Statement of Accounts

Greater Manchester Waste Disposal Authority Statement of Accounts

2014/15

CONTENTS

Introduction from the Chair and the Clerk

CHAIR OF THE AUTHORITY - COUNCILLOR CATH PIDDINGTON

CLERK TO THE AUTHORITY – CAROLYN WILKINS

Welcome to the Greater Manchester Waste Disposal Authority's Statement of Accounts for 2014/15.

We have continued to move forward towards achieving our vision of 'our aim is zero waste' over the last twelve months. This means doing everything we can to save resources (by preventing waste at source and recycling more) and to produce green energy; we will not landfill anything we can use.

The Authority is continuing to make excellent progress with its Recycling and Waste Management Contract. The 25 year Contract is providing the latest recycling and waste management facilities for the people of Greater Manchester through a £631m investment. 2014/15 was a significant year for the Authority which saw the final facility, a thermal power station at Runcorn, completed. This meant that in 2014/15 we recycled 39.65% and diverted from landfill 71.23% (subject to verification).

In February 2015, the Authority set its Budget and Levy for 2015/16 and approved a 3% reduction in Levy for 2015/16 with a Medium Term Financial Plan (MTFP) projection of 0% increase in 2016/17 followed by an 8.39% increase in 2017/18.

The Authority is committed to continuous improvement and welcomes any views on how we are presenting our financial information. If you would like to get in touch our contact details are shown on page 15.

The Statement of Accounts which follow, set out a prudent financial position for the Authority, one which provides a strong basis to face our ongoing challenges.

Thank you for showing an interest in the Authority's finances.

Councillor Cath Piddington
Chair of the Authority

Carolyn Wilkins
Clerk to the Authority

About Us

GMWDA is the largest of the six statutory joint waste disposal authorities created under the Local Government Act (1985). The Authority was formed in 1986 on the demise of Greater Manchester Metropolitan County Council.

GMWDA is England's biggest waste disposal authority and deals with over 1 million tonnes of waste each year (that is the equivalent of over 4% of England's local authority collected waste (LACW)). The Authority provides waste disposal services to 9 of the Association of Greater Manchester Authorities (AGMA's) Waste Collection Authorities (Districts), which equates to serving over one million households and a population of above 2.3 million.

The Authority is continuing to work towards achieving 'zero waste' and the 25 year Private Finance Initiative (PFI) Recycling and Waste Management Contract with Viridor Laing (Greater Manchester) Ltd (VLGM) is developing its revolutionary integrated recycling and waste management solution for Greater Manchester. The £3.8bn Contract brought to the region £631million of investment in world class facilities, never developed on such a scale before anywhere in the UK. Over 42 facilities have been developed throughout Greater Manchester, creating or sustaining 5,000 jobs during the construction phase and encouraging the involvement of community groups and school children through our education centres. The image below shows the number of facilities we have within the Greater Manchester PFI Contract:-

Current Performance and Targets

Through our facilities we have set targets to be achieved:

Targets

50% recycling by 2015/16

60% recycling by 2025

75% landfill diversion by 2014/15

90% landfill diversion beyond 2020

Achieved in 2014/15

39.65% Recycling, Re-Use and Composting (2013/14 38.25%)

71.23% of waste diverted from landfill* (2013/14 52.30%)

*the later than anticipated completion of the Runcorn Thermal Power Station (TPS) meant this was marginally below our 75% target. In 2015/16 we estimate 81% will be diverted from landfill.

The illustration below shows the Authority's Greater Manchester Recycling and Waste Management facilities and locations:

Recycling and Waste Management

Bolton	SAT NAV
1. Hurstwood Court	BL3 2NH
1a. Raikes Lane	BL3 2NP
2. Salford Road	BL5 1DG

Bury	SAT NAV
3. Every Street	BL9 5BE
4. Cemetery Road	M26 4FT

Manchester	SAT NAV
5. Reliance Street	M40 3EZ
6. Sandfold Lane	M19 3BJ
7. Longley Lane	M22 4RQ

Oldham	SAT NAV
8. Arkwright Street	OL9 9LZ

Rochdale	SAT NAV
9. Chichester Street	OL16 2AU
10. Springvale	M24 2HR

Salford	SAT NAV
11. Cobden Street	M6 6NA
12. Lumns Lane	M27 8LN
13. Boysnope Wharf	M30 7RH

Stockport	SAT NAV
14. Bredbury Parkway	SK6 2SN
15. Adswood	SK8 5QY
16. Rosehill	SK6 6HU

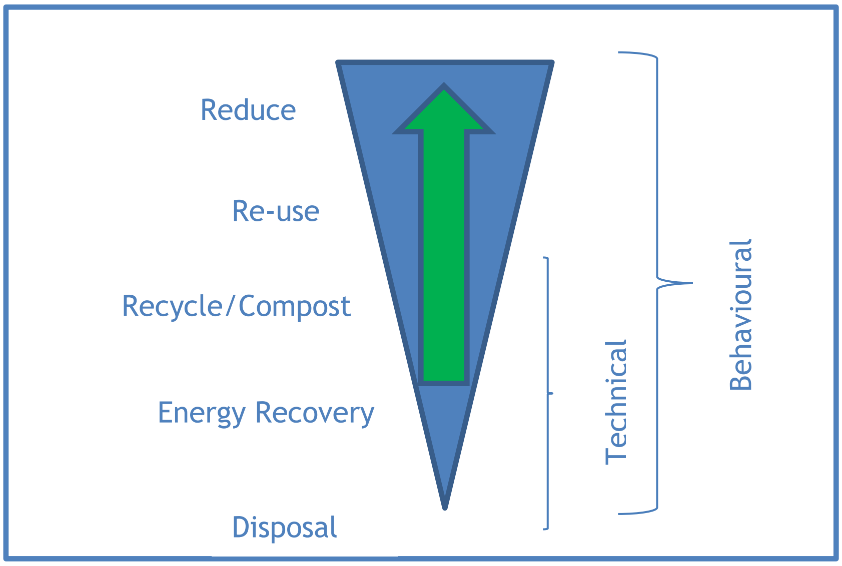
Tameside	SAT NAV
17. Bayley Street	SK15 1PZ
18. Ash Road	M43 6QU

Trafford	SAT NAV
19. Chester Road	M32 9AU
19a. Nash Road	M17 1SX
20. Woodhouse Lane	WA14 5HQ

recycle for Greater Manchester

Achieving Zero Waste

To the Authority 'Zero Waste' means maximising the sustainable use of resources by encouraging the prevention, re-use and closed loop recycling (producing new products from waste materials), composting of waste, and recovering energy from the remainder that cannot be economically or technically separated, sending as little waste as possible to landfill.



We reviewed our waste management strategy and developed four themed policies which will help us achieve 'our aim is zero waste':

1. **Saving resources**
   To halve residual waste by asking Greater Manchester residents to think about their behaviour and to recycle more to achieve 50% recycling by 2015/16 and increasing to 60% by 2025. In addition, to achieve a contracted 75% diversion from landfill by 2014/15, increasing to 90% by 2020.

2. **Connecting with the community**
   Encourage the involvement of the wider community sector through supporting waste reduction and recycling, and increasing the understanding of the actions that residents can take to prevent, re-use, recycle and recover waste.

3. **Protecting the environment**
   Use the waste hierarchy (above) to look at how to use the best environmental option to save material and energy resources. We aim to save around 286,000 tonnes per annum equivalent of CO_2, thus helping address climate change.

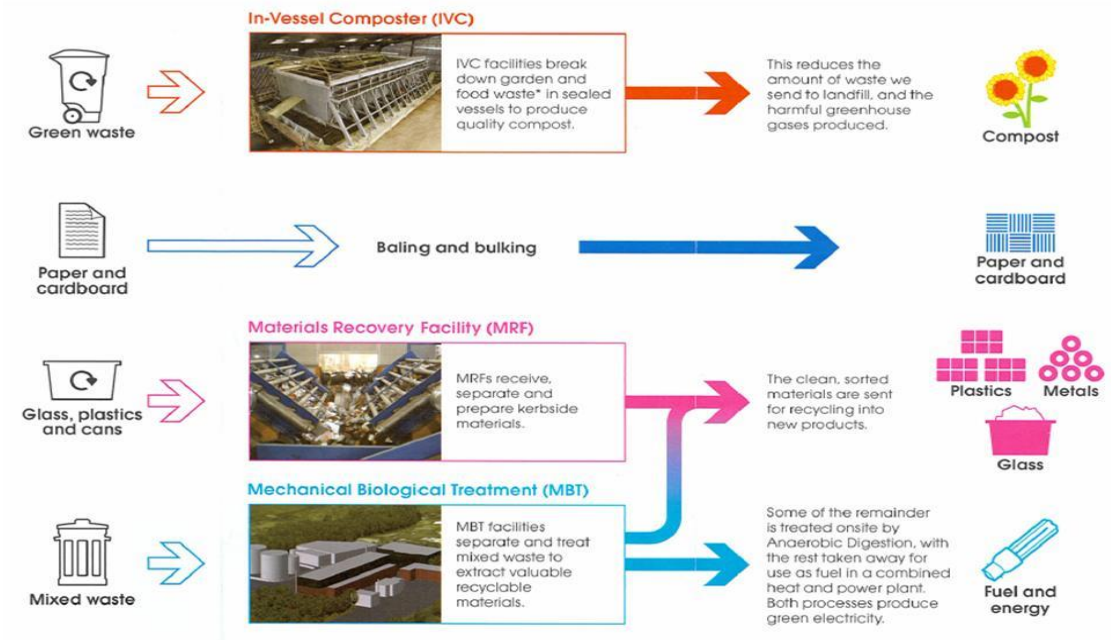
4. **Supporting businesses**
   Help local businesses to reduce, re-use, recycle and recover their own waste, and to take more responsibility for waste which arises from the products they produce.

Waste Collection Authority (Districts) Kerbside Collections

The collection of waste across Greater Manchester has been standardised through partnership working with the Districts, with the development of the four waste streams system. Residents' kerbside collections have therefore been aligned across all nine Waste Collection Authorities into the following four waste streams:

- Paper, card and cardboard cartons (Tetra Pak);
- 'Commingled'; plastic bottles, glass containers and cans;
- Garden and food waste; and
- Residual waste.

The diagram below shows how each of the waste streams is treated through our facilities and how we set out to ensure that we don't waste anything:



The intention of this standardisation is to deliver long-term financial and environmental benefits in Greater Manchester.

Landfill Aftercare

Landfill Aftercare is not covered in the PFI Contract, but is still a core part of the GMWDA. The Engineering Team maintains four remaining sites which are:

- Cringle Road, Manchester (see image)
- Barlow Hall, Manchester
- Waithlands, Rochdale
- Bredbury, Stockport

Two of these sites are held for future strategic development (located at Bredbury, Stockport and Waithlands, Rochdale) and a further two sites owned by Manchester City Council will be returned by 2023 at the latest (sites located at Cringle Road, Levenshulme and Barlow Hall, Wythenshawe). The Engineering Team manages and supports the infrastructure of the sites and monitors the boreholes for landfill gas.

Communications

A single Communications Team working under the partnership brand R4GM ('Recycle for Greater Manchester') is located in VLGM and works to an Annual Action Plan to achieve behavioural change through waste prevention, promoting re-use and maximising recycling across Greater Manchester.

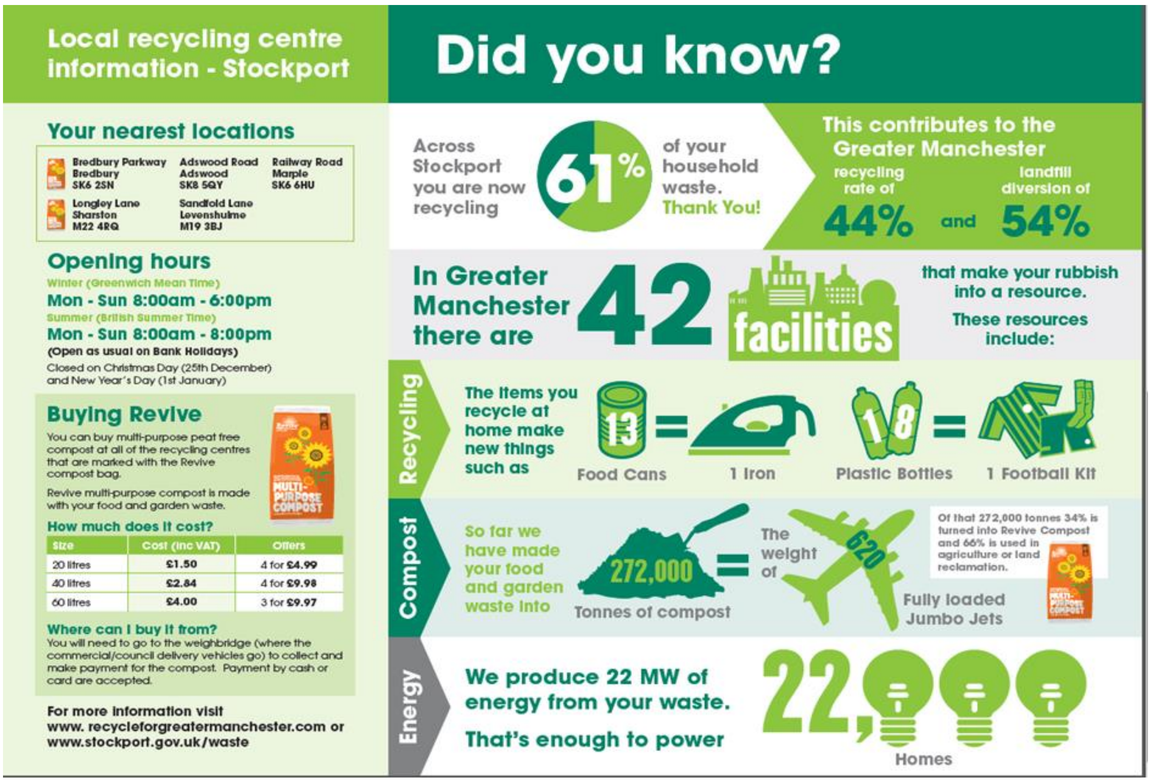
R4GM has a comprehensive communication, engagement and education programme, to drive forward the 'zero waste' agenda in Greater Manchester, by ensuring the continual and fresh delivery of the reduce, re-use and recycle message to the residents of Greater Manchester. The Annual Action Plan aims to change the way our residents view the waste they create. This we believe is the single biggest risk to 'our aim is zero waste', and as such behaviour change is the most important theme that drives all our communications work. Our key challenges through the delivery of this plan are changing the way our residents:-

- minimise waste;
- actively seek to re-use, rather than throw away; and
- become good and accurate recyclers all of the time.

Precepts and Levies 2015 - 2016

Precepts & Levies 2015 - 2016

The Authority sets out its plans for spending as part of a levy leaflet. As well as providing the statutory financial information, we now provide useful data on progress at a District level. As an example, the Stockport information is set out below but information for each District can be found at http://www.gmwda.gov.uk/publications/finance



If you would like any further information please visit our websites:

www.recycleforgreatermanchester.com

www.gmwda.gov.uk

or contact the Authority’s Communications Officer:

Debbie Ashington on ☎ 0161 770 1767 or

debra.ashington@gmwda.gov.uk

Explanatory Foreword

Introduction

This section of the Statement of Accounts for 2014/15 provides readers and all interested parties with a summary of our financial performance and also includes key non-financial information. It is aimed at improving the readability of our statements, so as to aid openness and transparency.

Key Accounting Information for the Financial Year 2014/15

The Authority is required to prepare an Annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011 which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 (the Code) and the Service Reporting Code of Practice for Local Authorities 2014/15 (SeRCOP), supported by International Financial Reporting Standards (IFRS).

After presenting key information about the Authority to enable the reader to understand the key issues that have influenced the financial performance of the Authority in 2014/15 and in future years, it is important to move on to the presentation of the 2014/15 Accounts. These summarise the transactions for the financial year and the position of the Authority at the year-end of 31st March 2015.

The table below summarises the purpose of the various statements included in the 2014/15 Statement of Accounts.

STATEMENT	PURPOSE AND CONTENT
ANNUAL GOVERNANCE STATEMENT	This gives a public assurance that the Authority has proper arrangements in place to manage all of its affairs. It summarises the Authority's responsibilities in the conduct of its business, the purpose and key elements of the system of internal control and the processes applied in maintaining, reviewing and developing the effectiveness of those control systems.
STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS	This Statement sets out the respective responsibilities of the Authority and the Chief Financial Officer (Treasurer & Deputy Clerk) for the Accounts.
AUDITOR'S STATEMENT	This is the Independent Auditor's Report to Members of the Authority including their Conclusion on Arrangements for Securing Economy, Efficiency and Effectiveness in the Use of Resources. This Statement is not available until the conclusion of the audit in July 2015.

