detail about particular areas of interest can be found on the Council's website [manchester.gov.uk](http://manchester.gov.uk).

There are seven core principles of good governance in the public sector, which are set out below (principles 'A' through to 'G'). Each core governance principle has a set of sub-principles beneath it with a description of how we meet those principles. Where applicable, hyperlinks are also provided where you can access more information about key examples of governance in action.

Principle A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

#### A1 - Behaving with Integrity

- The Council's 'Our Manchester' approach includes five behaviours that demonstrate the attitude and ways of working to achieve the Our Manchester Strategy, the fifth behaviour was introduced in 2022:
  1. We are proud and passionate about Manchester
  2. We take time to listen and understand
  3. We own it and are not afraid to try new things
  4. We work together and trust each other
  5. We show that we value our differences and treat people fairly

These behaviours represent how we should do things, how we should treat others, what we should say, and how we should say it.

- We're prioritising workforce equality and diversity by creating a more inclusive Council, through delivering the Workforce Equalities Strategy. [Workforce Equalities Update October 2023](#)

#### A2 - Demonstrating Strong Commitment to Ethical Values

- The Standards Committee champion high standards of ethical governance from elected members and the Council as a whole. A summary of its work is included in its [Annual Report to Council](#).

#### A3 - Respecting the Rule of Law

- The Council's City Solicitor undertakes the role of Monitoring Officer. The Monitoring Officer ensures that Council decisions are taken in a lawful and fair way, correct procedures are followed, and that all applicable laws and regulations are complied with. The City Solicitor is also responsible for reporting any actual or potential breaches of the law or maladministration to the Full Council and/or to the Executive, and for ensuring that procedures for recording and reporting key decisions are operating effectively. [Our Constitution](#) - article 12.3(b)
- The Chief Finance Officer (City Treasurer) has statutory reporting duties in respect of unlawful and financially imprudent decision making. [Our Constitution](#) - article 12.4(a)
- The Council ensures that it complies with CIPFA's Statement on the Role of the Chief Finance Officer in Local Government (2016)

### Principle B - Ensuring openness and comprehensive stakeholder engagement

#### B1 - Ensuring Openness

- The Council's website is set out in a clear and easily accessible way, using infographics and plain language. The information which residents use most, such as about Council Tax, and Waste and Recycling can be accessed quickly and easily from the main page. Design of the site has considered and incorporated understanding of the needs of people with accessibility requirements. [Manchester City Council website](#)
- All Council and Committee meetings are held in public (other than in limited circumstances where consideration of confidential or exempt information means that the public are excluded), with agenda and reports available on the Council's website. Live-streamed webcasts of Council, Executive and Scrutiny committee meetings are available online, as well as in an archive which can be accessed on-demand. [Council Meeting Agendas and Reports](#) [Webcasts of Council Meetings](#)

## B2 - Engaging Comprehensively with Institutional Stakeholders

- The Our Manchester Forum supports development of effective relationships across leaders of the city's key private, public, voluntary and community sector organisations and our residents. The Forum benefits the city by driving forward the priorities set out in the Our Manchester Strategy to put Manchester in the top-flight of world class cities by 2025. [Our Manchester Forum Information - The Manchester Partnership](#)
- The Council maintains a list of major partnerships in a Register of Significant Partnerships. This contains an assessment of the level of assurance for the governance arrangements of each partnership, shining a light on areas where improvements may be required - so that these can then be addressed. [Register of Significant Partnerships](#)

## B3 - Engaging with Individual Citizens and Service Users Effectively

- A major public engagement to develop the new Our Manchester Strategy up to 2035 was launched in early February 2024, running until May 2024. The people and businesses of Manchester and the workforce within the Council are being asked their views to help shape the next ten years. [Our Manchester 2025-2035 Survey](#)
- To promote transparency and wider engagement with Council decisions, residents can sign up for email e-bulletins and use social media to interact with the Council. [E-bulletins and Social Media](#)
- The Council ensures that community engagement is an integral part of how we work with residents and communities. Engagement activity has been key in the development of recent plans and strategies including the [Anti-Poverty Strategy](#) and the [Economic Strategy](#). Public consultation continues to be an integral part of the annual [Budget](#) setting process.

- Community consultation and involvement is delivered in accordance with the [Campaigning Engagement Framework \(CEF\)](#).
- The Council's ambition to become recognised as a [UNICEF Child Friendly City](#) will include ensuring that the voices, needs and priorities of children are an integral part of decision making processes influencing their lives.

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

#### C1 - Defining Outcomes

- An extensive consultation in 2015 led to a 10-year strategy for the city – the Our Manchester Strategy 2016-2025 – which included a new approach to working across the whole organisation and with residents, partners, and other key stakeholders. [Our Manchester Strategy – Forward to 2025](#) .Our vision remains for Manchester to be in the top-flight of world class cities by 2025, when the city will be:
  - Thriving and Sustainable – vibrant with a cutting-edge economy involving and fairly rewarding all our people.
  - Highly Skilled – work-ready, well-educated young people and all residents supported to take up opportunities.
  - Progressive and Equitable – so all can thrive, with better joined-up support, care, and health services.
  - Liveable and Zero-Carbon – safe, enjoyable neighbourhoods with affordable housing, zero-carbon by 2038 using green growth and design, energy, and more climate-resilience.
  - Connected – more walking, cycling and green transport, and accessible digital technology used by and working for everyone.
- Our Corporate Plan sets out the Council's contribution to the Our Manchester vision. The priorities are:
  - Inclusive economy where every resident shares in the prosperity of our growing economy
  - Tackling climate change and create a healthy, green, socially just city where everyone can thrive
  - Advancing Equality, Diversity, and Inclusion
  - Children and Young People enjoy a safe, happy, healthy, and successful future.
  - Improving Health and Wellbeing for all
  - Inclusive Communities, Thriving Neighbourhoods
  - Well-managed Council
- The Council will help to deliver these priorities through new ways of working and by demonstrating the Our Manchester Behaviours.

C2 - Sustainable Economic, Social and Environmental Benefits

- The Council declared a Climate Emergency in July 2019 and developed a Climate Change Action Plan which was approved by Executive in March 2020. Quarterly reports are provided on the progress that has been made in delivering the Plan. [Climate Change Action Plan 2020-25 \(item 37\)](#) [Climate Change Action Plan - Progress Report](#)
- Making Manchester Fairer is the city's action plan to tackle health inequalities – the preventable gaps between people with the worst health and people with the best health – over five years (2022-27), and with a view to the long-term. The plan is based on what Manchester's residents and staff from a range of organisations and agencies have told the Council in recent years, as well as the evidence of what works from research and experts on health inequalities. [Making Manchester Fairer Plan](#)
- Our Anti-Poverty Strategy draws upon evidence from residents, organisations, and national research to produce evidenced based recommendations to tackle poverty, its causes, and consequences. [Making Manchester Fairer: Anti-Poverty Strategy 2023-2027](#)
- Manchester's new economic strategy, 'Investing in Success' was launched in November 2023. It seeks to build on the foundations of the last 25 years or so which have seen Manchester transformed from post-industrial decline to being a dynamic city with a growing population, a larger and more highly skilled workforce, and a more diverse economy – attracting talent, investment, and visitors from all over the world. The strategy has five priority themes (Use investment and development to drive inclusive growth; Nurture thriving, productive and innovative sectors; Develop world class infrastructure, places, and talent; Transition to a zero carbon and resilient economy; Include more people in economic opportunity). [Investing in Success: An Economic Strategy for Manchester](#)
- The Housing Strategy explains how the Council will ensure provision of homes that residents want and need, while also considering the role of housing in the context of the Our Manchester Strategy, its contribution to the economic recovery of the city, and zero-carbon objectives. [Manchester Housing Strategy \(2022-2032\)](#)
- Our Work and Skills Strategy sets out how we will use learning and employment to meet the Our Manchester Strategy vision of being a more highly skilled city, and how we will help to create a more inclusive and low-carbon economy in Manchester, where more of our residents are connected to the city's success. A public consultation on the new strategy ran until 9 May 2022. [Work and Skills Strategy 2022-27](#)