STATEMENT	PURPOSE AND CONTENT
MOVEMENT IN RESERVES STATEMENT	This Statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce levy) and unusable reserves. The 'Surplus or (deficit) on the provision of services' line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund balance for levy-setting purposes. The 'Net increase or (decrease) before transfers to earmarked reserves' line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Authority.
COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT	This Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from the levy. The Authority raises a levy to cover expenditure in accordance with Regulations; this may be different from the accounting cost. The levy position is shown in the Movement in Reserves Statement.
BALANCE SHEET	The Balance Sheet shows the value as at the balance sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. • Usable Reserves: Those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitation on their use (for example, the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt). • Unusable Reserves: Those reserves that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example, the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.
CASH FLOW STATEMENT	The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The Statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amounts of net cash flows arising from operating activities are a key indicator of the extent to which the operations of the Authority are funded by way of levy. Investing activities represent the extent to which cash outflows have been made for resources that are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (such as borrowing) to the Authority.

An Explanation of the Financial Position for 2014/15

Revenue Expenditure

Revenue expenditure and income refers to the day-to-day transactions such as salaries and wages, running expenses (including Contract payments), fees and charges, and so on.

In February 2014 the Authority approved the revenue budget for 2014/15 amounting to £167.350m. The budget assumed a contribution from balances of £1.270m giving a Levy requirement of £166.080m.

In February 2015, for the financial year 2014/15, the Authority noted a projected £9.940m contribution to reserves, reflecting further delay in facility handover, and also as a one-off approved an in year refund to Districts of £2.117m.

The table below summarises the revenue costs of the Authority in 2014/15 compared to the Original and Revised Budgets. The Revised Budget approved an increase in the Medium Term Financial Plan (MTFP) Reserve. The transfer of actual is explained in the Movement in Earmarked Reserves below.

	Original Estimate 2014/15 £m	Revised Estimate 2014/15 £m	Outturn 2014/15 £m
EXPENDITURE			
Employees	1.501	1.600	1.623
Premises	0.393	1.316	1.192
Advisory Costs	0.184	0.269	0.428
Behavioural Change Fund	-	0.023	0.218
Community Waste Fund	0.020	0.023	0.002
Supplies and Services	0.703	0.240	0.268
Transport	0.021	0.041	0.041
Establishment	0.139	0.092	0.096
Central Support Costs	0.144	0.116	0.109
LIFE+ Project	0.235	-	-
Controllable spend	3.340	3.720	3.977
Debt Charges / Cap Financing	2.879	2.748	2.668
	6.219	6.468	6.645
INCOME			
Government Grants	-	(0.207)	(0.402)
Other income	-	(0.322)	(0.292)
Interest	(0.475)	(0.475)	(0.224)
	(0.475)	(1.004)	(0.918)
GMWDA Costs	**5.744**	**5.464**	**5.727**
Payment to Contractors	148.124	130.652	127.243
Landfill costs	24.223	28.481	28.243
PFI Capital contribution	5.579	4.930	4.930
Communications Service	0.404	0.404	0.404
Pension Deficit funding	0.540	0.535	0.535
Contingency	0.075	0.075	-
PFI Credits	(10.019)	(10.019)	(10.019)
Sale of Spare Capacity / Income	(7.320)	(3.741)	(3.276)
Contract Costs	**161.606**	**151.317**	**148.060**
Net Expenditure	**167.350**	**156.781**	**153.787**
To / (From) reserves	-	9.191	9.456
To / (From) provisions	-	0.108	3.343
To / (From) General Fund	(1.270)	-	(0.547)
Charged / (Refunded) to districts in year	-	-	0.041
Levy	166.080	166.080	166.080

Movement in Earmarked Reserves

Transfer to/(from) Reserves:	Amount £m	Reason/Purpose
Behavioural Change Reserve	(0.214)	Utilisation of Reserve to support Behavioural Change.
Insurance Reserve	0.400	Specific provision to meet unforeseen insurance costs on the Contract due to a hardening of the insurance market for this particular area.
Authority Loan Reserve	1.918	Specific reserve to mitigate future risk for the Authority acting as Senior Lender to the PFI.
Pension Deficit Fund Reserve	0.212	Reassessment of liability owed to Greater Manchester Pension Fund in light of planned staff reductions within the Authority.
Medium Term Financial Plan (MTFP) Reserve	9.387	Reserve to support Medium Term Financial Strategy of the Authority as approved on 7th February 2015. This sum has been increased further to enable levy support in 2015/16 and 2016/17 and to protect the integrity of the MTFP.
Waste Composition Analysis Reserve	0.200	Creation of a reserve to enable analysis of the changes to Waste Composition from changes to collection routines by Districts.
Total	11.903	

Capital Expenditure

Capital expenditure relates essentially to spending on assets that last for more than one year. The Authority spent £2.797m on capital schemes in 2014/15. This includes:-

- The creation of a solar farm at Over Hulton, Bolton; and
- Further capital contribution of £0.609m into the Contract.

The capital contribution payment is made up of an additional contribution towards the Contract which in 2014/15, upon completion of the Runcorn TPS, saw investment in rail boxes and retention payments for new facilities at Salford Road, Bolton. The original planned contribution was £68.030m. The Authority has to date paid out £65.928m of the planned contribution (£2.102m remaining) and a further £13.292m of additional contribution to cover non-neutral ground conditions.

General Fund Balance

	£m
Balance as at 1 April 2014	9.981
Transfer from General Fund	(0.547)
Balance as at 31 March 2015	9.434

The Authority's General Fund Balances represent its buffer against future unforeseen expenditure and as such should ideally be maintained at minimum risk assessed levels. The Authority assessed the minimum risk level at which balances should be maintained at around £9.2m when setting its 2015/16 levy.

For 2015/16 the Authority has set a levy that does not require support from balances, but which includes utilising £14.9m from the MTFP Reserve as a one-off in year contribution, in accordance with the budget strategy.

Receipt of Further Information

The Authority is keen to promote an awareness of its activities amongst the public. In addition to the statutory right of the public to inspect the accounts before the annual audit is completed, further information is available from the Treasurer & Deputy Clerk to the Authority, Medtia Chambers, 5 Barn Street, Oldham OL1 1LP. Telephone Number: 0161 770 1700
Website: www.gmwda.gov.uk

J.R. BLAND, CPFA
Treasurer & Deputy Clerk to the Authority

8th July 2015

Annual Governance Statement

Scope of Responsibility

The Greater Manchester Waste Disposal Authority (the Authority) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and provides value for money. The Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. That duty has grown in importance with the reduction in resources being made available for Local Authorities as part of the Government's austerity programme.

In discharging this overall responsibility, the Authority is responsible for putting in place proper arrangements for the governance of its affairs, which include arrangements for the management of risk, whilst facilitating the effective exercise of its functions.

The Authority has established governance arrangements which are consistent with the six principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) Framework - Delivering Good Governance in Local Government.

The Authority meets the requirements of Regulation 4(2) of the Accounts and Audit (England) Regulations 2011 in relation to the publication of a statement on internal control.

The Authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010). The principles being that the Chief Financial Officer (Treasurer & Deputy Clerk for the Authority):

- is a key member of the Leadership Team;
- is actively involved and is able to bring influence on the Authority's financial strategy;
- leads the whole Authority in the delivery of good financial management;
- directs a fit for purpose finance function; and
- is professionally qualified and suitably experienced.

The Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the Authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at the Authority for the year ended 31st March 2015 and up to the date of approval of the Annual Report and Statement of Accounts.

The Governance Framework

The Authority is a single purpose body established in 1985 by statute as a Joint Waste Disposal Authority. As such, it is not required to have, nor does it have, a scheme of executive governance similar to those most commonly in place in the largest local authorities, the Metropolitan Districts and Unitary Councils.

As a joint authority, this Authority relies on its accountability to its component Districts and its stewardship of their levy payments as a vital addition to its internal governance arrangements. This is augmented, particularly in relation to budget matters, by the review processes put in place by the Association of Greater Manchester Authorities (AGMA), through both scrutiny and 'Leader challenge'.

The key elements of the Authority's governance framework are detailed against each principle in the CIPFA/SOLACE Framework - Delivering Good Governance in Local Government as follows:

Principle 1 – Identifying and Communicating the Authority's Vision and Purpose

The Waste Management Strategy (WMS) agreed on the 16th March 2012 focuses, in priority order, on waste reduction, then re-use, recycling and composting, followed by using waste as a source of energy. This will help deliver our key targets of 'our aim is zero waste' and 50% recycling during 2015/16 and 60% by 2025; and 85% of waste diverted from landfill by 2017/18 in partnership with the constituent Waste Collection Authorities (Districts) and our Private Finance Initiative (PFI) Recycling and Waste Management Contract (the Contract) primary contractor, Viridor Laing (Greater Manchester) Limited (VLGM).

The Corporate Plan (the Plan), reviewed and agreed annually, is linked to the policy objectives in the WMS and details how the WMS will be achieved with key targets, timescales and measurable outcomes.

The 2015/16 Plan was updated and approved by the Authority on the 20th March 2015. The Plan has been simplified, aligned to the Committee structure and has been reduced from a three year plan to a mainly one year plan (though with multiyear activities extending beyond 31st March 2016). This reflects the change in focus for 2016/17 onwards, the development of a partnership (VLGM, their operating contractor Viridor, and the Authority) 2020 Vision and the need for a full review of the Plan in 2016/17 to take account of austerity measures and the changing pressures/demands which will lead to different models of delivering public services.

Objectives in the Corporate Plan are cascaded into the staff appraisal process, so that there are clear linkages to individual objectives.

As part of the performance management framework the Performance, Policy and Resources (PPR) Committee receives quarterly reports on performance against the WMS and the Corporate Plan. This includes quarterly reports on operational and financial performance, including Treasury Management; and the Annual Report summarises performance for the year. The performance management framework was further developed in 2014/15 to provide even clearer linkages to Corporate Plan objectives and provide enhanced key performance indicators (KPIs).

The Environment Strategy is also linked to the WMS and, most significantly, includes the conurbation wide Greater Manchester (GM) Climate Change Strategy. The Authority plays a key role in the development of the City Region's agenda by active participation on key bodies. The work of the AGMA Low Carbon Hub Board is supported directly by the Treasurer & Deputy Clerk and the Director of Resources & Strategy who represent the Authority on the Chief Officer Group and Sustainable Consumption and Production (SCP) Theme Groups respectively.

The Corporate Plan includes an objective of making the best use of the Authority's assets and delivering the Asset Management Plan (AMP). The AMP was reviewed in 2014/15 and a new plan approved by the Authority on the 20th March 2015. As part of the review the progress against the key objectives in the 2013/14 AMP was considered. In summary significant progress has been made, including five out of six closed Household Waste Recycling Centres (HWRCs) have either been sold or their leases surrendered, as part of budget reduction measures; Dunkirk Farm's planning application will be considered in mid-2015; and Contractors have been appointed to build a solar farm and complete drainage works at Salford Road, Bolton. The solar farm will help further enhance the Authority's environmental objectives by generating up to two megawatts of power as well as delivering an appropriate rate of return.

In 2014/15 the successes in awards/recognition continued and the Authority won two further awards for the "Right Stuff Right Bin" campaign; the Northern Marketing Award in the category of Sustainable/Green Campaign of the year and at the MRW National Recycling Awards the prize for Local Authority Innovation. This is a reflection and validation of the success of the Authority in communicating its vision and purpose at a national level.

The performance framework and payment mechanism, quality information and effective data management has continued working well throughout the year and the strong partnership working helped achieve our Corporate Objectives.

As part of the wider remit of the Authority an Efficiency Plan was agreed, linked to its Medium Term Financial Plan (MTFP). Performance reporting has also significantly improved. Targets have been developed in key areas and benchmarking and comparative information is used to demonstrate effectiveness and value for money. That process continued to be refined and enhanced in year.

Principle 2 – Member and Officer – Purpose, Roles and Responsibilities

The Constitution defines and documents the roles and responsibilities of Officers and Members with clear delegation arrangements, protocols for decision making and codes of conduct for Members and staff. In 2014/15 a review of the Authority's governance arrangements was undertaken, which is due to be considered at the 12th June 2015 Annual General Meeting (AGM) of the Authority. If approved, this would see the number of Committees reduced from five to three, improvements made to the Committees' terms of reference and introduction of proposals to streamline the size of agendas so that only reports requiring a decision would be on the main agenda with reports for information in a supplementary agenda. During 2014/15 an extended Members' training package was also introduced. Feedback from Members has been positive and they have felt more engaged and knowledgeable about key areas of the Authority's work.

The Authority, during 2014/15, continued to refine its organisational structure to ensure it was fit for purpose so it has clearer responsibility and accountability at both strategic and operational levels. This also took into account further budget reductions of £0.2m required from 2016/17, as a result of the Government's austerity programme. This will be achieved by deleting two senior management posts, implementing a business change programme and reducing accommodation costs. Proposals are in place to move towards a new organisational structure in 2015/16, including staff development and succession planning, to ensure a smooth transition to the new organisation in 2016/17.

Following significant budget reductions in the VLGM contribution for communications and engagement (as part of the Contract finance model affordability after year five), the Authority agreed to move to a single delivery team located in VLGM with a small residual reputational resource remaining in the Authority. The 2014/15 annual plan was the first for that single service and was accompanied by strengthening of Contract delivery arrangements and re-establishing a Service Delivery Group for this area.

Contract monitoring arrangements have been realigned to take account of the transition from the construction phase to full service delivery. This has meant a shift in emphasis on how the Contract is monitored, including data analysis and trends and life cycle/maintenance and facility condition.

Member and Officer relationships are mutually supportive and based on openness, honesty, trust and appropriate challenge. The latter is essential in ensuring the Authority maintains its leading position in sustainable waste management, and will be vital in making service changes to turn its 'our aim is zero waste' vision into reality. What has been apparent over the last few years has been the overwhelming cross party support amongst Members for the Contract, which has remained non-political. Members have driven the project forward within a supportive framework of good governance arrangements.

The revised Constitution, and the review of Communication and Contract Monitoring has clarified the respective roles and responsibilities and ensured the organisation continues to be fit for purpose.

Principle 3 – Values of Good Governance and Standards of Behaviour

The Treasurer & Deputy Clerk is the nominated Chief Financial Officer in accordance with Section 151 of the Local Government Act 1972. Internal Audit Services are provided by Oldham Council under a Service Level Agreement (SLA) basis. The Audit & Counter Fraud Manager (Oldham Council) has direct access to all of the Strategic Direction Team (SDT) and Members.

The system of internal financial control is based upon a framework of comprehensive financial regulations and procedures, within the Constitution, which comply with Good Practice. Control is based on regular management information, management supervision, and a structure of delegation and accountability.

The Solicitor to the Authority is the Monitoring Officer and is responsible for ensuring the Authority acts in accordance with the Constitution. Senior Officers have the primary responsibility for ensuring decisions are properly made. The Constitution contains codes of conduct and protocols for Members and Officers. The Standards Committee reviewed the Voluntary Code of Conduct and Declarations of Interest and concluded that they remained appropriate and fit for purpose.

A Partnership Agreement and a Code of Conduct was agreed in 2009/10 between the Authority and VLGM. In addition staff have been issued with the Authority 'Office Standards and Protocols' and this is available on the intranet.

In October 2007, the Authority adopted a Whistle Blowing Policy along with a Strategy to Combat Fraud and Corruption, to deal with concerns raised by the public or members of staff. During 2012/13 it also adopted an anti-money laundering policy. The policies are annually updated and are the subject of presentations to all staff, circulation of the documentation and issued on the portal (our internal electronic document management system), to emphasise the key messages of good corporate governance, including protecting the public purse, promoting probity, whistle blowing and the Officers Code of Conduct.

The Audit Committee is an essential part of good governance. The availability of three Independent Members during 2014/15 was a huge help in continuing the strong work of the Audit Committee. Internal and External Audit both have direct access to and support the Committee including the ability to have direct contact, without Officers of the Authority being present. The Audit Committee's Annual Report 2014/15, presented to the 20th March 2015 Authority meeting, provided positive assurances to Members about the effectiveness of the Authority's corporate governance in 2014/15. These included:

- the External Auditor issuing a unqualified Audit Certificate on the Statement of Accounts 2013/14; and
- a completed full work programme of reviewing the adequacy of the internal audit processes and procedures and the effectiveness of Corporate Governance.

The Chair of the Authority and Vice-Chair (Chair of the PPR Committee) of the Authority and the Independent Chair and Vice Chair of the Audit Committee meet for a six monthly update to further discuss the Committee's work and to enhance reporting lines. The Authority has also continued the engagement of GVA Grimley to carry out a valuation on the assets. This will help ensure full compliance and provide professional expertise to support the Authority.

Principle 4 – Decision Making, Scrutiny and Managing Risk

Decisions are based on rigorous and transparent scrutiny and an excellent relationship between Officers and Members based on openness and mutual trust (as set out in Principle 2). Similarly delegated decisions are taken by the Project Director (Director of Contract Services, or nominated deputy) for all Contract matters to ensure that the day to day management of the Contract runs smoothly, via tried and tested governance arrangements.

The Authority adopted a new Constitution in July 2011 which established three new service Committees: Performance, Policy and Resources (PPR), Strategy and Behavioural Change (SABC), and Recycling Waste Management and Operations (RWMO)). The Constitution is reviewed on an annual basis. As part of the review the Authority approved, in principle, on the 20th March 2015 further improvements to the governance arrangements including revised terms of reference, streamlining the Committees from five to three and new Contract Procedural Rules. This will be considered at the Authority's Annual General Meeting on 12th June 2015.

There are open and transparent mechanisms for documenting all decisions, both for the Authority and for the Partnership arrangements with VLGM. There are report templates and all information and delegated decisions are available electronically on the Modern.Gov system. That system is available to the general public via our website www.gmwda.gov.uk

Arrangements and processes are in place to safeguard Members and employees against conflicts of interest. An annual reminder to complete declarations of interest is sent to all Members and followed up as needed. A gift/hospitality register and complaints procedure is also in place and being actively used.

Key advisors procured for legal, financial and technical support in the letting of the Contract are still accessible, on a retention basis, for the implementation period of the Contract.

In 2014/15, the External Auditors received all of the papers for all of the Authority meetings and a member of the External Auditor's staff attended Audit Committee meetings.

Scrutiny of budget matters was, again, in 2014/15 carried out by various AGMA bodies, including AGMA Executive Board, Sub Groups of Leaders, GM Treasurers and constituent District Chief Officers. This ensures openness and transparency in the way in which Officers/Members engage in the budget challenge process. A Leaders Waste Task Group was also established, and reported in 2014/15. This Group looked at how, through better alignment of Authority/constituent Districts processes, better recycling levels could be achieved.

The Authority's risk management framework consists of:

- a joint risk management policy with VLGM;
- a joint Risk Register with VLGM and an Authority Risk Register;
- ensuring that risk management is integral to the planning process and linked to key Authority and Contract objectives;

- allocated responsibilities;
- systems for mitigating and controlling risks; and
- systems for monitoring and reviewing risks and controls assurance.

Risk management is integral to the governance arrangements in the Authority and the risk register is considered by: the Audit Committee and the Authority (via the governance arrangements in place for managing the Contract); and by the Senior Direction Team (SDT). An Internal Audit review provided the Authority with a clean bill of health on the framework, risk register and the mitigating actions and controls with no recommended actions for improvements.

Controls Assurance is an important part of the process to assure the Authority that the identified risks are being properly controlled. This is carried out at periodic intervals by:

- the Audit Committee;
- Directors (both Authority and VLGM);
- Treasurer & Deputy Clerk; and
- Internal/External Audit.

Principle 5 – Developing Capacity and Capability of Officers and Members

Each year new Members of the Authority are trained prior to their adoption at the Authority's Annual General Meeting (AGM). This is of vital importance, given the technical complexity of the Authority's core operations, the Contract structure and the financial value of the Contract. The training for Members was further enhanced in 2014/15. This included an induction day prior to the AGM, site visits and a number of themed sessions. Audit Committee Members also received an additional externally facilitated session on Treasury Management. Feedback from Members is that this has been very valuable and all the sessions were well attended.

All statutory Officers receive the training and support to carry out their duties effectively and, as appropriate, participate in continuous professional development.

To support the achievement of its strategic priorities the Authority has reviewed the organisation annually to ensure it has the right people with the right skills. The Authority has Investors in People (IIP) accreditation (Bronze Level) and this is supported within a performance framework and a People Plan (agreed at the 20th March 2015 Authority meeting) and appraisal system with targeted, relevant training. This now includes compulsory training modules on health and safety and core competencies provided on an e-learning package. Middle managers were given wider exposure to cross sectional working, performance management and participating in development of and presenting reports at the Committees. In 2014/15 100% of appraisals were completed and £646 spent on training per employee. Since 2009 the establishment has reduced from 53 full-time employees to 26 full-time employees (51%), excluding the European funded LIFE+ scheme.

Principle 6 – Engaging with Local Communities and Others to Ensure Public Accountability

The Authority engages with citizens and other key stakeholders, and indeed public consultations were instrumental in developing the WMS and the procurement of the new waste facilities (as set out under Principle 1 above).

The Authority in 2014/15 implemented a plan for in engaging and communicating with key stakeholders to boost and maintain public understanding of, and support for, recycling as part of its vision of 'our aim is zero waste'. In 2014/15 the Authority implemented new arrangements for communications and engagement, including the creation of a single delivery team in VLGM and creating the right contractual arrangements within an overarching strategy providing more focused, targeted campaigns. This dovetails with a European Union (EU) part funded LIFE+ delivery plan to ensure the Authority works with all stakeholders to engage with hard to reach communities and disseminate this learning.

All facilities operated under the Contract have in place appropriate community liaison arrangements (including engagement with local ward Councillors) either through regular newsletters, or by regular meetings. The Authority (through R4GM) also produces information leaflets which are distributed through HWRCs and which promote reuse/recycling themes.

There is regular contact with the nine constituent Districts through the meetings of the AGMA and at least quarterly meetings with Waste Chief Officers and separately with the Treasurers of the nine constituent Districts.

To underpin the Contract, the Authority and its nine constituent Districts signed an Inter-Authority Agreement (IAA). Primarily, this establishes the arrangements to charge the Contract costs amongst the Districts.

As set out in principle 4 above the Authority's annual levy and budget is subject to external scrutiny. This took place prior to consideration by the Authority of its budget and levy in February 2015. In response to the Government spending cuts AGMA requested that all joint authorities find significant reductions in spend over the next few years. At its 13th February 2015 meeting the Authority agreed further 'own cost' budget reductions of an additional £200k in 2016/17. This is on top of savings already delivered, and which by 2016 will mean that over 40% of our own cost base will have been removed. Further work on the 'our aim is zero waste' agenda will deliver additional Contract savings from 2015/16 is also set out in the Partnership's 2020 vision.

As part of the Transparency Agenda the Authority agreed to publish Senior Officer salaries and invoices over £500 on the web site. As part of this process, improvements have been made to internal control procedures on procurement. The Authority, as part of the Localism Act and accountability in local pay, agreed on 20th March 2015 the revised voluntary pay policy statement to further support the Authority's preference for openness and transparency.

Apart from regular liaison with key Government bodies the Authority is also fully engaged with the Local Government Association (LGA) Waste Forum, Eurocities and the AGMA Low Carbon Hub.

Internally there are well established and clear routes on how staff and their representatives are consulted and involved in decision making. These include: an annual staff survey, regular staff briefings, a staff newsletter, section meetings, staff appraisals, a consultative forum and SharePoint, a web based portal system for sharing key information and managing documents.

Review of Effectiveness

The Authority annually reviews the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the Authority who have responsibility for the development and maintenance of the governance environment; Oldham Council's Audit & Counter Fraud Manager annual report; and comments made by the External Auditors and other review agencies and inspectorates. The Treasurer & Deputy Clerk, Director of Resources & Strategy and the Director of Contract Services have also provided assurance, through 'Statements of Assurance', that they are satisfied there are sound systems of internal controls and processes within the Authority that support the achievement of the Authority's objectives.

For 2014/15 the Audit Committee also formally considered a formal request from its external auditors, Grant Thornton, about assurances on controls and fraud/corruption. At its 15th April 2015 meeting the proposed response letters were considered, approved and authorised the Independent Chair to sign a letter to the External Auditor confirming how the Audit Committee gains assurance over management processes and arrangements.

During 2014/15 the Authority has continued to embed and develop an enhanced performance framework which includes quarterly performance reports to the PPR Committee against key targets in the Corporate Plan in the areas of Contract performance, finance, people issues and other key areas. This uses a traffic light system to summarise performance, an indication of the direction of travel with benchmarking where possible; and any necessary remedial actions to bring results to date against targets back into line.

At the 17th April 2013 six monthly meeting between the Chair of the Authority, the Independent Chair of the Audit Committee and the Vice-Chair of the Authority (Chair of the Performance Policy and Resources Committee (PPR) it was suggested that a gap in Value For Money (VFM) assessment may now exist within the audit provision for the Authority, as the External Audit providers (Grant Thornton) no longer provided a thorough audit of this area. The Authority Meeting on the 14th June 2013 agreed that a VFM assessment would be considered annually at the Audit Committee.

This is completed, using the 2009 Audit Commission' Use of Resources Framework which focus on a set of questions 'key lines of enquiry' (KLOE) which previously gave auditors a basis of assessing the VFM conclusion in their statutory audit reports. This self-assessment concluded that the Authority has proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources and was considered and endorsed at the 29th October 2014 Audit Committee.

The annual review of the effectiveness of its governance framework took place at the Audit Committee in April when the draft of this Annual Governance Statement for the 2014/15 year was considered.

Significant Governance Issues

The Annual Governance Statement last year identified three significant governance issues and major risks for the Authority. These were:

2014/15 Issues	Planned Management Action to Reduce Risk
The final facility to achieve Take Over in Greater Manchester was the Bredbury Park Way MBT-AD, Bredbury facility which was certified on the 1st November 2014. This and other main processing plants are now in the process of undergoing rectification of snags and defects and for Final Acceptance tests to be run. This could take until 2017 to complete on all facilities and will require strong client monitoring to ensure throughputs and budget targets are not adversely affected.	Working in partnership with VLGM the following mitigations are in place: ▲ Defect rectification 'dashboard' in place. This sets out progress in resolving defects, and if needed refers 'stalled' matters to the Chief Executive Group; ▲ Joint construction/operation working group exploring process improvements. Independent consulting engineers (Fichtner) appointed by VLGM to challenge/validate and if needed extend proposals; and ▲ Longer term optimisation proposals set out in the Partnership's Joint 2020 Vision, which is supplemented by annually agreed 'roadmap' which specify actions being taken to deliver on the Vision. The 2015/16 roadmaps set out how 81% diversion from landfill (6% above the Contract level) is to be achieved. Overall progress on all these areas is monitored and scrutinised via the Strategic Partnership Board.
The TPS achieved Takeover on the 18th January 2015 for Phase 1 and is now fully operational (both phases from April 2015). Rectification of snags and defects is however ongoing. The overall level of diversion achieved in 2014/15 is c.71% which reflects the delays to commissioning and Takeover of the facility.	Commercial Agreement sets out rectification plan, and timelines for completion of required work. Progress against that is monitored by VLGM, and scrutinised by Authority officers at the Project Management Board (PMB). The budget target for 2015/16 is 81% diversion from landfill and this will require enhanced budget monitoring systems to be implemented to ensure delivery. Outline proposals for these enhancements were agreed at the 20th March 2015 Authority meeting and since then they have been developed and tested and were in place from 1st April 2015.

In order to reach our ambitious recycling targets, and particularly once the facilities are all commissioned, requires our residents to become good and accurate recyclers all of the time.	Whilst progress is being made, as evidenced by improvements in the overall recycling rates, the pace of that improvement is slowing. As such, for 2015/16 considerable extra resource is being switched into the improving recycling area. This will be essential if we are to meet our budget requirements. Progress on this area during 2015/16 will be overseen by the Waste Management Committee.

Summary

The Authority has in place strong governance arrangements which we are confident protect its interests and provide necessary assurances to our citizens and stakeholders. However, like all organisations we cannot stand still and thus we propose to continue to take steps to address the above matters to enhance further our governance arrangements. We are satisfied that the steps described address the need for improvement identified in the Authority's review of effectiveness and will monitor their implementation and operation, not only as part of our next annual review, but also continuously throughout the year.

_____________________________________ Chair of the Authority

_____________________________________ Clerk to the Authority

_____________________________________ Treasurer & Deputy Clerk

Statement of Responsibilities for the Statement of Accounts

The Authority's Responsibilities

The Authority is required to:

- make arrangements for the proper administration of its financial affairs and to ensure that one of its Officers has the responsibility for the administration of these affairs. In this Authority, that Officer is the Treasurer & Deputy Clerk to the Authority;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the audited Statement of Accounts, through its delegation to the Audit Committee.

The Treasurer to the Authority's Responsibilities

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

In preparing this Statement of Accounts, the Treasurer & Deputy Clerk has:

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

The Treasurer & Deputy Clerk 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.

Certification of Accounts

I certify that the Statement of Accounts present a true and fair view of the position of the Greater Manchester Waste Disposal Authority at 31st March 2015 and its income and expenditure for the year ended 31st March 2015.

This Statement of Accounts supersedes the Statement of Accounts (Subject to Audit) certified on 1st June 2015.

John Bland

Treasurer & Deputy Clerk to the Authority

8th July 2015

Approval by the Audit Committee

In accordance with the Accounts and Audit (England) Regulations 2011 the Statement of Accounts 2014/15 was signed and dated by the s.151 Officer, in accordance with the Constitution, following review and challenge at a Meeting of the Audit Committee of the Authority held on 8th July 2015

Jackie Njoroge

Independent Chair of the Audit Committee

8th July 2015

Independent Auditor's Report to the Members of Greater Manchester Waste Disposal Authority

Grant Thornton

We have audited the financial statements of Greater Manchester Waste Disposal Authority for the year ended 31 March 2015 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and the related notes. 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 2014/15.

This report is made solely to the members of Greater Manchester Waste Disposal Authority, as a body, in accordance with Part II of the Audit Commission Act 1998 and as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. Our audit work has been undertaken so that we might state to the members of the Authority 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 Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Treasurer and Deputy Clerk and auditor

As explained more fully in the Statement of the Treasurer & Deputy Clerk's Responsibilities, the Treasurer & Deputy Clerk 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 2014/15, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards also require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Treasurer & Deputy Clerk; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Introduction from the Chair and the Clerk, About us and the Explanatory Foreword to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Greater Manchester Waste Disposal Authority as at 31 March 2015 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and applicable law.

Opinion on other matters

In our opinion, the information given in the Introduction from the Chair and the Clerk, About us and the Explanatory Foreword and Statement of Responsibilities for the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We are required to report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007; or
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998; or
- we designate under section 11 of the Audit Commission Act 1998 a recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

Conclusion on Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are also required by the Audit Commission's Code of Audit Practice to report any matters that prevent us being satisfied that the audited body has put in place such arrangements.

We have undertaken our review in accordance with the Code of Audit Practice and, having regard to the guidance issued by the Audit Commission *in* October 2014, we have considered the results of the following:

- our review of the annual governance statement; and
- the work of other relevant regulatory bodies or inspectorates, to the extent the results of the work have an impact on our responsibilities.

As a result, we have concluded that there are no matters to report.

Certificate

We certify that we have completed the audit of the financial statements of Greater Manchester Waste Disposal Authority in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Graham Nunns
Director
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

4 Hardman Square
Spinningfields
Manchester
M3 3EB

9 July 2015

Movement in Reserves Statement

Restated	Note	General Fund Balance £m	Earmarked General Fund Reserves £m	Capital Receipts Reserve £m	**Total Usable Reserves £m**	Unusable Reserves £m	**Total Authority Reserves £m**
Balance at 31st March 2013		**21.937**	**10.343**	**0.701**	**32.981**	**(153.524)**	**(120.543)**
Surplus (or deficit) on the provision of services		(2.415)	-	-	**(2.415)**	-	**(2.415)**
Other Comprehensive Income and Expenditure		5.202	-	-	**5.202**	-	**5.202**
Total Comprehensive Income and Expenditure		2.787	-	-	**2.787**	-	2.787
Adjustments between accounting basis and funding basis under regulations	4	30.624	-	0.100	**30.724**	(30.724)	**-**
Net increase or decrease before transfers to earmarked reserves		33.411	-	0.100	33.511	(30.724)	2.787
Transfers to or (from) Earmarked Reserves	15	(45.367)	45.367	-	**-**		**-**
Increase or (decrease) in 2013/14		(11.956)	45.367	0.100	33.511	(30.724)	2.787
Balance at 31st March 2014		**9.981**	**55.710**	**0.801**	**66.492**	**(184.248)**	**(117.756)**
Surplus (or deficit) on the provision of services		11.361	-	-	**11.361**	-	**11.361**
Other Comprehensive Income and Expenditure		0.940	-	-	**0.940**	(0.109)	**0.831**
Total Comprehensive Income and Expenditure		12.301	-	-	12.301	(0.109)	12.192
Adjustments between accounting basis and funding basis under regulations	4	(0.945)	-	-	**(0.945)**	0.945	**-**
Net increase or decrease before transfers to earmarked reserves		11.356	-	-	11.356	0.836	12.192
Transfers to or (from) Earmarked Reserves	15	(11.903)	11.903	-	**-**	-	**-**
Increase or (decrease) in 2014/15		(0.547)	11.903	-	11.356	0.836	12.192
Balance at 31st March 2015		**9.434**	**67.613**	**0.801**	**77.848**	**(183.412)**	**(105.564)**

* Details of the prior period restatement are shown in Note 27

Comprehensive Income and Expenditure Statement

	Note	2014/15 Expense £m	2014/15 Income £m	2014/15 Net £m	Restated 2013/14 Expense £m	Restated 2013/14 Income £m	Restated 2013/14 Net £m
Corporate and Democratic Core		0.224	-	0.224	0.232	-	0.232
Environmental and Regulatory Services	[a]	116.871	(13.988)	102.883	136.321	(15.832)	120.489
Non Distributed Costs		-	-	-	0.010	-	0.010
Cost of Services	5.1	**117.095**	**(13.988)**	**103.107**	**136.563**	**(15.832)**	**120.731**
Other operating expenditure	5.2			0.184			1.498
Financing and investment	5.3			51.911			41.381
Taxation and non-specific grant income	5.4			(166.563)			(161.195)
(Surplus) or Deficit on the Provision of Services				**(11.361)**			**2.415**
(Surplus) or deficit on revaluation of property, plant and equipment assets				(0.940)			(1.859)
Impairment loss on non-current assets charged to the Revaluation Reserve				-			-
Remeasurement of the net defined liability benefit	19.1			0.109			(3.343)
Other Comprehensive Income and Expenditure				**(0.831)**			**(5.202)**
Total Comprehensive Income and Expenditure				**(12.192)**			**(2.787)**

[a] Included in Environmental and Regulatory Services is an exceptional expense of £1.221m (2013/14: £49.751m restated), relating to the impairment of the value of Assets brought into use during the year.