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

### D1 - Determining Interventions

- Decision makers receive accurate, relevant, and timely performance and intelligence to support them with objective and rigorous analysis of options, covering intended outcomes, financial impact and associated risks informing efficient service delivery. This can take the form of regular performance reporting, or bespoke reports. [Executive Reports](#)
- The Future Shape of the Council programme has a workstream focussed on Digital, Data and Insights which includes projects on data management to address data quality challenges. This will ensure all data initiatives follow a well-defined approach to enable uniformity and consistency across systems and solutions and improving insights for decision makers. A key part of this is [The Resident and Business Digital Experience Programme \(RBDxP\)](#)

### D2 - Planning Interventions

- The Council plans its activity at a strategic level through its budget and business planning cycle and does so in consultation with internal and external stakeholders to ensure services delivered across different parts of the organisations and partners complement each other and avoid duplication. The [Council's Budget 2024/25](#)
- The Council Budget and Business Plan are underpinned by individual service plans which set out the core priorities and activities for each service. The service plans also include a service improvement plan and active contributions to the corporate priorities of Tackling Climate Change, Advancing Equality, Diversity and Inclusion, and a Place-Based approach. Service Plans have been further strengthened for the 2024/25 financial year with the inclusion of a Risk and Resilience section, and a section explaining how services will support work to achieve the Council's ambition to become recognised as a [UNICEF Child Friendly City](#).

### D3 - Optimising Achievement of Intended Outcomes

- The Council integrates and balances service priorities, affordability, and other resource constraints, supporting it to take into account the full cost of operations over the medium and longer term, including both revenue and capital spend budgets. This includes a medium-term financial plan. The report sets out the Framework for the Our Manchester Strategy and Corporate Plan priorities which provide the strategic context for the 2024/25 Budget. [Medium Term Financial Strategy](#)

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

## E1 - Developing the Organisation's Capacity

- The Council's Organisation Development Plan (2021-23) (OD Plan) is the way in which we embed Our Manchester. It builds on existing work to transform the culture of the organisation to deliver against the Our Manchester Strategy. The refreshed OD plan 2023-25 is one of the four elements of the [Workforce Strategy](#) and drives work to embed the Our Manchester behaviours, focusing on leadership capabilities, supporting effective decision making, meaningful recognition and staff voice, and further work in supporting line managers with performance development.
- The Future Shape of the Council programme is reshaping how Manchester delivers services both internally and externally, by using new technologies, ways of working and new delivery models. It is an organisational wide initiative bringing together several programmes designed to strengthen our ability to deliver the Our Manchester Strategy. [Future Shape of the Council](#)

## E2 - Developing the Capability of the Organisation's Leadership and Other Individuals

- Immediately following local elections, new Council Members receive an induction into the work of the Council and their role as local members. The format and content are reviewed annually with members. The induction training is also open for existing members to attend. [Member Development and Training](#)
- 'Our Conversation' is the Council's new approach to performance and development and replaces the former 'About You' process. Developed with staff, 'Our Conversation' provides a framework for meaningful regular discussions between staff and their line manager, covering wellbeing, performance, and development.
- The Council delivers a comprehensive programme of leadership and management development, which all managers have access to. Progress and support with a manager's development is monitored through the Our Conversation process. The programme is underpinned by the provision of a new '*Manager's Hub*' on the intranet, together with a Good Manager's Guide. Together these provide a comprehensive resource for managers.
- The Council is committed to promoting the physical and mental health and wellbeing of the workforce through both specific interventions and opportunities and as a central part of the role of all managers, through delivery of [The Health and Wellbeing Strategy](#). The strategy is one of the four elements of the overall [Workforce Development Strategy](#). There is a dedicated intranet page with a wide range of support and guidance for staff and their managers covering a wide range of health and wellbeing topics and a 24/7 Employee Assistance Programme (phone line) providing a range of support.

Principle F - Managing risks and performance through robust internal control and strong public financial management

F1 – Managing Risk

- The Council operates a risk management framework that aids decision making in pursuit of the organisation’s strategic objectives, protects the Council’s reputation and other assets and is compliant with statutory and regulatory obligations. The Corporate Risk Register is part of this framework and is an articulation of the key risks impacting the Council. It is used to inform decision making, provide assurance over actions being taken to manage key risks and to inform directorate level risk management planning and mitigation activities. Risks are reported publicly in the [Annual Corporate Risk Management Report and Corporate Risk Register](#). In early 2024 the Strategic Management Team approved a revised risk management strategy which will strengthen the review process, involve the use of risk appetite statements and introduce new formats of reporting for 2024/25. This will be presented to Audit Committee for assurance purposes in April 2024, and progress and risk updates will be provided to SMT and Committee during the year.
- Staff are appropriately trained to ensure that they manage risk effectively using appropriate methodologies and aligned approaches, for example for Manchester Local Care Organisation. Safeguarding risks are managed in line with professional standards.

F2 – Managing Performance

- The Council puts in place Key Performance Indicators (KPIs) to monitor service delivery whether services are internal or through external providers. An Integrated Monitoring and Corporate Plan report is provided to Strategic Management Team (SMT) five times a year. This brings together analysis of performance, finance, Corporate Plan priority delivery highlights, and risk - to support effective resource allocation, and to shine a light on any challenges so that they can be addressed.

F3 – Effective Overview and Scrutiny

- The Council has six scrutiny Committees, which hold decision makers to account and play a key role in ensuring that public services are delivered in the way that residents want. The agenda, reports and minutes are publicly available on the Council’s website *Scrutiny Committees* information

F4 – Robust Internal Control

- The Council has robust internal control processes in place, which support the achievement of its objectives while managing risks. The Council’s approach is set out in detail in both the latest Annual Corporate Risk Management report, and its Internal Audit Plan. [Internal Audit Plan 2023/24 - Item 11](#)

- The Council has an Audit Committee, in line with CIPFA's 'Position Statement: Audit Committees in Local Authorities and Police (2018)', which provides an independent and high-level resource to support good governance and strong public financial management. The Committee has two Independent Co-opted Members and provides a mechanism for effective assurance regarding risk management and the internal control environment.
- The Council maintains clear policies and arrangements in respect of counter fraud and anti-corruption. These are the Anti-Fraud and Anti-Corruption Policy; Whistleblowing Policy; Anti Money Laundering Policy and the Anti Bribery Policy.