* Details of the prior period restatement are shown in Note 27

Balance Sheet

	Note	31 March 2015	Restated 31 March 2014	1 April 2013
		£m	£m	£m
Property, Plant and equipment	6	227.889	233.628	207.266
Intangible Assets	7	0.019	0.029	0.021
Long term investments	8.1	39.289	41.265	45.585
Long term debtors		-	-	-
Long Term Assets		**267.197**	**274.922**	**252.872**
Assets held for sale	6.5	0.104	0.100	0.050
Short term investments	8.2	1.976	1.921	1.613
Short term debtors	9	9.822	10.932	39.555
Cash and cash equivalents	10	33.780	27.034	8.222
Current Assets		**45.682**	**39.987**	**49.440**
Short term borrowing	13.1	(4.864)	(12.102)	(16.264)
Short term creditors	11	(15.237)	(14.897)	(61.756)
Transferred Debt due within 12 months	14	(1.195)	(1.116)	(1.062)
Provisions due within 12 months	12	(4.613)	(0.654)	-
Current Liabilities		**(25.909)**	**(28.769)**	**(79.082)**
Provisions	12	(3.398)	(4.013)	-
Long term borrowing	13.2	(81.217)	(85.528)	(86.994)
Other long term liabilities	14	(307.920)	(314.356)	(256.781)
Long Term Liabilities		**(392.535)**	**(403.897)**	**(343.775)**
Net Assets		**(105.565)**	**(117.757)**	**(120.545)**
Usable Reserves	15	77.849	66.493	32.982
Unusable Reserves	16	(183.414)	(184.250)	(153.527)
Total Reserves		**(105.565)**	**(117.757)**	**(120.545)**

* Details of the prior period restatement are shown in Note 27

John Bland

Treasurer & Deputy Clerk

8th July 2015

Cash Flow Statement

	Note	2014/15 £m	2013/14 £m
Operating activities			
Net (Surplus) or Deficit on the Provision of Services		**(11.361)**	**2.415**
Adjustments to net surplus or deficit on the provision of services for non cash movements	17	(52.432)	(112.393)
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	17	-	0.100
Interest paid (including PFI Finance Charge)		54.472	43.598
Interest received		(0.225)	(0.105)
Dividends received		-	-
Reversal of operating activity items included in the net surplus or deficit on the provision of services		(54.247)	(43.493)
Net Cash Flows from Operating Activities		**(63.793)**	**(109.878)**
Investing activities			
Cash outflows			
Purchase of fixed assets		1.436	7.668
Other Capital Cash Payments		-	-
Cash inflows			
Sale of fixed assets			
Capital grants received		-	-
Other receipts (proceeds from short and long term investments)		(4.663)	(4.317)
Net Cash Flows from Investing Activities		**(3.227)**	**3.351**
Financing Activities			
Cash receipts from long and short term borrowing		-	(10.000)
Other receipts for financing activities		-	-
Cash payments for the reduction of oustanding liabilities relating to the PFI Contract		47.055	80.389
Repayments of short and long term borrowing		13.218	17.326
Other payments for financing activities		-	-
Net Cash Flows from Financing Activities		**60.273**	**87.715**
Net (Increase) or Decrease in Cash and Cash Equivalents		**(6.747)**	**(18.812)**
Cash and cash equivalents at the beginning of the reporting period		(27.034)	(8.222)
Cash and cash equivalents at the end of the reporting period	10	**(33.781)**	**(27.034)**

* Details of the prior period restatement are shown in Note 27

Index to the Notes

Note 27 Prior Period Adjustments, Changes in Accounting Policies and Estimate and errors

Note 28 Events after the Balance Sheet Date

Notes to the Accounts

Note 1 Accounting Policies

i General Principles

The Statement of Accounts summarises the Authority's transactions for the 2014/15 financial year and its position at the year-end of 31st March 2015. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011, which require the Statement to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 (the Code) and the Service Reporting Code of Practice (SeRCOP) 2014/15, supported by International Financial Reporting Standards (IFRS).

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

The Statement of Accounts have been prepared on the assumption that the Authority will continue in existence for the foreseeable future and, in any case, at least 12 months from the date of signing of these Accounts.

ii Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Supplies are recorded as expenditure when they are consumed. Where there is a lag between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

iii Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

iv Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, in other words, 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 Authority's financial position or financial performance.

Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

v Charges to Revenue for Non-current Assets

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

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

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

vi Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (for example, contractual car allowances) for current employees and are recognised as an expense for services in the year in which employees render service to the Authority.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an Officer's employment before the normal retirement date or an Officer's decision to accept voluntary redundancy and are charged on an accruals basis to the appropriate service in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an Officer or group of Officers or making an offer to encourage voluntary redundancy.

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

Post-employment Benefits

Employees of the Authority are members of the Local Government Pensions Scheme, administered locally by Tameside MBC.

The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees work for the Authority.

The Local Government Scheme is accounted for as a defined benefits scheme, as follows:

- The liabilities of the Greater Manchester Local Government Pension Fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – in other words, 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 so on, and projections of earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 4.3% (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 Local Government Pension Fund attributable to the Authority are included in the Balance Sheet at their fair value, as follows:
    - quoted securities – current bid price

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

▲ The change in the net pensions liability is analysed into seven components, as follows:

COMPONENT	DESCRIPTION	ACCOUNTING TREATMENT
CURRENT SERVICE COST	The increase in liabilities arising from service earned this year.	Debited in the CIES to the services for which the employees worked.
PAST SERVICE COST/GAIN	The change in liabilities arising from current year decisions that affect service earned in earlier years.	Debited or credited in the CIES to Non Distributed Costs.
NET INTEREST ON THE NET DEFINED BENEFIT LIABILITY	The net interest expense for the Authority.	Debited in the CIES to Financing and Investment Income and Expenditure.
RETURN ON PLAN ASSETS	This excludes amounts included in net interest on the net defined benefit liability	Charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
ACTUARIAL GAINS AND LOSSES	Changes in the net pension liability that arise because events did not coincide with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions.	Charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
CONTRIBUTIONS PAID TO THE FUND	Cash paid as employer's contributions to the pension fund in settlement of liabilities.	Not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority 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, appropriations are made to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of accounting for retirement benefits on the basis of cash flows rather than as employees earn benefits.

Discretionary Benefits

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

vii Events After the Reporting Period

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

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

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

viii Financial Instruments

Financial Liabilities

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

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

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

Financial Assets

Financial assets are classified into two types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market

- available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

Loans and Receivables

Loans and receivables are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For the loans that the Authority has made, the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and the interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the Contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

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

Available-for-sale Assets

Available-for-sale assets are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (for example, dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Authority.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis
- equity shares with no quoted market prices – independent appraisal of company valuations.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the Contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

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

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

ix Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

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

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied.

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

x Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority. Software is accounted for as intangible assets, to the extent that it is not an integral part of a particular IT system, in which case it is accounted for as part of the hardware item of Property, Plant and Equipment.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and the Authority intends to complete it (with adequate resources being available) and will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Authority's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised, on a straight-line basis, over its estimated useful life, to the relevant service line in the Comprehensive Income and Expenditure Statement. All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Authority. The expected useful lives of major software assets used by the Authority are five years.

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

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

xi Interests in Companies and Other Entities

The Authority does not have any material interests in companies and other entities that have the nature of subsidiaries, associates and jointly controlled entities and require it to prepare group accounts.

xii Property, Plant and Equipment

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

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably and is above the de minimis limit of £10,000. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (in other words, repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price;
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Authority does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (in other words, it will not lead to a variation in the cash flows of the Authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

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

- infrastructure and assets under construction – depreciated historical cost
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value).

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

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

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

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

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

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

Impairment

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

Where impairment losses are identified, they are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).

- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

Depreciation

Depreciation is provided for on all Property, Plant and Equipment by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (in other words, freehold land) and assets that are not yet available for use (in other words, assets under construction).

Depreciation is calculated on the following bases:

- Operational buildings – straight line allocation over 50 years
- Private Finance Initiative (PFI) assets and Authority purchased assets to be used in the Contract (Buildings and Vehicles, Plant and Equipment) – straight line allocation over 30 years
- Bolton Thermal Recovery Facility (TRF) – straight line allocation over 25 years
- Vehicles, plant and equipment – straight line allocation over the estimated useful life (between 5 and 10 years)
- Infrastructure assets – straight line allocation over 50 years

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item but is not part of a single process, the components are depreciated separately.

Any revaluation surplus included in the Revaluation Reserve in respect of an item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any losses previously recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

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

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

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

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Authority's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

xiii PFI and Similar Contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Authority is deemed to control the services that are provided under its PFI schemes, located within the conurbation and as ownership of the property, plant and equipment will pass to the Authority at the end of the Contract for no additional charge, the Authority carries the assets used under the Contract on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) is balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment. The liability is written down by an agreed capital contribution of £68.040m which is paid and brought into account when the relevant asset milestones are independently certified.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as Property, Plant and Equipment owned by the Authority.

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

ELEMENT	DESCRIPTION	ACCOUNTING TREATMENT
SERVICE CHARGE	Fair value of the services received during the year.	Debited in the CIES to the relevant service.

ELEMENT	DESCRIPTION	ACCOUNTING TREATMENT
FINANCE COST	An interest charge on the balance sheet liability.	Debited in the CIES to Financing and Investment Income and Expenditure.
CONTINGENT RENT	Increases in the amount to be paid for the property arising during the Contract.	Debited in the CIES to Financing and Investment Income and Expenditure
PAYMENT TOWARDS LIABILITY	Applied to write down the Balance Sheet liability towards the PFI operator	The profile of write-downs is calculated using the same principles as for a finance lease.
LIFECYCLE REPLACEMENT COSTS	Amounts payable towards replacing PFI assets during the Contract period.	Recognised as PFI Asset additions as the work is programmed to be carried out.

xiv Provisions, Contingent Liabilities and Contingent Assets Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Authority becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

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

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Authority 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 Authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

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

Contingent Assets

A contingent asset arises where an event has taken place that gives the Authority 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 Authority, where it is probable that there will be an inflow of economic benefits or service potential.

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

xv Reserves

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

Certain reserves are kept to manage the accounting processes for non-current assets and employee retirement benefits and do not represent usable resources for the Authority – these reserves are explained in Note 16.

xvi VAT

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

Note 2 Accounting Standards That Have Been Issued But Have Not Yet Been Adopted

The Code of Practice on Local Council Accounting in the United Kingdom 2014/15 (the Code) has introduced several changes in accounting policies which will be required from 1 April 2015, the following changes are not considered to have a significant impact on the Statement of Accounts as demonstrated below:

- IFRS13 Fair Value Measurement. This standard provides a consistent definition of fair value and enhanced disclosure requirements. It is designed to apply to assets and liabilities covered by those IFRS standards that currently permit or require measurement at fair value (with some exceptions). The adoption of this standard will require surplus assets (assets that are not being used to deliver services, but which do not meet the criteria to be classified as either investment properties or non-current assets held for sale) to be revalued to market value rather than value in existing use as at present. Operational property, plant and equipment assets are outside the scope of IFRS13. This standard is not expected to have a material impact on the Statement of Accounts due to the minimal amount of assets considered surplus currently held by the Authority.

Note 3 Critical Judgements in Applying Accounting Policies and Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

In applying the accounting policies set out in Note 1, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The Statement of Accounts also contained estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain.

The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about the future levels of funding for local government. However, the Authority has determined that this uncertainty is not sufficient to indicate that the assets of the Authority might be impaired as a result of the need to close facilities and reduce levels of service provision.
- The Authority is deemed to control the services provided under the Contract with Viridor Laing (Greater Manchester) Ltd (VLGM) and also to control the residual value of the facilities (excluding the Thermal Facility built at Runcorn) at the end of the Contract. The accounting policies for PFI Schemes and Similar Contracts have been applied to the Contract, and the facilities are recognised as Property, Plant and Equipment on the Authority's Balance Sheet.
- During the year, the Authority committed to minimum payments under a contract for 25 years through VLGM to dispose of residual waste which is transported to a Thermal Facility at Runcorn operated by a second Special Purpose Vehicle (SPV) Thermal Power Station Limited (TPSCo). It also receives a share of the income from energy generated from incinerating the waste once the base income level has been achieved. The Authority has carefully considered the most appropriate accounting treatment for transactions relating to this Contract. Having regard to current accounting guidance, the Authority has come to the view that the contractual arrangements do not give rise to the Authority having control of the asset comprising the Thermal Facility nor does it consider that it has a lease of the asset. Accordingly, the payments made and income received are included in the Comprehensive Income and Expenditure Statement and there is no asset or liability accounted for on the balance sheet of the Authority. This is a key judgement in the preparation of the accounts.
- The Bredbury Mechanical and Biological Treatment (MBT) plant was substantially completed and indeed was well advanced in its test regime during 2013/14. During this test process an issue was discovered which meant that it was necessary for the second part of the process (the 'wet' side) to undergo some remedial work to the Anaerobic Digestion tanks. That work delayed formal certification (and hence payment of that element of the unitary charge) until after the year end, with the final independent certification not being dated until 1st November 2014. However, the facility was generating economic benefit as at the 31st March 2014, with the 'dry' side of the facility in full operation. Therefore, within the requirements of the Code, the asset was treated as on-Balance Sheet as at the 31st March 2014. Last year's accounts referred to estimation uncertainty over the timing of recognising the asset's related liabilities as the certification date for the plant was not known. Since the facility has

now formally received certification (on 1st November 2014), the actual date has now been input into the PFI model used to calculate PFI liabilities within the 2014/15 accounts and thus the uncertainty associated with last year's estimate no longer exists.

- Treatment of Former Landfill Sites – The Authority sold 18 sites to the private sector in December 2012 in return for agreeing a fixed ten year contribution less potential income from part of any enhanced value (overage) from future development of the sites. For these former landfill sites the Authority can determine, in financial terms, its maximum liability. As such a specific provision was created in 2013/14 to reflect this maximum liability. For the remaining four sites linked to the Authority, management has considered IAS37 and has concluded that no provision within the 2014/15 accounts is required.
- Valuation of assets brought into use – technically, the Code of Practice governing the preparation of the Authority's Accounts requires the Authority to undertake a comprehensive valuation of all assets included in a specific class. The Authority undertook a comprehensive revaluation in 2012/13 and obtained valuations for those assets coming onto its Balance Sheet in 2013/14. External advice has been obtained which validates that any change in value would be marginal. Therefore, since to comply with the requirements of the Code would have cost the Authority £0.050m and it was not felt to be value for money to do this in the preparation of these Accounts.
- Landfill Tax - The Authority has instructed Price Waterhouse Coopers Legal (PWC) to act on its behalf in a claim in relation to landfill tax paid over HM Revenue and Customs. That claim has been lodged with the Courts, and if successful would see significant recovery of landfill tax being returned to the Authority. The claim is one of a series of cases which are taking place in relation to this area of interpretation of the law, and the Authority action is 'stayed', whilst a test case progresses through the Courts system.

  Given that clarification of this complex area of law is awaited by way of a legally binding decision, which may be some distance in the future, it is considered that at this stage in the legal proceedings and given the uncertainty of the outcome of the claim, it is not considered prudent to anticipate the financial implications of a successful action.
- These 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 materially different from the assumptions and estimates. Items which could be adjusted in the forthcoming financial year are as follows:

ITEM	UNCERTAINTIES	EFFECT IF ACTUAL RESULTS DIFFER FROM ASSUMPTIONS
PROPERTY, PLANT AND EQUIPMENT (PPE)	Estimated useful economic lives of PPE are based on management's judgement and experience, supported by advice of an independent valuer. When management identifies that the actual useful lives differ materially from the estimates used to calculate depreciation, that charge is adjusted prospectively. Asset lives and residual values are reviewed annually and, historically, changes to remaining estimates of useful economic lives have not been material.	Variations between actual and estimated useful lives could impact on depreciation charges and asset values either negatively or positively. If the useful life of assets reduces depreciation will increase and the carrying value of the assets will fall. An increase in the useful life would have the opposite effect.
PFI UNITARY CHARGE	The payments made to VLGM under the Contract comprise elements for: • the fair value of services received; • lifecycle costs, which are the costs associated with replacing component assets during the Contract term; • writing down the liability owed to the operator; and • interest on the outstanding balance of the liability. The allocation of the unitary payment between these elements depends on certain assumptions and estimates The Authority utilises a CIPFA endorsed, third party provided financial model to calculate the relevant accounting entries, which is updated annually.	The rate of inflation and other variable factors will affect the calculation of the amounts brought into Account if they differ from assumptions.
PENSIONS LIABILITY	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the expected rate at which salaries are projected to increase, changes in retirement ages, mortality rates and the expected returns on pension fund assets. A firm of consulting actuaries (Hymans Robertson) is engaged (via the Greater Manchester Pension Fund) to provide the Authority with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. For example, a 0.5% decrease in the discount rate assumptions would result in an increase in the pension liability of £3.598m. However, the assumptions interact in complex ways. During 2014/15, the Authority's actuaries advised that the net pension liability had increased by £0.006m and asset values have increased by £2.635m.

Note 4 Adjustments Between Accounting Basis and Funding Basis under Regulations

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

	2014/15 General Fund Balance £m	2014/15 Unusable Reserves £m	Restated 2013/14 General Fund Balance £m	Restated 2013/14 Unusable Reserves £m
Adjustments primarily involving the Capital Adjustment Account				
Reversal of items included in the CIES:				
Depreciation of non-current assets	8.070	(8.070)	6.740	(6.740)
Impairment of non-current assets	1.221	(1.221)	48.763	(48.763)
Loss on disposal of non-current assets	0.183	(0.183)	1.598	(1.598)
Amortisation of intangible assets	0.010	(0.010)	0.008	(0.008)
Amortisation of deferred income	(0.524)	0.524	(0.483)	0.483
Capital expenditure charged to General Fund	(0.574)	0.574	(0.908)	0.908
Financing due to timing differences between actual and modelled	(0.045)	0.045	0.910	(0.910)
Insertion of items not included in the CIES:				
Minimum Revenue Provision for capital financing	(8.243)	8.243	(19.792)	19.792
Provision for repayment of outstanding debts	-	-	(1.063)	1.063
Adjustments primarily involving the Capital Receipts Reserve				
Transfer of cash proceeds to Capital Receipts Reserve	-	-	(0.100)	0.100
Adjustments primarily involving the Revaluation Reserve				
Gain / Loss on revaluation of non-current assets	(0.940)	0.940	(1.859)	1.859
Adjustments primarily involving the Pensions Reserve				
Reversal of items relating to retirement benefits included in the CIES	0.600	(0.600)	(2.452)	2.452
Employer's pension contributions and direct payments to pensioners payable in the year	(0.703)	0.703	(0.738)	0.738
Total adjustments	**(0.945)**	**0.945**	**30.624**	**(30.624)**

Note 5 Material Items of Income and Expenditure

Note 5.1 Income and Expenditure of Continuing Operations

	2014/15	Restated 2013/14
	£m	£m
Corporate and Democratic Core	0.224	0.232
Non Distributed Costs	-	0.010
PFI Service Charge	45.197	46.131
Impairment of non-current assets	1.221	48.763
Other expenditure	70.453	41.427
Total Service Expenditure	**117.095**	**136.563**
PFI Credits	(10.019)	(10.019)
Other income	(3.969)	(5.813)
Total Service Income	**(13.988)**	**(15.832)**

Note 5.2 Other Operating Expenditure

	2014/15	Restated 2013/14
	£m	£m
(Gain)/loss on disposal of non-current assets	0.183	1.498
Total other operating expenditure	**0.183**	**1.498**

Note 5.3 Financing and Investment Income and Expenditure

	2014/15	Restated 2013/14
	£m	£m
Interest payable on debt	4.202	4.574
Interest payable on PFI unitary payments	50.270	39.024
Net interest on the net defined benefit liability	0.415	0.600
Investment income interest	(2.976)	(2.817)
Total financing and investment income and expenditure	**51.911**	**41.381**

Note 5.4 Taxation and Non-specific Grant Income

	2014/15		2013/14	
	£m	£m	£m	£m
Agreed levy income for the year	166.080		166.080	
Tonnage adjustments for the year	2.076		0.634	
In-Year Refund	(2.117)		(6.002)	
		166.039		160.712
PFI Credits (element for interest payments)		-		-
Release of deferred income (PFI)		0.524		0.483
Total taxation and non-specific grant income		**166.563**		**161.195**

Note 6 Property, Plant and Equipment

Note 6.1 Movements on Property, Plant and Equipment Balances

Restated	Operational Assets Land (inc PFI) £m	Buildings (inc PFI) £m	Vehicles, Plant and Equipment (Inc PFI) £m	Infrastructure (Inc PFI) £m	Assets under Construction (inc PFI) £m	Total £m	PFI Assets included within Operational Assets £m
Cost or Revaluation							
At 1 April 2013	**24.887**	**99.477**	**84.668**	**3.839**	**12.000**	**224.871**	**211.319**
Reclassification		12.486			-12.486	**-**	-
Additions	2.527	52.705	25.933	-	0.486	**81.651**	79.302
Revaluation Increases / (decreases) to Revaluation Reserve	1.775	0.034	-	-	-	**1.809**	1.809
Revaluation Increases / (decreases) to Cost of Services	-0.401	-48.596	-	-0.754	-	**-49.751**	-37.265
Disposals	-0.005	-0.498	-0.106	-	-	**-0.609**	-0.602
At 31 March 2014	**28.783**	**115.608**	**110.495**	**3.085**	**-0.000**	**257.971**	**254.563**
Reclassification	-0.004	-2.860	2.860	-		**-0.004**	-
Additions	0.094	0.573	0.019	-	2.112	**2.798**	1.292
Revaluation Increases / (decreases) to Revaluation Reserve	-	0.940	-	-	-	**0.940**	0.940
Revaluation Increases / (decreases) to Cost of Services	-0.501	-0.001	-0.001	-	-0.718	**-1.221**	-0.720
Disposals	-	-	-0.713	-	-	**-0.713**	-
At 31 March 2015	**28.372**	**114.260**	**112.660**	**3.085**	**1.394**	**259.771**	**256.075**
Depreciation							
At 1 April 2013	**-**	**16.934**	**0.604**	**-**	**-**	**17.538**	**16.934**
For Year	-	3.208	3.595	0.062	-	**6.865**	6.729
Transfers	-	-	-	-	-	**-**	-
Disposals	-	-0.060	-	-	-	**-0.060**	-0.060
Impairments	-	-	-	-	-	**-**	-
Revaluations	-	-	-	-	-	**-**	-
At 31 March 2014	**-**	**20.082**	**4.199**	**0.062**	**-**	**24.343**	**23.603**
Reclassification	-	-0.204	0.204	-	-	**-**	-
For Year	-	3.627	4.381	0.062	-	**8.070**	8.001
Transfers	-	-	-	-	-	**-**	-
Disposals	-	-	-0.530	-	-	**-0.530**	-
Impairments	-	-	-	-	-	**-**	-
Revaluations	-	-	-	-	-	**-**	-
At 31 March 2015	**-**	**23.505**	**8.254**	**0.124**	**-**	**31.883**	**31.604**
Net Book Value							
At 1 April 2013	24.887	82.543	84.064	3.839	12.000	**207.333**	194.385
At 31 March 2014	28.783	95.526	106.296	3.023	-0.000	**233.628**	230.960
At 31 March 2015	28.372	90.755	104.406	2.961	1.394	**227.888**	224.471

Note 6.2 Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of qualifying assets acquired under the Contract), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed.

	2014/15 £m	Restated 2013/14 £m
Opening CFR	**450.805**	**394.482**
Capital Investment:		
Property, Plant and Equipment	2.797	81.651
Intangible Assets	-	0.017
Senior Lending	(1.920)	(4.012)
Sums set aside from revenue	(9.386)	(21.333)
Closing CFR	**442.296**	**450.805**
Explanation for Movements in the Year:		
(Decrease) in the underlying need to borrow	(9.801)	(22.979)
Assets acquired under PFI Contract	1.292	79.302
Increase/(Decrease) in the CFR	**(8.509)**	**56.323**

Note 6.3 Capital Commitments

The Authority has committed a capital contribution to its Contract totalling £68.040m. At 31st March 2015 £65.928m (2013/14: £65.319m) of that contribution had been paid out leaving a commitment at that date of a further £2.102m. In addition, due to assumed neutral ground conditions not being supported when actual sites were found, an additional capital contribution of £13.292m has been paid, and no further payment is anticipated. A further capital contribution of a maximum of £7.180m was agreed for Salford Road IVC, Bolton with £7.134m (2013/14: £7.081m) having been paid to date leaving an outstanding amount of £0.046m to be paid.

Note 6.4 Revaluations of Property, Plant and Equipment Held at Fair Value

Newly constructed assets are revalued at the point they are brought into use. The impairment of £1.221m (2013/14: £49.751m restated) results from the revaluation of assets that were completed during the year and is shown in the Comprehensive Income and Expenditure Statement. The impairment is as a result of the Authority clarifying its long term accounting treatment to be consistent with its CIPFA endorsed third party PFI model.

Valuations of high-value vehicles, plant, furniture and equipment are based on current prices where there is an active second-hand market or latest list prices, adjusted for the condition of the asset. Where non-property assets have short useful lives and/or low values, they are not revalued; instead their depreciated historical cost is taken as a proxy for fair value.

Messrs GVA Grimley Ltd carries out all land and buildings, infrastructure and PFI asset revaluations, except for assets held for sale, on the Authority's behalf, in accordance with the provisions of the professional standards of the Royal Institute of Chartered Surveyors. Assets held for Sale have been revalued by Unity Partnership.

The significant assumption applied by the valuer in estimating fair values is that the property would be sold as part of the Contract.

The Authority carries out periodic revaluations that ensure the fair value of all Property, Plant and Equipment is measured at least every five years. In order to provide assurance on lifecycle costs a full revaluation of all PFI assets was carried out for the 2012/13 Statement of Accounts. Only assets brought into use during 2014/15 have been valued and not the entire class.

Note 6.5 Non-current assets held for sale

The Authority's Action Plan initiated from the Asset Management Plan includes actions to market and sell the buildings and barn at Dunkirk Farm and also land at Sinderland Road, Altrincham.

	2014/15	2013/14
	£m	£m
Land (inc PFI)	0.104	0.100

Note 7 Intangible Assets

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

	2014/15	2013/14
	£m	£m
Cost as at 1 April	0.076	0.074
Additions purchased in year	-	0.017
Disposals	-	(0.015)
Cost as at 31 March	0.076	0.076
Amortisation as at 1 April	0.046	0.053
Charge for the year	0.010	0.008
Disposals	-	(0.015)
Amortisation as at 31 March	0.056	0.046
Net book value as at 1 April	0.030	0.021
Net book value as at 31 March	0.020	0.030

Note 8 Investments

Viridor Laing (GM) Ltd and Ineos Runcorn (TPS) Ltd are Special Purpose Vehicle companies set up to deliver the Contract. Further detail of these loans is in Note 24.

Note 8.1 Long-term Investments

	31 March 2015 £m	31 March 2014 £m
Loan to Viridor Laing (GM) Ltd	24.881	26.333
Loan to Ineos Runcorn (TPS) Ltd	14.408	14.933
	39.289	**41.266**

Note 8.2 Short-term Investments

	31 March 2015 £m	31 March 2014 £m
Viridor Laing (GM) Ltd repayments	1.451	1.447
Ineos Runcorn (TPS) Ltd repayments	0.524	0.473
	1.975	**1.920**

Note 9 Debtors

	31 March 2015 £m	31 March 2014 £m
Central government bodies	3.771	5.156
Other local authorities	3.311	2.284
Other entities and individuals	2.740	3.492
Total debtors	**9.822**	**10.932**

Of the Other Entities and Individuals debtors, £2.148m (31st March 2014: £2.894m) relates to the Authority's capital contribution to the Contract, which is treated as a prepayment of the Unitary Charge.

Note 10 Cash and Cash Equivalents

	31 March 2015 £m	31 March 2014 £m
Cash held by the Authority	0.001	0.001
Bank current accounts	15.780	12.033
Short term deposits with building societies	5.000	3.000
Short term deposits with money market funds	2.000	3.000
Short term deposits with local authorities	11.000	9.000
Total cash and cash equivalents	**33.781**	**27.034**

Note 11 Creditors

	31-Mar-15 £m	31-Mar-14 £m
Central government bodies	0.039	0.038
Other local authorities	0.420	0.725
Other entities and individuals	14.777	14.135
Total creditors	**15.236**	**14.898**

Of the Other Entities and Individuals creditors, £7.033m (31 March 2014: £7.382m) relates to short-term element of the Authority's deferred lease obligation under the Contract.

Note 12 Provisions

The Authority sold 18 sites to the private sector in December 2012 in return for agreeing a fixed ten year contribution less payments of part of any enhanced value (overage) from future development of the sites. As such for these former landfill sites the Authority can determine, in financial terms, its maximum liability. There is a specific provision of £4.013m (Short term: £0.616m, Long term: £3.397m) to reflect this maximum liability as at 31st March 2015. A sum of £0.654m was used in 2014/15 to meet the annual charge.

A further provision has been created during 2014/15 for the National Non-Domestic Ratings (NNDR) that the Authority is liable for on the PFI sites. An assessment as to the level of NNDR outstanding on these sites has been undertaken by VLGM's contractor and a provision of £3.997m has been created accordingly.

Short Term

	Landcare Provision £m	NNDR Provision £m	Total £m
Balance as at 1 April 2014	0.654	-	0.654
Additional provisions made in 2014/15	-	3.997	3.997
Movement from Long Term	0.616	-	0.616
Amounts used in 2014/15	(0.654)	-	(0.654)
Balance as at 31 March 2015	**0.616**	**3.997**	**4.613**

Long Term

	Landcare Provision £m	NNDR Provision £m	Total £m
Balance as at 1 April 2014	4.013	-	4.013
Additional provisions made in 2014/15	-	-	-
Movement to Short Term	(0.616)	-	(0.616)
Amounts used in 2014/15	-	-	-
Balance as at 31 March 2015	**3.397**	**-**	**3.397**

Total movement in year is an increase of £3.343m (being £3.997m less £0.654m).

Note 13 Borrowing

Note 13.1 Short-term Borrowing

	Interest rate %	31-Mar-15 £m	31-Mar-14 £m
Public Works Loan Board loan	4.8 (average)	4.309	11.468
Accrued interest		0.555	0.635
Total short term borrowing		**4.864**	**12.103**

Note 13.2 Long-term Borrowing

	Interest rate	31-Mar-15	31-Mar-14
	%	£m	£m
Public Works Loan Board loan	2.89 - 8.75	71.217	75.528
Other public bodies	1.60	10.000	10.000
		81.217	85.528

The maturity analysis of long-term borrowings is as follows:

	31-Mar-15	Restated 31-Mar-14
	£m	£m
Maturing in less than 2 years	12.405	4.309
Maturing in 2 - 5 years	7.828	17.517
Maturing in 5 - 10 years	21.691	16.679
Maturing in more than 10 years	39.293	47.023
Total long-term borrowing	**81.217**	**85.528**

Note 14 Other long-term liabilities

	31-Mar-15	Restated 31-Mar-14
	£m	£m
Deferred lease obligaton under PFI Contract	279.459	284.181
Deferred Income (PFI)	9.436	9.960
Transferred debt loans	8.630	9.826
Pensions Liability	10.395	10.389
Total creditors	**307.920**	**314.356**

PFI deferred lease obligations of £279.459m (31 March 2014: £284.181m restated) are due to be settled under the terms of the Contract, as set out in Note 24.

The deferred income (PFI) relates to the Authority's use of the Bolton Thermal Recovery Facility, which is not included in the Contract, and is treated as a 'free' asset. The Deferred Income balance is released to the Taxation and Non-specific Grant Income line of the CIES over the period of the Contract.

The Transferred Debt Loans represent debt previously held by the Greater Manchester County Council (GMC) to finance waste disposal assets. They were transferred to the Authority by the Local Government Reorganisation (Debt Administration) (Greater Manchester) Order 1986, on the demise of GMC on 31st March 1986. The loan is being repaid to Tameside MBC on an annuity basis over a period of 36 years (to 31st March 2022). The total amount outstanding at the 31st March 2015 is:

	£m
Long Term	8.630
To be repaid in 2015/16*	1.195
	9.825

*this amount is shown in the Balance Sheet within Current Liabilities

The pension liability represents the difference between the fair value of the pension scheme's net assets and the present value of its obligations. Details are set out in Note 19.

Note 15 Usable Reserves

The Authority's usable reserves are as follows:

	Balance as at 31 March 2015 £m	Balance as at 31 March 2014 £m
General Fund Balance	9.434	9.981
Capital Receipts Reserve	0.801	0.801
Behavioural Change Reserve	-	0.214
LIFE+ Reserve	0.364	0.364
Engagement Activities Reserve	0.150	0.150
Insurance Reserve	2.026	1.626
Authority Loan Reserve	10.155	8.237
Interest Rate Reserve	2.000	2.000
Pension Deficit Funding Reserve	0.812	0.600
MTFP Funding Reserve	48.107	38.720
Optimisation Reserve	3.000	3.000
Shredding Equipment Reserve	0.800	0.800
Waste Compostional Analysis Reserve	0.200	-
	77.849	66.493

General Fund

The General Fund is the statutory fund into which all the receipts of the Authority are required to be paid and out of which all the liabilities of the Authority are to be met, except to the extent that statutory rules might provide otherwise. These rules also specify the financial year in which liabilities and payments should impact the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Authority is statutorily empowered to spend on its services or on capital investment at the end of the year.