#### F5 – Managing Data

- The processing of personal data is essential to many of the services and functions carried out by local authorities. The Council complies with data protection legislation, which includes UK GDPR (United Kingdom General Data Protection Regulation) and the Data Protection Act 2018 (DPA 2018). This will ensure that such processing is carried out fairly, lawfully, and transparently. [Data Protection](#)
- The Council reviews and supplement its policies, and keep its processing activities under review, to ensure they remain consistent with the law, and any compliance advice and codes of practice issued from time to time by the Information Commissioner's Office (ICO).
- The Council ensures that officers handling personal data are trained to an appropriate level in the use and control of personal data. It is made clear that all staff and Members are personally accountable for using the Council's information responsibly and appropriately. All staff must undertake protecting information e-learning training, and this forms part of the induction process for new staff. Data protection forms part of the training offer for existing Members to access. It is also part of the induction programme for new Members and is included in the Council's new starters induction pack.
- Information Governance is overseen by the Corporate Information Assurance and Risk Group (CIARG) chaired by the City Solicitor who is the Senior Information Risk Officer for the Council (SIRO).
- The Council makes information available to the public via the information access regimes provided for by the Freedom of Information Act 2000 and the Environmental Information Regulations 2004. Data protection legislation, including the Data Protection Act 2018, provides individuals with various rights. The Council ensures that all valid requests from individuals to exercise those rights are dealt with as quickly as possible, and by no later than the timescales allowed in the legislation. [Freedom of Information](#) [Environmental Information Regulations](#)

F6 – Strong Public Financial Management

- The Council's approach to Financial Management ensures that public money is safeguarded at all times, ensuring value for money. Its approach supports both long-term achievement of objectives, and shorter term financial and operational performance.
- The Chief Finance Officer (City Treasurer) ensures that appropriate advice is given on all financial matters, proper financial records and accounts are kept and oversees an effective system of internal financial control. The City Treasurer ensures well developed financial management is integrated at all levels of planning and control including management of financial risks, systems, and processes. The Constitution (Part 5) details the financial regulations which underpin the financial arrangements. [Our Constitution \(Part 5\)](#)
- The Financial Management Code (FM Code) sets out the standards of financial management expected for local authorities and is designed to support good practice and to assist local authorities in demonstrating their financial sustainability. The FM Code was launched in 2019, with the first full year of compliance being 2021/22. Information about the financial resilience assessment which the Council has carried out is set out in Section 5 of this AGS document – 'Annual review of effectiveness of the governance framework'. [Medium Term Financial Strategy](#)
- Section 25 of the Local Government Act 2003 requires that when a local authority is making its budget calculations, the Chief Finance Officer ('CFO') of the authority must report to the Council on the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves. [Medium Term Financial Strategy](#)
- The performance and outcomes delivered through the companies, Joint Ventures, and charities which the Council is a party to is monitored through the Commercial Board (chaired by the City Treasurer) and Shareholder Panel (chaired by the Deputy City Treasurer). In addition, the Council's loan and equity investments are also tracked through these routes to ensure that expected returns and repayments are in line with contractual agreements and forecasts. Furthermore, the Register of Significant Partnerships provides additional assurance through the detailed review of a number of entities which is reported to Audit Committee on a bi-annual basis.
- CIPFA's Prudential Code of Practice and Treasury Management Code of Practice sets out the risk framework through which the Council manages its balance sheet and makes capital investment decisions. Alongside the Department for Levelling Up, Housing and Communities (DLUHC) guidance on minimum revenue provision, and the guidance on borrowing from the Public Works Loan Board (PWLB) which seeks to limit borrowing solely for yield, the Council has a strong regulatory framework that it adheres to. The Capital Strategy and capital approval process detail the approach to decision making on capital investments, and the Treasury Management Strategy details the approach for debt management and cash investing, both of which

contribute to strong, ongoing financial management of the Council's balance sheet. [Capital Strategy and Budget 2024/25 to 2026/27 Treasury Management Strategy Statement 2024/25](#)

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

#### G1 – Implementing Good Practice in Transparency

- The Council follows the Local Government Transparency Code 2015, which includes requirements and recommendations for local authorities to publish certain types of data. [Local Government Transparency Code](#)
- The Council's website is set out in a clear and easily accessible way, using infographics and plain language. Information on expenditure, performance and decision making is sited together in one place and can be accessed quickly and easily from the homepage. [Manchester City Council website](#)

#### G2 – Implementing Good Practices in Reporting

- The Council produces regular updates on the city's progress towards its vision and priorities in the Our Manchester Strategy. [Our Manchester Progress Update](#)
- An integrated monitoring and Corporate Plan report is provided to Strategic Management Team (SMT) five times a year. This brings together analysis of performance, finance, Corporate Plan delivery highlights and risk - to support effective resource allocation, and to shine a light on any challenges so that they can be addressed.
- A Communities of Identity report was produced working with communities, Voluntary Community and Social Enterprise (VCSE) organisations, and partners to identify the different experiences of diverse communities in Manchester (and was taken to Communities and Equalities Scrutiny Committee in September 2023).

#### G3 - Assurance and Effective Accountability

- The Council welcomes peer challenge, internal and external review and audit, and inspections from regulatory bodies and gives thorough consideration to arising recommendations. The outcome letter of the Inspection of Local Authority Children's Services for Manchester was published on the Ofsted website in May 2022. This grades the overall effectiveness of children's services as 'Good.' The report notes that services for children in Manchester have significantly improved since the last inspection in 2017, and that many areas of service provide consistent practice for most children and their families. This includes when children first need support, come into care, and leave care. [Inspection of Manchester local authority children's services](#)

- A Joint Targeted Area Inspection (JTAI) in respect of Serious Youth Violence took place in September and October 2023. The inspection was led by Ofsted and involved inspectors from CQC (Health and Care), Ofsted (Schools and Social Care), HMPI (Youth Justice) and HMICFRS (Police, Fire and Rescue). The inspection identified the governance arrangements for Serious Violence in the city to be a strength and Inspectors described the work of Manchester's Complex Safeguarding Hub as strong and effective. The [Joint Targeted Area Inspection](#) outcome report and resulting action plan were taken to Executive in February 2024.
- The Council monitors the implementation of internal and external audit recommendations. Assurance reports are presented to Audit Committee and Mazars (the Council's external auditors), summarising the Council's performance in implementing recommendations effectively and within agreed timescales. [Audit Committee meetings](#)
- Public Sector Internal Audit Standards (PSIAS) set out the standards for internal audit and have been adopted by the Council. This process includes the development of an Emergent Audit Plan designed to invite comment from management and the Audit Committee.
- The Council requested a Corporate Peer Review from the Local Government Association (LGA) which took place from 30 November to 3 December 2021. The overall feedback from the peer reviewers was very positive for both the Council and the city. A further [progress review](#) was undertaken in September 2022 commending the progress made and recognising that the Council "embraces challenge and sector-led improvement" [Manchester City Council Peer Review and Action Plan LGA Corporate Peer Review](#)
- There have been significant recent changes to the legal and regulatory framework governing the management of building safety, including the new Fire Safety Act 2021 (implemented May 2022) and Fire Safety Regulations 2022. The Director for Housing Services, Director for Development and Director of Capital Programmes jointly commissioned an audit of the Council's current processes in relation to Fire Risk Assessment. The report was issued on 10 July 2023 and the findings presented within the [Executive Summary of Audit Reports](#) at Audit Committee on 25 July 2023 (Item 22, Appendix 5.2 IA Update 2022 23). The action plan arising is monitored through the Housing Improvement Board and through updates to Audit Committee.

## 5. [Annual review of effectiveness of the governance framework](#)

The Council has a legal responsibility to conduct an annual review of the effectiveness of its governance framework, including the systems of internal control. After conducting this review, the Council has assurance that its governance arrangements and systems of control are robust and reflect the principles of the Code of Corporate Governance.