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

Earmarked General Fund Reserves

Set aside from the overall General Fund Balance, the Authority maintains earmarked reserves to provide financing for future expenditure plans. The purpose of each of the earmarked reserves is as follows:

Behavioural Change Reserve – Created to allow additional work on behavioural change/ participation in 2014/15 to match District roll out. Reserve now fully utilised.

LIFE+ Reserve – The grant funding for this project was allocated by expenditure type, which due to the community led nature of the campaigns, is not reflected in actual spend. A budget redetermination application has been submitted to the European Union (EU), but not yet agreed. The reserve provides prudent protection in case that application is not successful/is only partially approved. The project will be completed during 2015/16.

Engagement Activities Reserve – In 2014/15 the initial five year period of VLGM funding of Communications and Behavioural Change came to an end. That sees a £0.300m per annum reduction in spend, reflecting decisions taken at the time the Contract closed and perhaps anticipating that recycling would have been more embedded with our citizens. There remains a lot of work to do, since despite good progress several parts of the conurbation are still not recycling and minimising waste in a way ideally suited to our four bin collection system. Set against that background this Reserve was created to cushion the impact of that loss of funding over a number of years. £0.100m is committed to support 2015/16 work.

Insurance Reserve – To mitigate the risk to the Authority of any future claims from Municipal Mutual Insurance Limited and increased in 2014/15 for an emerging risk in relation to the hardening of the insurance market for waste facilities which has the potential to increase the future charge to the Authority – see Note 21.

Authority Loan Reserve – To mitigate the risk of the Authority's acting as a Senior Lender to both Viridor Laing (GM) Ltd (VLGM) and Ineos Runcorn (TPS) Limited.

Interest Rate Reserve – To enable the Authority to meet the additional cost of funding future increases in the margin chargeable on borrowings from PWLB, arising from the current policy of not taking longer term debt due to cash balances.

Pension Deficit Funding Reserve – To meet the cost of funding the deficit arising on transfer of former Greater Manchester Waste Ltd employees into the Authority's pension fund on commencement of the Contract, and to take account of efficiencies arising from 2016 budget reduction measures.

Medium Term Financial Plan (MTFP) Reserve - Reserve to support Medium Term Financial Strategy of the Authority as approved on 7 February 2014. This sum has been increased from that agreed in February 2014 to reflect increased landfill tax as a result of the Chancellor's Budget announcement in March 2014 to increase landfill tax annually (from 2015) linked to RPI, and the 2015/16 budget strategy.

Optimisation Reserve - This reserve has been set up to allow a further capital contribution to be made (if required) to the PFI Project, so that the Authority can realise longer term benefits from the approach to minimising the amount of waste sent to landfill – a pass through under the Contract (this approach is commonly referred to as 'our aim is zero waste').

At present the facilities have been designed to achieve a contractually backed guaranteed diversion rate (of landfill) of around 75%. Our aim is zero waste is targeting 90%, over the next few years, and that will potentially require some further capital investment to be made to optimise the facilities. The most cost effective way to do that is likely to be for the Authority to provide funding, and this reserve will allow any necessary business case justified investment to be able to be made.

Shredding Equipment Reserve – A specific reserve set up to give the Authority the flexibility to work in partnership with its Contractor to introduce a specific initiative to increase the level of diversion of residual waste away from landfill and therefore deliver austerity savings.

Waste Compositional Analysis Reserve – This reserve provides for the cost of conducting a review of waste arisings to enable us to gauge whether our citizens are recycling, and in so doing better target limited behavioural change resources. The last waste compositional analysis was carried out in 2011, and the next one is being planned for 2016-17, at an estimated cost of £0.250m

Transfers to/(from) Earmarked Reserves

	Balance at 31 March 2015 £m	Transfers in/(out) in 2014/15 £m	Balance at 31 March 2014 £m	Transfers in/(out) in 2013/14 £m	Balance at 31 March 2013 £m
Behavioural Change Reserve	-	(0.214)	0.214	(0.046)	0.260
LIFE+ Reserve	0.364	-	0.364	(0.021)	0.385
Engagement Activities Reserve	0.150	-	0.150	-	0.150
Insurance Reserve	2.026	0.400	1.626	0.959	0.667
Authority Loan Reserve	10.155	1.918	8.237	2.225	6.012
LATS Equalisation Reserve	-	-	-	(0.469)	0.469
Interest Rate Reserve	2.000	-	2.000	-	2.000
Pension Deficit Funding Reserve	0.812	0.212	0.600	0.200	0.400
MTFP Funding Reserve	48.107	9.387	38.720	38.720	-
Optimisation Reserve	3.000	-	3.000	3.000	-
Shredding Equipment Reserve	0.800	-	0.800	0.800	-
Waste Composition Analysis Reserve	0.200	0.200	-	-	-
Total Earmarked General Fund Reserves	**67.614**	**11.903**	**55.711**	**45.368**	**10.343**

Movements in other usable reserves are detailed in the Movement in Reserves Statement (page 30).

Note 16 Unusable Reserves

The Authority's unusable reserves are as follows:

	31-Mar-15 £m	Restated 31-Mar-14 £m
Revaluation Reserve	34.677	33.737
Capital Adjustment Account	(207.696)	(207.598)
Pensions Reserve	(10.395)	(10.389)
Total per Movement in Reserves Statement (page 30)	**(183.414)**	**(184.250)**

Revaluation Reserve

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

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

- disposed of, and the gains are realised.

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

Movements on the Revaluation Reserve are as follows:

	2014/15		2013/14	
	£m	£m	£m	£m
Balance at 1 April		33.737		31.878
Upward / (Downward) revaluation of assets	0.940		1.859	
Surplus (or Deficit) on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services		0.940		1.859
Balance at 31 March		**34.677**		**33.737**

Capital Adjustment Account

The Capital Adjustment Account absorbs timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

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

Movements on the Capital Adjustment Account are as follows:

	2014/15		Restated 2013/14	
	£m	£m	£m	£m
Balance at 1 April		(207.598)		(171.825)
Reversal of items relating to capital expenditure debited or credited to the CIES:				
Charges for depreciation and impairment of non-current assets	(9.291)		(55.503)	
Revaluation losses on Property, Plant and Equipment				
Amortisation of intangible assets	(0.010)		(0.008)	
Amortisation of deferred income	0.524		0.483	
Capital expenditure charged to General Fund	0.574		0.908	
Amounts of non-current assets written off as part of the gain/loss on disposal to the CIES	(0.184)		(1.598)	
Financing expense due to timing difference from actual to modelled	0.045		(0.910)	
		(8.342)		(56.628)
Adjusting amounts written out of the Revaluation Reserve				
Capital financing applied in the year:				
Provision for the repayment of debt	-		1.063	
Minimum Revenue Provision	8.243		14.083	
		8.243		15.146
Transfer from PFI Prepayment Reserve		-		5.709
Balance at 31 March		**(207.697)**		**(207.598)**

Pensions Reserve

The Pensions Reserve absorbs timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

Movements on the Pensions Reserve are as follows:

	2014/15 £m	2013/14 £m
Balance at 1 April	(10.389)	(13.579)
Actuarial gains/(losses) on pensions assets and liabilities	(0.109)	3.343
Reversal of items relating to retirement benefits debited /credited to the Surplus or Deficit on the Provision of Services in the CIES	(0.600)	(0.891)
Employer's pensions contributions and direct payments to pensioners payable in the year	0.703	0.738
Balance at 31 March	**(10.395)**	**(10.389)**

Details of assets and liabilities are set out in note 19.

Note 17 Cash Flow Statement – Adjustment of Net Surplus or Deficit on the Provision of Services for Non Cash Movements

Adjust Net (Surplus) or Deficit on the Provision of Services for Non Cash Movements

	Note	2014/15	Restated 2013/14
		£m	£m
Depreciation	6	(8.070)	(6.740)
Amortisation	7	(0.010)	(0.008)
Amortisation of deferred income		(0.524)	(0.483)
Impairment and Revaluation losses	6	(1.221)	(48.763)
Increase +/- decrease in creditors	11	0.338	(46.858)
Increase +/- decrease in debtors	9	1.110	28.623
Increase +/- decrease in stock			
Increase +/- decrease in provisions	12	3.344	4.667
Movement in Pension Liability	19.2	2.634	3.830
Carrying amount of non current assets and non current assets held for sale, sold or derecognised	6.5	(0.104)	(0.100)
Other non cash items charged to net surplus and deficit on the provision of services		(49.929)	(46.561)
		(52.432)	(112.393)

Adjustments for items included in the Net Surplus or Deficit on the Provision of Services that are investing and Financing Activities

	2014/15	2013/14
Proceeds from the Sale of PPE	-	0.100
Capital Grants credited to surplus or deficit on the provision of services	-	-
	-	0.100

Note 18 Officers' Remuneration

The remuneration paid to the Authority's senior Officers is as follows:

		Salary, fees and allowances £	Expenses allowances £	Car user allowance £	Compensation for loss of office £	Total remuneration excluding pension contribution £	Pension contribution £	Total remuneration £
Treasurer & Deputy Clerk	2014/15	102,592	1,171	0	0	**103,763**	20,313	**124,076**
	2013/14	102,592	1,245	0	0	**103,837**	20,313	**124,150**
Director of Contract Services	2014/15	85,264	1,009	1,239	0	**87,512**	16,882	**104,394**
	2013/14	84,840	1,170	1,239	0	**87,249**	16,798	**104,047**
Director of Resources & Strategy	2014/15	77,144	120	1,239	0	**78,503**	15,274	**93,777**
	2013/14	76,760	421	1,239	0	**78,420**	15,198	**93,618**

Oldham Council's Chief Executive also acts as this Authority's Clerk. An allowance of £11,401 (2013/14: £11,959) is paid to Oldham Council for this duty. Details of the Clerk's remuneration is reported in the accounts of their employer, Oldham Council.

No other Authority employees received more than £50,000 remuneration for the year (excluding employer's pension contributions).

Details of exit packages agreed in the year are set out in the table below:

Exit package cost band	**No. of compulsory redundancies** 2014/15	2013/14	**No. of other departures agreed** 2014/15	2013/14	**Total number of exit packages** 2014/15	2013/14	**Total cost of exit packages** 2014/15	2013/14
£0 - £19,999	-	1	1	-	1	1	£9,643	£18,356
£20,000 - £39,999	1	-	-	-	1	-	£25,333	-
£40,000 - £59,999	-	-	-	-	-	-	-	-
£60,000 - £79,999	-	-	-	-	-	-	-	-
Total	**1**	**1**	**1**	**-**	**2**	**1**	**£34,976**	**£18,356**

Note 19 Defined Benefit Pension Scheme

As part of the terms and conditions of employment of its Officers, the Authority makes contributions towards the cost of post-employment benefits.

The Authority participates in the Local Government Pension Scheme, administered locally by Tameside MBC. This is a funded defined benefit salary scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

Under the arrangements to sell the former Greater Manchester Waste Limited company to the PFI operating contract provider in April 2009, past service liabilities for former (deferred and pensioner) employees were transferred into the Authority's own section of the pension scheme. Arrangements to repay the deficit provision over a number of years are in place. These liabilities are included in the total deficit figures.

Note 19.1 Transactions in the Year

The following transactions have been made in the Comprehensive Income and Expenditure Statement during the year.

	2014/15		2013/14	
	£m	£m	£m	£m
Cost of services:				
Current service cost	0.185		0.281	
Past service cost (including curtailments)	-		0.010	
Total Service Cost		**0.185**		**0.291**
Financing and investment income and expenditure:				
Interest Income on plan assets	(1.449)		(1.421)	
Interest cost on defined benefit obligation	1.864		2.021	
Total Net Interest		**0.415**		**0.600**
Total defined benefit cost recognised in the Comprehensive Income and Expenditure Statement		**0.600**		**0.891**
Remeasurements:				
Changes in demographic assumptions	-		0.138	
Changes in financial assumptions	3.330		0.911	
Other experience	(0.569)		(0.642)	
Return on assets excluding amounts included in net interest	(2.652)		(3.750)	
Total remeasurements recognised in Other Comprehensive Income		**0.109**		**(3.343)**
Total post-employment benefit charged to the Comprehensive Income and Expenditure Account		**0.709**		**(2.452)**

Accounting Standards require the Authority to recognise the cost of retirement benefits in the reported cost of services when employees earn them, rather than when the benefits are eventually paid as pensions. However, statutory regulations require the Authority to make a charge against the levy based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. Note 4 details the relevant adjustment.

Note 19.2 Assets and Liabilities in Relation to Post-employment Benefits

A reconciliation of the present value of the scheme liabilities is as follows:

	2014/15 £m	2013/14 £m
Opening balance 1 April	46.474	45.834
Current service cost	0.185	0.281
Interest cost	1.864	2.021
Contributions by scheme members	0.059	0.068
Actuarial (gains)/losses	2.761	0.407
Benefits paid	(2.229)	(2.147)
Losses / (Gains) on Curtailments	-	0.010
Past service costs	-	-
Closing balance at 31 March	**49.114**	**46.474**

A reconciliation of the fair value of scheme assets is as follows:

	2014/15 £m	2013/14 £m
Opening balance 1 April	36.085	32.255
Expected rate of return	1.449	1.421
Actuarial (gains)/losses	2.652	3.750
Employer contributions	0.703	0.738
Contributions by scheme participants	0.059	0.068
Benefits paid	(2.229)	(2.147)
Closing balance at 31 March	**38.719**	**36.085**

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in respective markets.

Pension Scheme Assets comprised:

Asset Category	Period ended 31 March 2015				Period ended 31 March 2014			
	Quoted prices in active markets	Quoted prices not in active markets	Total	Percentage of Total Asset	Quoted prices in active markets	Quoted prices not in active markets	Total	Percentage of Total Asset
	£m	£m	£m	%	£m	£m	£m	%
Equity Securities								
Consumer	3.892	-	3.893	10%	3.802	-	3.802	11%
Manufacturing	3.622	-	3.622	9%	3.488	-	3.488	10%
Energy and Utilities	3.239	-	3.239	8%	3.188	-	3.188	9%
Financial Institutions	4.587	-	4.587	12%	4.407	-	4.407	12%
Health and Care	1.830	-	1.830	5%	1.544	-	1.544	4%
Information Technology	0.779	-	0.779	2%	0.702	-	0.702	2%
Other	0.487	-	0.487	1%	0.550	-	0.550	2%
Debt Securities								
Corporate Bonds (investment grade)	2.282	-	2.282	6%	2.145	-	2.145	6%
Corporate Bonds (non-investment grade)	-	-	-	0%	-	-	-	0%
UK Government	0.360	-	0.360	1%	0.602	-	0.602	2%
Other	1.915	-	1.915	5%	1.251	-	1.251	3%
Private Equity								
All	-	1.076	1.076	3%	-	0.891	0.891	2%
Real Estate								
UK Property	-	1.072	1.072	3%	-	1.063	1.063	3%
Overseas Property	-	-	-	0%	-	-	-	0%
Investment Funds and Unit Trusts								
Equities	7.149	-	7.149	18%	6.920	-	6.920	19%
Bonds	2.147	-	2.147	6%	1.909	-	1.909	5%
Hedge Funds	-	-	-	0%	-	-	-	0%
Commodities	-	-	-	0%	-	-	-	0%
Infrastructure	-	0.425	0.425	1%	-	0.255	0.255	1%
Other	0.500	1.914	2.414	6%	-	1.454	1.454	4%
Derivatives								
Inflation	-	-	-	0%	-	-	-	0%
Interest Rate	-	-	-	0%	-	-	-	0%
Foreign Exchnage	-	-	-	0%	-	-	-	0%
Other	0.432	-	0.432	1%	0.493	-	0.493	1%
Cash and Cash Equivalents								
All	1.010	-	1.010	3%	1.423	-	1.423	4%
Total	**34.231**	**4.486**	**38.719**	**100%**	**32.422**	**3.663**	**36.085**	**100%**

Note 19.3 Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Hymans Robertson, an independent firm of actuaries, has assessed the Local Government Pension Scheme liabilities on behalf of the Authority. Estimates are based on the last full valuation of the scheme as at 1st April 2013.

The principal assumptions used by the Actuary have been:

	2014/15	2013/14
Longevity at 65 for current pensioners:		
Men	21.4 years	21.4 years
Women	24.0 years	24.0 years
Longevity at 65 for future pensioners:		
Men	24.0 years	24.0 years
Women	26.6 years	26.6 years
Rate of increase in salaries	3.3%	3.7%
Rate of increase in pensions	2.1%	2.6%
Rate of discounting scheme liabilities	3.1%	4.1%
Take-up of option to convert annual pension into retirement lump sum:		
Pre-April 2008 service	55.0%	55.0%
Post-April 2008 service	80.0%	80.0%

Note 19.4 Scheme History

	31-Mar-15	31-Mar-14	31-Mar-13	31-Mar-12	31-Mar-11
	£m	£m	£m	£m	£m
Present value of liabilities	(49.114)	(46.474)	(45.834)	(41.795)	(38.683)
Fair value of scheme assets	38.719	36.085	32.255	28.775	29.573
Surplus/(deficit) in the scheme	**(10.395)**	**(10.389)**	**(13.579)**	**(13.020)**	**(9.110)**

The liabilities show the underlying commitments the Authority has in the long run to pay post-employment (retirement) benefits. The net liability of £10.395m (2013/14: £10.389m) has a substantial impact on the net worth of the Authority, as recorded in the Balance Sheet. However, the statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy, as the deficit on the local government pension scheme will be made good by increased contributions over the remaining working life of employees (in other words, before payments fall due), as assessed by the scheme actuary.