The effectiveness of *governance arrangements is monitored and evaluated throughout the year, with activity undertaken including:*

- **Strategic Management Team (SMT)** - Responsibility for governance and internal control lies with the Chief Executive and the Strategic Management Team (SMT), which meets on a weekly basis to steer the organisation's activity.
- **Scrutiny and challenge by Council and its Committees** - The Council has four bodies responsible for monitoring and reviewing the Council's governance:
  - 1) **The Executive** - Proposes the budget and policy framework to Council and makes decisions on resources and priorities relating to the budget and policy framework
  - 2) **Audit Committee** - Approves the Council's Annual Accounts, oversees External Audit activity and oversees the effectiveness of the Council's Governance, risk management and internal control arrangements.
  - 3) **Resources and Governance Scrutiny Committee** - Considers the implications of financial decisions and changes to corporate, partnership and city region governance arrangements.
  - 4) **Standards Committee** - Promotes high standards of ethical conduct, advising on the revision of the Codes of Corporate Governance and Conduct for Members
- **Consideration of evidence sources to identify the Council's key governance challenges looking ahead to 2024/25** (see Action Plan at Section 7) - These sources include:
  - Heads of Service online annual governance questionnaires, which provide a self-assessment of compliance with the Code of Corporate Governance. The questionnaire was sent to 51 different service areas, and the response rate was 100%.
  - Significant governance challenges in Partnerships as identified by the Council's Register of Significant Partnerships assessment process.
  - A meeting of key Senior Officers with responsibility for Governance, to identify and discuss emerging governance issues.
  - Consideration of risks identified in the Corporate Risk Register
  - Emergent challenges identified by the work of Internal Audit
  - Where appropriate, carrying forward elements of action points from 2023/24 if substantial further challenges remain, and ongoing monitoring is required.
- **Head of Audit and Risk Management Annual Opinion 2023/24** - In terms of the year to March 2024, the Head of Audit and Risk Management will provide an assurance level on the Council's governance, risk, and control framework. The assurance level and full opinion detail will be set out in the Annual Audit Opinion 2023/24 report which will be taken to Audit Committee in April 2024.
- **External Auditor's Review of the Effectiveness of Governance Arrangements** - The Council's external auditor is Forvis Mazars. They submit progress reports and their Annual Audit Letter to Audit Committee.
- **CIPFA Financial Management Code 2019 (FM Code)** - The authority has carried out a credible and transparent financial resilience assessment. This includes consideration

of the CIPFA Financial Resilience Index which shows the Council to be relatively well placed on earmarked reserves and in a reasonably comfortable mid position on the other indicators. The only ratio classed as high risk relates to the low council tax base which is well understood and has mitigations in place. The index is not intended to represent the entire story on the financial sustainability of a Local Authority but provides some indicators of potential risk. In addition, the Chief Finance Officer has examined the major assumptions used within the budget calculations and associated risks. The Medium-Term Financial Plan and Capital Strategy have been updated to reflect the ongoing impact of the financial pressures faced in the current year.

- **Annual Report of the Standards Committee** - The Council is committed to promoting the highest standards of conduct by members and has adopted a Code of Conduct for all members as part of its Constitution. The Annual Report of the Standards Committee is one of the Council's sources of governance assurance.
- **Governance of Significant Partnerships** – Assurance relating to governance arrangements of the Council's significant partnerships is recorded on the Register of Significant Partnerships. Each partnership is self-assessed annually to provide assurance that effective arrangements are in place, and to highlight any governance challenges which need to be addressed.
- **Commercial Governance** – the Council has oversight and assurance for governance in relation to its companies, loans and equity investments via the Commercial Board and Shareholder Panel. Regular performance reporting is reviewed via these forums to ensure that the expected governance standards are met both in terms of the Seven Principles of Public Life and embedding the delivery of zero carbon and social value through organisational approaches.

## 6. Strategic oversight of actions to address the Council's governance challenges in 2023/24

This section provides a concise high-level summary of strategic actions taken to address the Council's governance challenges for the 2023/24 financial year, and the arrangements for oversight of delivery. The seven challenges were set out in the Action Plan at the end of last year's AGS (2022/23). Where relevant, separate detailed progress updates are provided to Project and Programme Boards, and where applicable reports and information are taken to Committees.

Action 1 - Continuing to embed and deliver the Organisation Development (OD) Plan 2021-23 to further improve Council wide governance arrangements.

### Governance of actions taken and planned

The Organisation Development (OD) plan has been refreshed for 2023-25 and continues to drive work to embed the Our Manchester behaviours, focusing this time on leadership capabilities, supporting effective decision making, meaningful recognition and staff voice, and further work in supporting line managers with performance development.

The Director of Human Resources, Organisational Development and Transformation (HRODT) provided an update on the [Workforce Strategies](#) to October 2023 Resources and

Governance Scrutiny. The OD Plan forms one of the four key Workforce Strategies along with The Talent Plan 2026, Health and Wellbeing Plan 2023-26 and the Workforce Equality Strategy (which is currently being refreshed). Collectively these plans deliver the Council's workforce priorities:

- Attract, develop, and retain talent.
- Be an inclusive employer that represents the communities that we serve at all levels.
- Develop world-class leaders and managers
- Have a high-performing workforce that delivers great services for our city
- Be a thriving and healthy workforce

Key actions taken during 2023/24 included:

- The Good Manager Guide was launched in June 2023, with all managers expected to attend a briefing.
- Introduction of a two-day Good Manager Masterclass in October 2023.
- Good Managers webinars were launched in Oct 2023, to develop practical understanding of good management practise in areas such as managing performance and health and wellbeing.
- Targeted training and development are being provided to support with key health and wellbeing workforce challenges, such as managing stress and mental health related absence.
- A new training evaluation framework is being rolled out.

Is this governance challenge carrying forward to 2024/25? Yes

- Responsible officers (SMT): Deputy Chief Executive, City Solicitor
- Responsible officers (Directors or Heads of Service): Director of HRODT
- How this is monitored: Resources and Governance Scrutiny Committee

**Action 2** - Effective updating, communication, and accessibility of key policies, including assurance over policy being put into practice. Effectively support the continued development of manager capabilities, to ensure policies are consistently implemented and adhered to.

Governance of actions taken and planned

Key actions that have been taken and will continue to be taken include:

- Policies are reviewed every three years or where there are legislative changes. Minor changes are agreed under the authority of the Director of HRODT with Trade Union consultation where there is a contractual impact; significant changes to policy which impact on terms and conditions are agreed at Corporate Joint Consultative Committee (JCC), SMT and at Personnel Committee. Equality Impact Assessments are undertaken on significant changes to policy and equality networks are engaged in their development. Following approval at Personnel Committee, the policy

changes are embedded through staff and manager communications, intranet content updates, briefings, or training.

- Providing support to managers to be as effective as possible, for example to understand and apply policies correctly. This forms part of the 'Good Manager' programme of activity which is informed by the Good Manager Guide. This is part of the Organisations Development Plan which is owned by SMT as part of the Council's Workforce Strategies. Work is underway to develop the Manager Accountability Framework.
- All new employees will attend the Corporate Induction within their probation period and are provided with the Code of Conduct and Welcome to the Council pack on joining the council.
- Policies are embedded into associated training such as Recruitment and Selection and Managing of Attendance.
- Team Talk email communications to staff feature policies on a rotation basis, which is usually on a seasonal basis or where there are updates to policies.
- All policies are available on the intranet, or via request through the HR Helpdesk.

Is this governance challenge carrying forward to 2024/25? Yes

- Responsible officers (SMT): Deputy Chief Executive
- Responsible officers (Directors or Heads of Service): Director of HRODT
- How this is monitored: Resources and Governance Scrutiny Committee

**Action 3** - Future Shape of the Council – Ensure effective governance of the coordination of, and interdependencies between the work programmes which will deliver the next steps to reshape how the Council operates, including using new technologies, ways of working and new delivery models.

Governance of actions taken and planned

Future Shape of the Council is an internal transformation programme designed to enable the Council to be in the best possible shape to deliver its ambitions as set out in the Our Manchester Strategy, whilst meeting the external challenges the Council face for example from budget pressures.

The work programme has evolved, and changes ensure that there is clear alignment between the ICT ambitions of the organisation and Future Shape. The programme ensures that the Council has the digital infrastructure to support its digital ambitions. This includes improving the customer experience for residents and businesses accessing services online, and that the ways of working include our approach to change, building digital skills and best use of offices, spaces, and equipment for our workforce.

Future Shape has in place a Governance group made up of senior officers who represent the main workstreams of activity. The Deputy Chief Executive chair this group, with the Director of HRODT as deputy chair. Decisions are made in this group relating to the programme of work on resourcing and prioritisation and it also enables a regular review of the whole work programme. Future Shape provides periodic updates to scrutiny committees, Senior

Management Team, Senior Leadership Group and Executive Strategy Group which enables views to be expressed on how the work programme is being delivered and to demonstrate transparency.

Work in progress includes:

**Digital:** Implementation of back-office digital technology and process changes required for the Council to work smarter and more efficiently, improving the user experience and making best use of data and intelligence.

**Resident and Business Digital Experience Programme (RBDxP):** Improving how the Council interacts with residents and businesses by building a digital, customer-focused culture using new technologies. [A RDBxP progress update](#) was provided to Resources and Governance Scrutiny Committee in September 2023.

**Effective Core:** Reshaping how the Corporate Core Directorate within the Council works to provide the best leadership and support to the organisation and the city. Improving internal interactions with core services, focusing on self-serve, centres of excellence and collaboration.

**Our Ways of Working:** Improve how we work to give the best experience to residents and employees, so that our workforce can thrive in the workplace with the right tools, skills, and support.

More detail can be found in the October 2023 Resource and Governance Scrutiny Committee report Future Shape - Our Internal Digital Transformation Programme

Is this governance challenge carrying forward to 2024/25? Yes

Responsible officers (SMT): Director of HRODT

How this is monitored: The Executive, Scrutiny Committees

**Action 4** - Ensure effective governance of the next phase of health and social care integration and reform.

This includes:

- The next steps in the development of Manchester Local Care Organisation (MLCO) as the delivery vehicle to reduce health inequalities and improve the health and well-being of the people of Manchester.
- Deliver work to develop the Manchester Operating Model embedding effective delivery of the Integrated Care System (ICS).
- Partnership arrangements to deliver the Making Manchester Fairer Strategy.
- Ensuring alignment with GM of systems and working culture.
- Effective governance with MLCO in preparation for the significant reforms facing Adult Social Care (ASC). This includes the work to move to a Fair Cost of Care, the implementation

of the Care Cap, and the planned changes to the Care Quality Commission (CQC) inspection regime.

Governance of actions taken and planned:

The next steps in the development of Manchester Local Care Organisation (MLCO) as the delivery vehicle to reduce health inequalities and improve the health and well-being of the people of Manchester.

- To enable delivery in the city of Manchester, Manchester City Council (the Council) and Manchester Foundation Trust (MFT) entered into a section 75 agreement which is the vehicle for integrated care delivery and planning. This agreement was entered into for a three-year period effective August 2021 and work is now underway to refresh and renew that agreement for a minimum of an additional 12 months. The partnership between MFT and the Council is overseen through the MLCO Accountability Board.
- The MLCO is a key partner in the Bringing Services Together approach to neighbourhood working along with Greater Manchester Police (GMP), Housing Providers, Voluntary, Community and Social Enterprise (VCSE) organisations and different Council services enabling the interface between health, care, and wellbeing with wider public services.
- The Manchester Population Health Management (PHM) approach has been embedded into the Integrated Neighbourhood Team (INT) model which has operated across Manchester's thirteen neighbourhoods since 2018; PHM is the use of data, evidence and insight to identify and understand a local health inequality and based on that understanding plan, deliver and learn from actions to reduce the targeted inequality.
- In Manchester this is aligned to the Making Manchester Fairer plan and each INT works with wider Neighbourhood partners to develop plans to target and reduce identified and agreed health inequalities.
- The composition of each INT enables the INT Lead to be a single point of contact for wider Neighbourhood partners providing a flexible and responsive interface with health, care, and wellbeing stakeholders to enable both a citywide and local approach to improving health outcomes through addressing the social determinants of health.
- The INT lead also has a responsibility to influence the delivery of other services that may have a detrimental impact on people's health. This could include social and economic factors and the physical environment.

The INT partnership approach has enabled a move away from a health-focused approach to challenges faced by residents; the diverse partner perspectives in the INT's are able to address challenges that enable responses e.g. via community assets, to support and ensure that in Manchester we make the best use of resources in neighbourhoods.

- In April 2024 MLCO and Neighbourhoods Directorate will lead a workshop with all the teams in the neighbourhood to understand what is working well, but also which areas need to be addressed as the next phase of neighbourhood working is considered. This recognises that relationships and ways of working between the

Council and MLCO have strengthened, providing a strong foundation to work engage with communities to address the challenges that lie ahead.

- The MLCO is currently working to develop a Prevention and Early Help framework that recognises how the organisation has developed to date, but also to ensure that this is embedded in how services are designed and delivered, and to enable Manchester residents to be more proactive about their health and wellbeing.

### **Deliver work to develop the Manchester Operating Model embedding effective delivery of the Integrated Care System (ICS)**

The Manchester Partnership Board (MPB) was established as a formal subcommittee of the NHS Greater Manchester Integrated Care Board (ICB) in April 2023. Extensive work has gone into setting the Partnership Board's priorities over the course of this year. MPB's two overarching priorities are:

1. Improve physical and mental health and wellbeing, prevent ill-health and address health inequalities, so that people live longer in good health, wherever they are in the city
2. Improve access to health and care services, so that people can access the right care, at the right time, in the right place, in the right way

### **Joint commissioning arrangements**

- The revised NHS GM Operating Model, agreed in September 2023, set out an expectation that each place develops a 'single, small, and strong integrated commissioning function with a broad set of responsibilities across public services' working across the ICB at place-level and the local authority.
- This has been taken forward through the establishment of a Joint Commissioning Board (JCB) that is chaired by the Deputy Place Lead and brings together commissioning intentions and resource from across adult social care, children's services, public health, and the NHS locality team. The aim is to develop this joint approach into a full-pathway approach to commissioning, which is person-centred, based on evidence, works across organisational silos, and closely involves providers, including the Voluntary, Community and Social Enterprise (VCSE sector), as well as linking with the Public Service Reform agenda.

### **Manchester Provider Collaborative**

- The Manchester Provider Collaborative Board (PCB) continues to bring together providers as a formal subgroup of the Partnership Board. The Provider Collaborative has considered a number of important issues for the city, including the development of the Greater Manchester Mental Health Trust (GMMH) Improvement Plan, the planning and management of winter pressures across the health and care system, the further development of the neighbourhood model and the delivery of a

population health management approach through the LCO, and work to address health inequalities through Making Manchester Fairer.