The total contributions expected to be made to the Local Government Pension Scheme (LGPS) by the Authority in the year to 31st March 2016 is £0.716m.

Note 20 External Audit Costs

The Authority incurred costs of £38,304 (2013/14: £37,114) in relation to the audit of its Statement of Accounts.

	2014/15	2013/14
	£	£
Fees payable to Grant Thornton as per Audit Plan	41,891	41,891
Rebate	(3,587)	(4,777)
	38,304	**37,114**

Note 21 Contingencies

At 31st March 2015, the Authority had the following material contingent liabilities:

- **Scheme of Arrangement - Municipal Mutual Insurance Limited**

  The Scheme of Arrangement was enacted in 2012/13. The liability upon the Authority as a scheme creditor cannot be fully estimated at this stage for unknown claims incurred but not reported between 1974 and 1992. Whilst the Authority has considered the financial impact in producing its Statement of Accounts there is a risk that the Authority's financial liability could increase from this level. The Insurance Reserve has been established to mitigate against that potential risk.

- **Pension Liabilities - former GM Waste Limited (GMW) Employees**

  As part of the 2009 Private Finance Initiative Agreement with Viridor Laing (Greater Manchester) Limited (VLGM) the Authority agreed to deal with past pension liabilities of GMW, in accordance with the HM Treasury Guidance in the Standard Form of Contract (SoCP4).

  Those employees were part of either the Local Government Pension Scheme (LGPS), administered for the Greater Manchester Pension Scheme (GMPF) by Tameside MBC, or part of the Citrus Pension schemes (formerly LAWDC schemes), administered by Capita Employee Benefits. Due to the differing nature of those schemes the strategy adopted to mitigate risk differs, and also the strategy between active Members (taken on by Viridor) and those in respect of the deferred and pensioners which were retained for responsibility purposes by the Authority.

  <u>Deferred and Pensioners</u>

  <u>Citrus Scheme</u>

A policy of achieving Insurance backed buyout has been pursued. That process has, substantially been concluded, and all bar one employee records have now completed the due diligence process. In addition the buyout provider is in place, subject to conclusion of due diligence. Costs of that buyout have been fully assessed and it is estimated that the total cost will be very close to resources available.

It is expected that that buyout process will be concluded in the 2015/16 financial year.

LGPS

Arrangements have been made with Tameside MBC, on behalf of GMPF, to meet estimated unfunded costs over an extended period by the provision of an annual lump sum payment of £535k. The 2014 Actuarial Review confirmed, again, the suitability of that sum which will ensure that liabilities are met during the remaining Contract period. The estimated cost of meeting funding liabilities associated with those employees is included in the FRS17 statement and valuation (set out in detail at Note 19).

Active employees

These were transferred to Viridor on a fully funded basis, and now form part of a separate division within the schemes. Viridor thus has full responsibility for on-going funding with the scheme provider and no liability is expected, as there is no link for the Authority to the Citrus Scheme.

For the LGPS the Authority continues to act as guarantor (as required under the Rules), but is not expected that that will be called upon, and in any case that risk is financially mitigated by the provision by Viridor of a tri-annually assessed external bond.

It is not therefore thought that liability will accrue, at any significant levels, and therefore no provision has been included in the Accounts.

- **Claims against Viridor Laing (Greater Manchester) Limited by their main Construction provider**

  As the majority of the £400m of PFI investment within the conurbation is completed we have been made aware that the main construction provider has lodged multi million pound claims against VLGM. VLGM and their legal advisors have assessed those claims, and advised that they are not substantiated, and in any case the risk is mitigated by offset to the Operating Contractor or to the Authority.

  In respect of the latter it is not considered that those claims could be substantiated, and if proven they would remain either with VLGM, or their sub-contractors. No provision is thus required at this stage, though the situation will be kept under review should new information come to light.

- **National Non Domestic Rates (NNDR)**

  Provisions have been included in the Annual Accounts for estimated NNDR liability, at a level assessed by GVA Grimley, the Authority’s advisors in accordance with detailed assessments.

The actual level of liability will not be known, however, until the formal assessment (and if required any appeal process) has been concluded by the Valuation Office. We are advised, that with current backlog in the system, that that process could take several years to conclude.

Given that professionally backed assessment of potential liability has been included in the Statement of Accounts it is not felt that any difference will have material impact, and therefore no further provision is required.

At 31st March 2015, the Authority had no contingent assets.

Note 22 Related Parties

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

United Kingdom (UK) Government

UK central government has significant influence over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides (directly or indirectly) a major element of its funding, and prescribes the terms of many of the transactions that the Authority has with other parties. Grants received from government departments are set out in Note 5.4. No grant receipts are outstanding at 31 March 2014.

Other Public Bodies

The Authority is constituted from nine Greater Manchester District councils. The levy each District pays to the Authority is agreed at the start of the year and is then only subject to adjustments based on waste tonnage arising from the District during the year.

Levies received from the member authorities in the year were as follows:

	2014/15		2013/14	
	Original levy £m	Adjustment (including refund) £m	Original levy £m	Adjustment (including refund) £m
Bolton MBC	19.337	0.636	20.996	(1.002)
Bury MBC	13.333	(0.108)	13.224	(0.287)
Manchester CC	34.407	0.073	32.916	(0.761)
Oldham Council	16.742	(0.203)	16.438	(0.454)
Rochdale MBC	14.910	0.361	14.640	(0.086)
Salford CC	17.742	0.040	18.941	(0.896)
Stockport MBC	17.241	(0.115)	16.822	(0.414)
Tameside MBC	17.745	(0.613)	17.453	(0.889)
Trafford MBC	14.623	(0.112)	14.650	(0.579)
	166.080	**(0.041)**	**166.080**	**(5.368)**

At 31st March 2015, no levy receipts were outstanding. The tonnage adjustments are made in the following year.

Oldham Council is the Authority's nominated Lead District under arrangements agreed by the Association of Greater Manchester Authorities on the demise of the former Greater Manchester County Council. Oldham Council's Chief Executive acts as the Clerk to the Authority. During 2014/15, Oldham Council also provided the Authority with services including:

- legal, health and safety, human resources, procurement, deputy treasurer and internal audit;
- IT and estates service provision (under its contract with the Unity Partnership); and
- meeting hosting.

The value of these services was £0.133m (2013/14: £0.137m). Of this amount, £0.007m remained unpaid as at 31st March 2015 (2013/14: £0.032m).

Members

Members of the Authority have direct control over the Authority's financial and operating policies.

The Authority does not have the legal power to pay Members' allowances. Members are paid allowances for their Authority duties by their nominating District Council. Details of these payments are reported in their nominating Councils' accounts.

The Register of Members' Interests is open to public inspection during office hours at the Authority's offices (Medtia Chambers, 5 Barn Street, Oldham, OL1 1LP).

Officers

Details of the Officers' remuneration, required by the Code to be disclosed, are set out in Note 18.

Note 23 Amounts Reported for Resource Allocation Decisions

Note 23.1 Income and Expenditure of the Authority in the Budget Outturn Report

The analysis of income and expenditure on the face of the Comprehensive Income and Expenditure Statement is that specified by the *Service Reporting Code of Practice*. However, the Authority makes decisions about resource allocation on the basis of budget reports. These reports are on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, amortisation, and revaluation and impairment losses in excess of the balance on the Revaluation Reserve, are charged to services in the Comprehensive Income and Expenditure Statement);
- the cost of retirement benefits is based on cash flows (payment of employer's pension contributions) rather than current service cost of benefits accrued in the year; and
- the costs of the Contract are based on cash flows rather than the PFI qualifying asset on balance sheet treatment required by IFRS.

The analysis of income and expenditure for the year reported to Authority Members in the Budget Outturn Report is as follows:

	2014/15	2013/14
	£m	£m
Employees	1.623	1.585
Payments to contractors	127.243	100.862
Landfill costs	28.243	26.460
Premises and establishment	1.288	5.223
Supplies and services	0.268	0.449
Waste prevention	0.220	0.282
Debt charges / capital financing	2.669	4.737
PFI capital contribution	4.930	4.915
Pension deficit funding	0.535	0.535
Other expenditure	0.982	0.416
Total expenditure	**168.001**	**145.464**
PFI credits	(10.019)	(10.019)
Government grants	(0.402)	-
Interest	(0.224)	(0.106)
Other income	(3.568)	(5.813)
Total income	**(14.213)**	**(15.938)**
Net expenditure	**153.788**	**129.526**
Levy for the year (net)	(166.039)	(160.712)
(Surplus)/deficit for the year	**(12.251)**	**(31.186)**

Note 23.2 Reconciliation to Subjective Analysis of Net Costs in the CIES

This reconciliation shows how the figures in the Budget Outturn Report reconcile to a subjective analysis of the Surplus/Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

	Outturn Report £m	Amounts not reported to management £m	Amounts not included in CIES cost of services £m	Cost of services £m	Corporate amounts £m	Total £m
2014/15						
Fees, charges & other service income	(3.567)	-	-	(3.567)	-	(3.567)
Interest & investment income	(0.225)	(4.200)	4.425	-	(4.425)	(4.425)
Income from levy	(166.039)	-	166.039	-	(166.039)	(166.039)
Release of deferred income	-	(0.524)	0.524	-	(0.524)	(0.524)
Government grants & contributions	(10.019)	-	-	(10.019)	-	(10.019)
Total income	**(179.850)**	**(4.724)**	**170.988**	**(13.586)**	**(170.988)**	**(184.574)**
Employee expenses	2.158	1.864	(1.864)	2.158	1.864	4.022
Other service expenses	110.770	-	(5.883)	104.887	0.224	105.111
Depreciation, amortisation and impairment	-	8.777	-	8.777	-	8.777
Interest payments	54.472	-	(54.472)	-	54.472	54.472
(Gain)/loss on disposal of non-current assets	-	0.184	(0.184)	-	-	-
Total expenditure	**167.400**	**10.825**	**(62.403)**	**115.822**	**56.560**	**172.382**
Transfers to earmarked reserves	11.903	-	11.903	-	-	-
(Surplus)/deficit on the provision of services	**(0.547)**	**6.101**	**120.488**	**102.236**	**(114.428)**	**(12.192)**
Restated 2013/14						
Fees, charges & other service income	(5.813)	-	-	(5.813)	-	(5.813)
Interest & investment income	(0.105)	(4.133)	4.238	-	(4.238)	(4.238)
Income from levy	(160.712)	-	160.712	-	(160.712)	(160.712)
Release of deferred income	-	(0.483)	0.483	-	(0.483)	(0.483)
Government grants & contributions	(10.019)	-	-	(10.019)	-	(10.019)
Total income	**(176.649)**	**(4.616)**	**165.433**	**(15.832)**	**(165.433)**	**(181.265)**
Employee expenses	2.120	2.021	(2.021)	2.120	2.021	4.141
Other service expenses	97.519	-	(16.848)	80.671	0.242	80.913
Depreciation, amortisation and impairment	-	55.028	-	55.028	-	55.028
Interest payments	43.598	-	(43.598)	-	43.598	43.598
(Gain)/loss on disposal of non-current assets	-	1.498	(1.498)	-	-	-
Total expenditure	**143.237**	**58.547**	**(63.965)**	**137.819**	**45.861**	**183.680**
Transfers to earmarked reserves	45.368	-	45.368	-	-	-
(Surplus)/deficit on the provision of services	**11.956**	**53.931**	**146.836**	**121.987**	**(119.572)**	**2.415**

Note 24 Private Finance Initiative

Recycling and Waste Management Contract

2014/15 was the sixth year of a 25 year PFI Contract for the construction and maintenance of 43 new facilities and management of the waste disposal operation.

The Contract specifies the minimum standards for the services to be provided by the contractor, Viridor Laing (Greater Manchester) Ltd, with deductions from the fee payable being made if facilities are unavailable, or performance is below the minimum standards. The contractor took on the obligation to construct the facilities and maintain them to at least a minimum acceptable condition and to procure and maintain the plant and equipment necessary to operate the service. The facilities, including any plant and equipment installed, within Greater Manchester (42 of) will be transferred to the Authority for nil consideration at the end of the contract period.

A second Special Purpose Vehicle (SPV) has constructed a thermal facility at Runcorn (TPSCo) which does not revert at the end of 25 years, but instead the Authority can obtain access at discounted rates / take a royalty sum for a further 15 years. As such the Runcorn asset is excluded from the Balance Sheet in accordance with the Code after considering IFRIC12 and IFRIC4.

The Authority only has rights to terminate the Contract if it compensates the contractor in full for costs incurred and for the future profits that would have been generated over the remaining term of the Contract.

The assets used to provide the recycling and waste management service in Greater Manchester are recognised on the Authority's Balance Sheet. Movements in their value over the year are detailed in the analysis of movements on the Property, Plant and Equipment balance in Note 6.

The Authority makes agreed payments each year, which increase each year linked to inflation (RPIx) and can be reduced if the Contractor fails to meet availability and performance standards, but which is otherwise fixed.

Payments remaining to be made under the Contract at 31st March 2015 (excluding any estimation of inflation and availability/performance deductions) are as follows:

	Payment for services £m	Reimbursement of capital expenditure £m	Interest £m	Total £m
Payable in 2015/16	48.994	7.033	39.202	**95.229**
Payable within 2 - 5 years	219.657	33.587	145.975	**399.219**
Payable within 6 - 10 years	345.895	47.446	150.430	**543.771**
Payable within 11 - 15 years	418.395	77.975	103.207	**599.577**
Payable within 16 - 19 years	379.613	120.451	27.357	**527.421**
Total	**1,412.554**	**286.492**	**466.171**	**2,165.217**

Although the payments made to the Contractor are described as unitary payments, they have been calculated to compensate the Contractor for the fair value of the services they provide, the capital expenditure they incur and interest on the liability outstanding.

The liability outstanding to reimburse the Contractor for capital expenditure incurred is as follows:

	2014/15 £m	Restated 2013/14 £m
Balance outstanding at 1 April	291.563	261.558
Payments during the year	(47.054)	(80.389)
Capital expenditure incurred in the year	-	74.064
Finance cost included	41.983	36.330
Balance outstanding at 31 March	**286.492**	**291.563**

Under the second SPV for Runcorn TPS, the Authority has agreed to pay an annual fixed availability fee (to 8th April 2034) with 57% being linked to inflationary increases. This amount may be offset by an income sharing agreement for sale of electricity and steam. The expected initial full year payment (2015/16) is £38.752m.

The Authority is in the unique position of being a senior lender to its own Contract. Originally, the provision of loan finance was £35m but the Authority agreed to provide further Senior Lending directly for a delayed In Vessel Composting facility at Over Hulton, Bolton taking the total Senior Lending to £46m. The terms of the lending are the same as the commercial banks lending to the scheme and secured on the assets of both SPV's, except that the original Authority tranche of £35m is at pre-determined fixed rates.

The Authority's surplus on lending to the PFI Contractor is set aside in an earmarked reserve (Authority Loan Reserve), to mitigate future risks.

The Authority's lending to the PFI Contractor is as follows:

	2014/15	2013/14
	£m	£m
Balance outstanding at 1 April	43.185	44.798
Payments received during the year	(4.664)	(4.324)
Interest and fees	2.743	2.711
Balance outstanding at 31 March	**41.264**	**43.185**

Note 8 sets out further information on this investment.

Note 25 Financial Instruments

Note 25.1 Categories of Financial Instruments

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

				Restated	
		31st March 2015		31st March 2014	
	Note	Long Term	Current	Long Term	Current
		£m	£m	£m	£m
Loans and Receivables - Investments	8.1	39.289	1.975	41.266	1.920
Loans and Receivables - Cash	10	-	33.781	-	27.034
Total Investments		**39.289**	**35.756**	**41.266**	**28.954**
Loans and Receivables - Debtors		-	0.969	-	1.118
Total included in Debtors		**-**	**0.969**	**-**	**1.118**
Debtors that are not Financial Instruments		-	*8.853*	-	*9.814*
Total Debtors	9	**-**	**9.822**	**-**	**10.932**
Financial Liabilities at amortised cost - Principal		81.217	4.309	85.528	11.468
Financial Liabilities at amortised cost - Accrued Interest		-	0.555	-	0.635
Total Borrowings	13	**81.217**	**4.864**	**85.528**	**12.103**
PFI Liabilities		279.459	-	284.181	-
Transferred Debt		8.630	-	9.826	-
Total included in Other Long Term Liabilities		**288.089**	**-**	**294.007**	**-**
Other Long Term Liabilities that are not Financial Instruments		*19.831*	-	*20.349*	
Total Other Long Term Liabilities	14	**307.920**	**-**	**314.356**	**-**
Financial Liabilities at amortised cost		-	16.250	-	14.843
Total included in Creditors		**-**	**16.250**	**-**	**14.843**
Creditors that are not Financial Instruments		-	*0.182*	-	*1.170*
Total Creditors	11, 14	**-**	**16.432**	**-**	**16.013**

Note 25.2 Income, Expense, Gains and Losses

	2014/15				2013/14			
	Financial assets: loans and receivables	Financial assets: available for sale	Financial liabilities: at amortised cost	Total	Financial assets: loans and receivables	Financial assets: available for sale	Financial liabilities: at amortised cost	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Interest income	2.976	-	-	**2.976**	2.817	-	-	**2.817**
Interest expense	-	-	(54.472)	**(54.472)**	-	-	(42.688)	**(42.688)**
Net income/(expense) to CIES	**2.976**	**-**	**(54.472)**	**(51.496)**	**2.817**	**-**	**(42.688)**	**(39.871)**

Note 25.3 Fair Value of Assets and Liabilities

Financial liabilities, financial assets represented by loans and receivables and long-term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- Interest is calculated using the most common market convention, ACT/365;
- no early repayment or impairment is recognised;
- where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value; and
- the fair value of trade and other receivables is taken to be the invoiced amount.