### **Financial Sustainability**

- The Manchester system has been under sustained financial pressure because of the overall financial pressure on the ICB. The locality team has undergone a full reorganisation as part of the wider NHS GM restructure, which has seen running costs reduced by c£5m since December 2022.
- NHS Greater Manchester is moving into formal regulatory action around its finances, so these pressures will continue into 2024/25. The locality team is closely engaged with ICB colleagues to set a plan for 2024/25.

### **Partnership arrangements to deliver the Making Manchester Fairer Strategy.**

- The Making Manchester Fairer Task Force is made up of leaders from across the system, including health and social care, who are driving delivery of the actions within each of the themes. Monthly meetings provide a structure for greater collaboration across the themes of the plan, mobilising organisations to place health equity and proportionate universalism (where additional resources are directed towards those who need them most) at the heart of governance, policy development, resource allocation, workforce planning and commissioning arrangements. Task Force members collectively identify and help unblock barriers to the successful delivery of the work.
- The Making Manchester Fairer Programme Board was established in May 2023. The board plays a vital role in reviewing and scrutinising activities across the partners delivering the Plan to ensure that they are delivered in line with the Making Manchester Fairer core principles of proportionate universalism and health equity. The Board contributes to the strategic direction of the programme, holding partners responsible for delivering the Plan to account.
- The Board is co-chaired by the Executive Member for Healthy Manchester and Social Care, and the Deputy Leader, and meets quarterly. Board members were recruited through a combination of direct invitations and an expression of interest process to provide a cross-section of professional and lived experiences. The Chief Executive of the City Council is the Senior Responsible Officer (SRO) for the Programme and a key member of the Board.
- Although board members are able to contribute to the delivery of the plan through their professional roles, partnerships and networks, the responsibility for delivery of the plan sits with the Making Manchester Fairer Task Force, the Council's SMT, and joint work with a range of partners through a number of established forums in the city including the Our Manchester Forum and the Our Manchester Investment Board.

### **Ensuring alignment with GM of systems and working culture.**

- A revised NHS GM operating model was approved in September 2023 and set out the accountabilities and responsibilities that will be discharged at GM level and those that will be discharged at place level. This includes responsibility for the planning and oversight (commissioning) of a specific range of services.
- Work is ongoing with colleagues at the centre of the ICB to source data for the Partnership Board to maintain oversight of the city's health and care system, and to take forward transformational change. It is expected that much higher quality data and intelligence will be available in 2024/25.

**Effective governance with MLCO in preparation for the significant reforms facing Adult Social Care (ASC). This includes the work to move to a Fair Cost of Care, the implementation of the Care Cap, and the planned changes to the Care Quality Commission (CQC) inspection regime.**

- The fundamental priority for Adult Social Care remains the safe, effective, efficient delivery of our statutory duties as outlined above in the Care Act 2014 as well as our duties in the Mental Capacity Act and the Mental Health Act, with citizens at the centre of everything we do.

**Reform of Adult Social Care**

- There have continued to be significant reforms in Adult Social Care during 2023/24.
- Better Outcomes, Better Lives (BOBL) concluded in December 2023 and is being embedded across Adult Social Care. The strength-based practice focuses on how demand is managed using a needs assessment that identifies interventions that provides support and promotes independence.
- The impact of this approach and programme has contributed towards managing demand differently, supporting better outcomes and managing costs. This is set out in the [Adults Social Care Budget 2024-27](#) to Health Scrutiny Committee in February 2024.

**Cost of care and care cap**

- As of February 2024, Manchester is considering the care fee uplifts for 2024/25 for providers, informed by fair cost of care and other analysis. Implementation of the Government's care cap has been delayed.

**Care Quality Commission (CQC)**

- The Health and Social Care Act 2022 puts the Care Quality Commission's (CQC) assurance of local authorities on a statutory footing. The new duty on the CQC to assess local authorities' delivery of their adult social care duties under Part 1 of the Care Act 2014 came into effect on 1 April 2023. Linked to this new duty is a power for the Secretary of State to intervene, where, following assessment of the new duty, it is considered that a local authority is failing to meet their duties.
- Manchester has played an active role in shaping the new CQC Assurance Framework with several senior managers and the Executive Director of Adult Social Services (DASS) participating in Peer Reviews of other local authorities to aid learning to bring into our own assurance inspection preparations. Manchester was one of the two pilot sites to 'test and learn' with the CQC, and received an indicative 'Good' rating, which is very positive.

- A self-assessment is under way on the suite of quality statements to identify strengths and weaknesses which will inform an improvement plan to ensure that robust plans are in place on areas for development.

Is this governance challenge carrying forward to 2024/25?

Yes - This will remain on the action plan but will be reworded – see Action Plan in section 7.

- Responsible officers (SMT): Director of Adult Social Services, City Treasurer, Assistant Chief Executive
- Responsible officers (Directors or Heads of Service): Deputy Director of Adult Social Services
- How this is monitored: Health Scrutiny Committee

**Action 5** - Governance of the coordination of delivery of our commitments on equality, diversity, and inclusion in relation to work with communities, our partners, and our workforce. This includes delivery of both the Workforce Equality Strategy and the Race Equality programme. Also in scope is co-ordination of work to mitigate the negative impacts of health inequalities exacerbated by the COVID-19 pandemic, highlighted by the Marmot report (Building Back Fairer, 2020).

Governance of actions taken and planned

The Corporate Equality Diversity and Inclusion Leadership Group (CEDILG) which is chaired by the City Solicitor (the SMT lead for equalities), and the Deputy Leader of the Council provides corporate leadership, assurance and direction on equalities diversity and inclusion. They work with staff network chairs in respect of issues raised and provide regular reporting regarding workforce and development.

**Workforce Update**

- The Corporate priority of advancing Equality, Diversity and Inclusion is embedded in the annual service planning process. Each service is required to set out actions to advance EDI across the Council workforce.
- In October 2023, Resources & Governance Scrutiny Committee considered an update from HRODT on the delivery of the [Workforce Equality Strategy](#).
- Positive progress has been made to deliver the Council's Workforce Equality Strategy. The strategy has a total of 47 actions, of which, 41 are complete, 4 are in progress and 2 are outstanding.
- HRODT is leading the refresh of the Council's Workforce Equality Strategy. The refresh will consider our progress, challenges, and the actions we need to take to deliver against our vision and accelerate our equality, diversity, and inclusion journey. The strategy will be developed with staff so that it is reflective of the voice, experiences, and ideas of our diverse workforce. The refreshed strategy is expected to be launched between April and June 2024.

**EDI Service Delivery Update**

- Equality, Diversity, and Inclusion (service delivery) has been highlighted as a separate section of the annual service planning process to ensure a stronger focus on delivering the best services to our residents. Each service is required to identify their service specific disparities and set out actions to advance EDI in service delivery.
- Equality and Inclusion work continues to have high visibility across the Council. This includes the newly launched Equality Impact Assessment template and guidelines, which is being communicated at all levels.
- There has been a recent review of the functions, effectiveness, and impact, with recommendations being adopted to take an integrated approach to tackling inequalities with the Manchester Integrated Care Partnership.
- The Communities and Equalities Scrutiny committee have considered reports over the past year on: [Communities of Identity](#), the [LGBT Communities Deep Dive](#), [Draft Equality Objectives 2024-28](#), and the [Public Sector Equality Duty \(PSED\) Annual Report 2023/24](#).

### **Making Manchester Fairer (MMF) update**

- Positive progress has been made to deliver and implement the Making Manchester Fairer (MMF) Action Plan that addresses health inequalities with a focus on the social determinants of health. The MMF Action Plan acknowledges the impacts of COVID-19 pandemic and the cost-of-living crisis on communities of identity.
- A Communities and Power Steering Group has been established to drive forward the actions outlined within the Tackling Systemic Racism and Discrimination, and Communities and Power themes within the MMF Action Plan.
- The Anti-Poverty Strategy (APS) was formally adopted at Executive in January 2023. The APS has been integrated into the MMF programme and is seen as the main route to delivering against the MMF theme of Poverty, Income and Debt.
- The APS includes an ambition for the Council to adopt the Socio-Economic Duty (SED) voluntarily and publicly use this as part of its decision-making and governance processes. The refreshed Equality Impact Assessments will provide the foundation of implementation of the SED across the Council and system wide partners.
- The Deputy Director of Public Health provides regular [Updates on MMF](#) to the Health and Wellbeing Board

### **Is this governance challenge carrying forward to 2024/25? Yes**

- Responsible officers (SMT): Chief Executive, City Solicitor
- Responsible officers (Directors or Heads of Service): Director of HRODT, Joint Director of Equality, Inclusion and Engagement
- How this is monitored: Resources and Governance Scrutiny Committee, Communities and Equalities Scrutiny Committee

**Action 6** - Effective governance of the Housing Services Improvement Plan to ensure the Council delivers improvements to housing for tenants and meets the requirements of the Social Housing Regulator including safe housing. This requires corporate support from different services and directorates to support the insourced Housing Operations service within the Neighbourhoods Directorate.

Governance of actions taken and planned

The Housing Service has a robust and wide-ranging service Improvement Programme which reports into:

- Resources and Governance Scrutiny Committee
- [Housing Advisory Board](#)
- Housing Board
- Housing Services Improvement Board

The Improvement Programme includes key priorities of:

- Creation and recruitment to new Housing Services leadership team
- Introduction of new Council Fire Policy and Procedure
- Introduction of new Council Damp and Mould Policy and Procedure
- External Audit of Housing Services approach to Building Safety and resulting Action Plan
- Sourcing of additional supply chain provision for completion of fire safety works.
- Commencement of a stock condition survey to identify and prioritise future investment
- Launch of new resident engagement [‘Your Voice’](#) programme

The Housing Services Improvement Board was set up following the Council’s self-referral to the Regulator of Social Housing in relation to fire safety, and damp and mould, and is chaired by the Strategic Director of Neighbourhoods.

The Improvement Programme actions are overseen at the Housing Improvement Board, which is focussed specifically on ensuring the Council is compliant with the Home Standard - a legal requirement to ensure that residents receive a decent quality of accommodation, a good and a cost-effective repairs service, and that the Council meets all applicable statutory health and safety requirements.

Senior Leadership Team track all performance metrics which are updated daily - these metrics are reported as a standing item at the Housing Advisory board, Housing Services Improvement Board, and the Housing Board. This performance dashboard includes reporting on complaints and the statutory obligation to comply with housing ombudsman requirements.

The Director for Housing Services, Director for Development and Director of Capital Programmes jointly commissioned an audit of the Council’s current processes in relation to Fire Risk Assessment. The report was issued on 10 July 2023 and the findings presented within the [Executive Summary of Audit Reports](#) at Audit Committee on 25 July 2023 (Item 22, Appendix 5.2 IA Update 2022 23). The action plan arising is monitored through the Housing Improvement Board and through updates to Audit Committee.

Is this governance challenge carrying forward to 2024/25? Yes

- Responsible officers (SMT): Strategic Director - Neighbourhoods
- Responsible officers (Directors or Heads of Service): Director of Housing Services
- How this is monitored: Resources and Governance Scrutiny Committee, Housing Advisory Board, Housing Board and Housing Services Improvement Board

**Action 7** - Embedding of new capital governance arrangements to maximise the benefit that can be gained from more limited capital resources. This includes building into the process a stronger approach to planning for place, and a greater focus on neighbourhoods and communities.

#### Governance of actions taken and planned.

The capital approval process has been reviewed, with changes made to ensure that it remains fit for purpose. The process now encompasses a top-down approach, engaging senior staff and Members at the earliest initiation of projects, to strengthen the prioritisation process:

- Introduction of Capital Project Pipeline – This is a working document bringing together all potential capital investment needs for the next 3 – 5 years, completed by services and updated every six months. This aids prioritisation of capital investment over the period and supports modelling and sensitivity analysis of the Council’s balance sheet and capital financing position over the medium to long term.
- New Capital Project Initiation Form (due diligence template) - This supports more robust decision making at the initial stages. The form is completed for a scheme detailing the associated assumptions around benefits, costs, and links to strategic priorities and planning for place, replacing the current ‘Checkpoint 1’.
- Establishment of the Capital Investment Group (CIG) - This monthly Member and senior officer led group has been established to strengthen the prioritisation process. The group will lead on overseeing the Capital Approval process from the earliest initiation of projects. Reviewing the Capital Project Pipeline and Initiation forms alongside Capital Financing with prioritisation of projects determined. The first meeting was held in June 2023.
- Creation of Capital Peer Review Group – This group has replaced the Strategic Capital Board with members now being a multi-disciplinary group. The group meet quarterly, to provide more robust challenge to business case investment proposals, and to ensure that the benefits ascribed to the projects are realistic and achievable. The Neighbourhood Lead is a key member of the group and is invited to scrutinise projects, to ensure that they align with neighbourhood plans and community needs. The first meeting was held in May 2023, and has continued quarterly.
- Key Decision Process Update - Until November 2022, key decisions for capital expenditure were taken at the point that expenditure is about to be incurred. The Council’s Constitution has been altered to make the key decision at the point the budget increase is approved. This enables scrutiny at an earlier stage of a project and supports better decision making.

The proposed [Capital Approval Process](#) was submitted to Executive (February 2023) which included the key changes to the process:

- Focus on Prioritisation
- Creation of Forward Plan
- Capital Project Initiation Form (due diligence template)
- Improved Place Focus
- Improvements to Project Governance

An update of the now embedded [Capital Approval process](#) was taken to Executive February 2024.

Is this governance challenge carrying forward to 2024/25? No

- Responsible officers (SMT): City Treasurer, Deputy City Treasurer
- How this is monitored: Executive, Resources and Governance Scrutiny Committee

## 7. [Action Plan: Governance Challenges for 2024/25 Onwards](#)

The review of governance arrangements has identified seven main areas where the Council will need to focus its efforts during 2024/25, to address changing circumstances and challenges identified. These are set out in the section below. Completion or substantial progress against these objectives is due by the end of the financial year, in March 2025.

**Action 1** - Further development of Integrated Care arrangements for the benefit of the residents of Manchester by delivering the priorities of Manchester Partnership Board. Delivery of the Making Manchester Fairer programme including the 'Kickstarter' programmes. Delivering the significant savings requirements for the 2024/25 Adult Social Care budget as part of Manchester Local Care Organisation. Embedding the Better Outcomes, Better Lives transformation programme into Adult Social Care.

- Responsible officers (SMT): Director of Adult Social Services, City Treasurer, Assistant Chief Executive
- Responsible officers (Directors or Heads of Service): Deputy Director of Adult Social Services
- How this is monitored: Health Scrutiny Committee

**Action 2** - Effective governance of the Housing Services Improvement Plan to ensure the Council delivers improvements to housing for tenants and meets the requirements of the Social Housing Regulator including safe housing.

- Responsible officers (SMT): Strategic Director - Neighbourhoods
- Responsible officers (Directors or Heads of Service): Director of Housing Services
- How this is monitored: Resources and Governance Scrutiny Committee, Housing Advisory Board, Housing Board and Housing Services Improvement Board

**Action 3** - Effective updating, communication, and accessibility of key defined policies, including assurance over policy being put into practice for online and offline staff. Effectively support the continued development of manager capabilities, to ensure policies are consistently implemented and adhered to, with particular focus on strengthening risk management.

- Responsible officers (SMT): Deputy Chief Executive
- Responsible officers (Directors or Heads of Service): Director of HRODT
- How this is monitored: Resources and Governance Scrutiny Committee

**Action 4** - Future Shape of the Council – Ensure effective governance of the coordination of, and interdependencies between the work programmes which will deliver the next steps to reshape how the Council operates, including using new technologies, ways of working and new delivery models.

- Responsible officers (SMT): Director HRODT
- How this is monitored: The Executive, Scrutiny Committees

**Action 5** – Effective governance and leadership of major systems including strong post-implementation governance. In scope are systems used by multiple services including ICT systems such as Liquid Logic (social care system) and Microsoft 365.

- Responsible officers (SMT): Deputy Chief Executive
- Responsible officers (Directors or Heads of Service): Director of ICT
- How this is monitored: Resources and Governance Scrutiny Committee

**Action 6** - Governance of the coordination of delivery of our commitments on equality, diversity, and inclusion in relation to work with communities, our partners, and our workforce. This includes delivery and communication of the Workforce Equality Strategy, training on Accessibility standards, the Council's equality objectives and addressing health inequity.

- Responsible officers (SMT): Chief Executive, Deputy Chief Executive
- Responsible officers (Directors or Heads of Service): Director of HRODT, Joint Director of Equality, Inclusion and Engagement
- How this is monitored: Resources and Governance Scrutiny Committee, Communities and Equalities Scrutiny Committee

**Action 7** - Embed, deliver, and communicate the Organisation Development (OD) Plan 2023-25 to further improve Council wide governance arrangements.

- Responsible officers (SMT): Deputy Chief Executive, City Solicitor
- Responsible officers (Directors or Heads of Service): Director of HRODT
- How this is monitored: Resources and Governance Scrutiny Committee

## Conclusion

The governance arrangements as described above have been applied throughout the year, and up to the date of the approval of the Annual Statement of Accounts, providing an effective framework for identifying governance issues and taking mitigating action.

Any significant events or developments relating to the governance system that occur between the year-end and the date on which the Statement of Accounts is signed by the City Treasurer (Section 151 officer) would be reported by the City Treasurer to Audit Committee prior to the final audited AGS being signed off.

Over the coming year the Council will continue the operation of its governance framework and take steps to carry out the actions for improvement identified in the review of effectiveness to further strengthen its governance arrangements.

Signed Councillor Bev Craig (Leader of the Council):

A handwritten signature in black ink that reads "Bev Craig". The signature is written in a cursive style with a large initial 'B' and a long, sweeping tail on the 'y'.

Signed Tom Stannard (Chief Executive):

A handwritten signature in black ink that appears to be "Tom Stannard". The signature is highly stylized and cursive, with a large initial 'T' and a long, sweeping tail.

# Independent auditor's report to the members of Manchester City Council

## Report on the audit of the financial statements

### Disclaimer of opinion on the financial statements

We were appointed to audit the financial statements of Manchester City Council ('the Council') and its subsidiaries and joint venture (the Group') for the year ended 31 March 2024, which comprise the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Movement in Reserves Statement, the Cash Flow Statement, the Housing Revenue Account (HRA) Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Collection Fund statements, the Group Comprehensive Income and Expenditure Statement, the Group Movement in Reserves Statement, the Group Balance Sheet, the Group Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

We do not express an opinion on the financial statements. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

### Basis for disclaimer of opinion

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 ('The Amendment Regulations') came into force. The Amendment Regulations require the Council to publish its Accountability Statements, which include the financial statements and auditor's opinion for the year ended 31 March 2024, by 28 February 2025 ('the backstop date').

The backstop date introduced by the Amendment Regulations has impeded our ability to obtain sufficient appropriate evidence upon which to form an opinion on the financial statements as there has been insufficient time to perform all necessary audit procedures.

### Key audit matters

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

For the reasons explained in the basis for disclaimer of opinion section above, we have been unable to carry out all the work necessary to issue a detailed audit plan. This means that we have not undertaken sufficient audit procedures to determine whether there are any key audit matters to report in relation to our audit of the financial statements. Consequently, other than the matter giving rise to our disclaimer of opinion as described in the basis for disclaimer of opinion section of our report, there are no key audit matters to report. This was communicated to those charged with governance through our Audit Completion Report.

### Our application of materiality

The scope of our audit was influenced by our application of materiality. It is necessary to set quantitative thresholds for materiality as our determination of materiality forms the basis for determining the opinion on your financial statements that we express in our audit report. This is

## Manchester City Council Annual Statement of Accounts 2023/24

applicable even when we issue a disclaimer of opinion as set out above. In planning our audit, based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	<b>Council</b>	<b>Group</b>
Overall materiality	£40.8 million	£49.2 million
Basis for determining materiality	Approximately 1.75% of gross expenditure at the surplus/deficit on provision of services level.	
Rationale for benchmark applied	We chose gross expenditure at the surplus/deficit on provision of services level as the appropriate benchmark for overall materiality as this is a key measure of financial performance for users of the financial statements.	
Performance materiality	£28.56 million	£29.52 million
Reporting threshold	£1.224 million	£1.476 million

### **Responsibilities of the City Treasurer for the financial statements**

As explained more fully in the Statement of Responsibilities for the Annual Statement of Accounts the City Treasurer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, and for being satisfied that they give a true and fair view. The City Treasurer is also responsible for such internal control as the City Treasurer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The City Treasurer is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and prepare the financial statements on a going concern basis on the assumption that the functions of the Council will continue in operational existence for the foreseeable future. The City Treasurer is responsible for assessing each year whether or not it is appropriate for the Council and Group to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

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

Our responsibility is to conduct an audit of the Council's and Group's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report. However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements. In reaching this judgement we have complied with the requirements of the Code of Audit Practice and have had regard to the Local Audit Reset and Recovery Implementation Guidance published by the National Audit Office and endorsed by the Financial Reporting Council.

We are independent of the Council and Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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

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

We are required to report to you if, in our opinion we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

We have nothing to report in this respect.

### **Responsibilities of the Council**

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

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

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

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024.

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

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

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

We have nothing to report in these respects.

We are also required by the Code of Audit Practice, to give an opinion on whether other information published together with the audited financial statements, is consistent with the financial statements. Because of the matter described in the basis for disclaimer of opinion section we do not express an opinion on the financial statements. We also do not express an opinion on whether other information published together with the audited financial statements is consistent with the financial statements.

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

## Manchester City Council Annual Statement of Accounts 2023/24

Public Sector Audit Appointments Ltd, in its role as appointing person under the Local Audit (Appointing Person) Regulations 2015, appointed us as the Council's auditor, on 14 December 2017. The period of total uninterrupted engagement, including previous renewals and reappointments of the firm, is six years covering the audit of the financial years ending 31 March 2019 to 31 March 2024.

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

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

### **Use of the audit report**

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

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

We cannot formally conclude the audit and issue an audit certificate until the National Audit Office has communicated the work we are required to undertake as component auditors for the Whole of Government Accounts.



Suresh Patel, Key Audit Partner  
For and on behalf of Forvis Mazars LLP

One St Peter's Square  
Manchester  
M2 3DE

26 February 2025