The fair values calculated are as follows:

	31st March 2015		Restated 31st March 2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£m	£m	£m	£m
Loans and Receivables - Investments	41.264	41.264	43.186	43.186
Loans and Receivables - Cash	33.781	33.887	27.034	27.041
Total Investments	**75.045**	**75.151**	**70.220**	**70.227**
Loans and Receivables - Debtors	0.969	0.969	1.118	1.118
Total Debtors	**0.969**	**0.969**	**1.118**	**1.118**
Financial Liabilities at amortised cost	86.081	98.383	97.631	101.398
Total Borrowings	**86.081**	**98.383**	**97.631**	**101.398**
PFI Liabilities	279.459	581.073	284.181	546.137
Transferred Debt	8.630	8.630	9.826	9.826
Total Other Long Term Liabilities	**288.089**	**589.703**	**294.007**	**555.963**
Financial Liabilities at amortised cost	16.250	16.250	14.843	14.843
Total Creditors	**16.250**	**16.250**	**14.843**	**14.843**

The fair value of the liabilities is higher than the carrying amount because the Authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rate at the Balance Sheet date. This shows a future notional loss (based on economic conditions at 31 March 2015) arising from a commitment to pay interest to lenders above current market rates. For the PFI liabilities, as noted above, this is a notional figure that has been calculated assuming that there is no early repayment costs (which is unlikely due to the SWAP mechanisms having break clauses), and using publically available interest rates for the remainder of the term (based on 19 year PWLB annuity rates). The latter figure has been used following consultations with the Authority's Treasury Management Advisors, Capita Asset Services, and is similar to the approach adopted in other PFI contracts by other local authorities. The assumptions are thus in line with the Code requirements, but should be treated with a deal of caution.

The fair value of assets is higher than the carrying amount because the Authority's portfolio of investments includes a number of fixed rate loans where the interest rate receivable is higher than the rates available for similar loans at the Balance Sheet date. This shows a notional future gain (based on economic conditions at 31 March 2015) attributable to the commitment to receive interest above current market rates.

Available for sale assets and assets and liabilities at fair value through profit and loss are carried in the Balance Sheet at their fair value. These fair values are based on public price quotations where there is an active market for the instrument.

Note 26 Nature and Extent of the Risks Arising from Financial Instruments

The Authority's activities expose it to a variety of financial risks. The key risks are:

- credit risk – the possibility that other parties might fail to pay amounts due to the Authority;
- liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments;
- re-financing risk – the possibility that the Authority might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms; and
- market risk – the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates, stock market movements and currency exchange rates.

The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is the responsibility of the Director of Resources & Strategy, with day-to-day responsibility shared by the Authority's Senior Direction Team, under policies approved by the Authority in the annual Treasury Management Strategy. The Strategy provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk and the investment of surplus cash.

Credit Risk

Credit risk arises from:

- deposits with banks and financial institutions; and
- senior lending and prepayments to the PFI Contractor.

The Authority does not have significant credit risk exposure to customers, as it rarely supplies goods or services on credit.

Credit risk on deposits is minimised through the Annual Treasury Management Strategy, which requires that deposits be made only with financial institutions that meet the following minimum credit criteria:

- The minimum rating for the purpose of investment of the Authority's funds is interpreted as
    - <u>Short-term rating</u> – it must have as a minimum, a rating of F2;
    - <u>Long-term rating</u> – this scale runs from AAA to D. The Authority will use institutions with a minimum rating of A-;
    - <u>Individual rating</u> – it must have a rating of A, B or C within the scale of A to E;

- Support rating – it must have a rating of 1, 2 or 3 within the scale 1 to 5.
- The Authority will deposit up to £3m per institution meeting these criteria, and up to a maximum of £5m with UK nationalised or part-nationalised banks with an appropriate spread to minimise risk. The Authority will always seek to prioritise British institutions.

The Authority's maximum exposure to credit risk, in relation to its investments in banks and building societies of £5m, cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Authority's deposits, but there was no evidence at the 31 March 2014 that this was likely to crystallise.

The credit risk arising from the Authority's lending to the PFI Contractor is managed through the funding agreement drawn up as part of the Contract. The Authority's senior lending is protected by the same provisions that apply to all senior lenders to the Contract, including those set out in the Commercial Loans Facility Agreement.

Liquidity Risk

The Authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Authority has ready access to borrowings from the money markets and the Public Works Loans Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The Authority sets limits on the proportion of its fixed rate borrowing during specified periods. The strategy is to ensure that no more than a manageable proportion of loans are due to mature within any rolling three-year period through a combination of careful planning of new loans taken out and (where it is economic to do so) making early repayments.

Analyses of the maturity of long-term borrowing and other long-term liabilities are shown in Note 13 and Note 14.

All trade and other payables are due to be paid in less than one year.

Market Risk (Interest Rate Risk)

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

- borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
- borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances);
- investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise;

- investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the Balance Sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The Authority has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Authority's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans may be repaid early to limit exposure to losses. The risk of loss is ameliorated by the fact that a proportion of government grant payable on financing costs will normally move with prevailing interest rates or the Authority's cost of borrowing and provide compensation for a proportion of any higher costs.

The finance team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. This allows any adverse changes to be accommodated. The analysis also advises whether new borrowing taken out is fixed or variable. The Authority currently only has fixed rate borrowings.

Market Risk (Price Risk)

The Authority does not invest in equity shares. As a consequence, the Authority is not exposed to financial risk from fluctuating share prices.

Market Risk (Foreign Exchange Risk)

The Authority has no financial assets or liabilities denominated in foreign currencies except for a small European Union LIFE+ grant, and therefore has no material exposure to risks from movements in exchange rates.

Note 27 Prior Period Adjustments, Changes in Accounting Policies and Estimate and errors

Prior period adjustments have been made to the Authority's 2013/14 published financial statements in relation to the following:

PFI Scheme Accounting Entries

Since the preparation and audit of the 2013/14 Final Accounts, a refinement has been made to the PFI spreadsheet model, which generates the accounting entries for the Authority's PFI schemes, to correctly reflect the calculation of accounting entries for the disposal of assets. Having made this refinement, it has been necessary to make a prior year adjustment to increase the previously reported unusable reserves deficit by £1.590m.

In last year's Final Accounts, accounting entries were made, using the PFI model, to reflect the revised service commencement date for the Bredbury MBT-AD facility. Detailed reconciliation checks performed on the model, this year, highlighted that the entries made in last year's Accounts should have resulted in a re-profiling on the long term PFI liabilities in the Balance Sheet with a consequent impact on the figures previously reported in the Comprehensive Income and Expenditure Statement. Accordingly, a prior year adjustment has been made to reduce the previously reported unusable reserves deficit by £6.601m.

The combination of these two adjustments is to increase the previously reported Total Comprehensive Income and Expenditure surplus by a net £5.011m and, therefore, reduce the previously reported unusable reserves deficit figure in the Balance Sheet by a net £5.011m. The full details of the restatements needed to the comparative figures in the Comprehensive Income and Expenditure, Movement in Reserves Statement and Balance Sheet are shown below.

Comprehensive Income and Expenditure Statement

	2013/14 Net Expenditure £m	PFI Modelling Adjustments £m	Restated 2013/14 Net Expenditure £m
Corporate and Democratic Core	0.232	-	0.232
Environmental and Regulatory Services	128.000	(7.511)	120.489
Non Distributed Costs	0.010	-	0.010
Cost of Services	128.242	(7.511)	120.731
Other operating expenditure	(0.092)	1.590	1.498
Financing and Investment	40.471	0.910	41.381
Taxation and non-specific grant income	(161.195)	-	(161.195)
(Surplus) or Deficit on the Provision of Services	7.426	(5.011)	2.415
(Surplus) or Deficit on revaluation of property, plant and equipment	(1.859)	-	(1.859)
Impairment loss on non-current assets charged to the Revaluation Reserve	-	-	-
Actuarial (gains) or losses on pension assets and liabilities	(3.343)	-	(3.343)
Other Comprehensive Income and Expenditure	(5.202)	-	(5.202)
Total Comprehensive Income and Expenditure	2.224	(5.011)	(2.787)

Movement In Reserves Statement

	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
Original Balance at 31 March 2013	**21.937**	**10.343**	**0.701**	**32.981**	**(153.524)**	**(120.543)**
Surplus (or Deficit) on the Provision of Services	(7.426)	-	-	**(7.426)**	-	**(7.426)**
Other Comprehensive Income and Expenditure	5.202	-	-	**5.202**	-	**5.202**
Total Comprehensive Income and Expenditure	(2.224)	-	-	**(2.224)**	-	**(2.224)**
Adjustments between accounting basis and funding basis under regulations	35.635	-	0.100	**35.735**	(35.735)	**-**
Net Increase or Decrease before transfers to Earmarked Reserves	33.411	-	0.100	**33.511**	(35.735)	**(2.224)**
Transfers to or (from) Earmarked Reserves	(45.367)	45.367	-	**-**		**-**
Increase or (Decrease) in 2013/14	**(11.956)**	**45.367**	**0.100**	**33.511**	**(35.735)**	**(2.224)**
Original Balance at 31 March 2014	**9.981**	**55.710**	**0.801**	**66.492**	**(189.259)**	**(122.767)**
Prior Year Adjustments						
Surplus (or Deficit) on the Provision of Services	5.011	-	-	**5.011**	-	**5.011**
Adjustments between accounting basis and funding basis under regulations	(5.011)	-	-	**(5.011)**	5.011	**-**
Restated Balance at 31 March 2014	**9.981**	**55.710**	**0.801**	**66.492**	**(184.248)**	**(117.756)**

Balance Sheet	31 March 2014	PFI Modelling Adjustments	Restated 31 March 2014
	£m	£m	£m
Property, Plant and equipment	233.416	0.212	233.628
Intangible Assets	0.029	-	0.029
Long term investments	41.265	-	41.265
Long term debtors	-	-	-
Long Term Assets	**274.710**	**0.212**	**274.922**
Assets held for sale	0.100	-	0.100
Short term investments	1.921	-	1.921
Short term debtors	10.932	-	10.932
Cash and cash equivalents	27.034	-	27.034
Current Assets	**39.987**	**-**	**39.987**
Short term borrowing	(12.102)	-	(12.102)
Short term creditors	(14.897)	-	(14.897)
Transferred Debt due within 12 months	(1.116)	-	(1.116)
Provisions	(0.654)	-	(0.654)
Current Liabilities	**(28.769)**	**-**	**(28.769)**
Provisions	(4.013)	-	(4.013)
Long term borrowing	(85.528)	-	(85.528)
Other long term liabilities	(319.155)	4.799	(314.356)
Long Term Liabilities	**(408.696)**	**4.799**	**(403.897)**
Net Assets	**(122.768)**	**5.011**	**(117.757)**
Usable Reserves	66.493	-	66.493
Unusable Reserves	(189.261)	5.011	(184.250)
Total Reserves	**(122.768)**	**5.011**	**(117.757)**

Note 28 Events After the Balance Sheet Date

These Subject to Audit accounts were approved for publication by the Authority's s151 Officer (the Treasurer & Deputy Clerk) on 8th July 2015. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31st March 2015, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Glossary

Please see our website, which has a glossary containing all acronyms relating specifically to the waste industry which have been used in this document at http://www.gmwda.gov.uk/publications/glossary-of-terms

Accruals Basis

The accruals principle is that income is recorded when it is earned rather than when it is received, and expenses are recorded when goods or services are received rather than when the payment is made.

Actuarial Gains & Losses

Actuaries assess financial and non-financial information provided by the Authority to project levels of future pension fund requirements. Changes in actuarial deficits or surpluses can arise leading to a loss or gain because:

- events have not coincided with the actuarial assumptions made for the last valuation
- the actuarial assumptions have changed.

Amortised Cost of a Financial Asset or Financial Liability

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

Appointed Auditors

The Audit Commission appoints external auditors to every Local Authority, from one of the major firms of registered auditors. From 2012/13, an external audit function is no longer directly undertaken by the Audit Commission due to a change in the Audit Commission's role. Grant Thornton is the Authority's appointed auditor.

Balances

The balances of the Authority represent the accumulated surplus of income over expenditure on any of the Funds.

Capital Adjustment Account

The Account accumulates (on the debit side) the write-down of the historical cost of non-current assets as they are consumed by depreciation and impairments or written off on disposal. It accumulates (on the credit side) the resources that have been set aside to finance capital expenditure. The same process applies to capital expenditure that is only capital by statutory definition (deferred charges). The balance on the account thus represents timing differences between the amount of the historical cost of non-current assets that has been consumed and the amount that has been financed in accordance with statutory requirements.

Capital Expenditure

This is expenditure on the acquisition of a non-current asset, or expenditure, which adds to, and not merely maintains, the value of an existing non-current asset.

Capital Financing Charges

This is the annual charge to the revenue account in respect of interest and principal repayments and payments of borrowed money, together with leasing rentals.

Capital Receipts

Income received from the sale of land or other capital assets, a proportion of which may be used to finance new capital expenditure, subject to the provisions contained within the Local Government Act 2003.

Carrying Amount

The Balance Sheet value recorded of either an asset or a liability.

Chartered Institute of Public Finance and Accountancy (CIPFA)

CIPFA is the leading professional accountancy body for public services.

Contingency

This is money set aside in the budget to meet the cost of unforeseen items of expenditure, or shortfalls in income, and to provide for inflation where this is not included in individual budgets.

Contingent Liabilities or Assets

These are amounts potentially due to or from individuals or organisations which may arise in the future but which at this time cannot be determined accurately, and for which provision has not been made in the Authority's accounts.

Creditors

Amounts owed by the Authority for work done, goods received or services rendered, for which payment has not been made at the date of the balance sheet.

Current Service Cost

Current Service Cost is the increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period, i.e. the ultimate pension benefits "earned" by employees in the current year's employment.

Curtailment

Curtailments will show the cost of the early payment of pension benefits if any employee has been made redundant in the previous financial year.

Debtors

These are sums of money due to the Authority that have not been received at the date of the Balance Sheet.

Deferred Liabilities

These are liabilities which are payable beyond the next year at some point in the future or paid off by an annual sum over a period of time e.g. deferred purchase arrangements.

Defined Benefit Scheme

This is a pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

Defined Contribution Scheme

A Defined Contribution Scheme is a pension or other retirement benefit scheme into which an employer pays regular contributions as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Depreciation

This is the measure of the wearing out, consumption, or other reduction in the useful economic life of a non-current asset.

Derecognition

Financial assets and liabilities will need to be removed from the Balance Sheet once performance under the contract is complete or the contract is terminated.

Earmarked Reserves

The Authority holds a number of reserves earmarked to be used to meet specific known or predicted future expenditure.

Effective Interest Rate

This is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see IAS18 Revenue), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to estimate reliably the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

External Audit

The independent examination of the activities and accounts of Local Authorities to ensure the accounts have been prepared in accordance with legislative requirements and proper practices and to ensure the Authority has made proper arrangements to secure value for money in its use of resources.

Expenditure

This is amounts paid by the Authority for goods received or services rendered of either a capital or revenue nature. This does not necessarily involve a cash payment since 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

Fair value is the amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction.

Finance Lease

A finance lease is a lease that transfers substantially all of the risks and rewards of ownership of a non-current asset to the lessee.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term 'financial instrument' covers both financial assets and financial liabilities and includes both the most straightforward financial assets and liabilities such as trade receivables and trade payables and the most complex ones such as derivatives and embedded derivatives.

Financial Rules

These are the written code of procedures approved by the Authority, intended to provide a framework for proper financial management. Financial rules usually set out rules on accounting, audit, administrative and budgeting procedures.

General Fund

This is the main revenue fund of the Authority and includes the net cost of all services financed by local taxpayers and Government grants.

Impairment

A reduction in the value of a non-current asset below its value brought forward in the Balance Sheet. Examples of factors which may cause such a reduction in value include general price decreases, a significant decline in a non-current asset's market value and evidence of obsolescence or physical damage to the asset.

Income

These are amounts due to the Authority for goods supplied or services rendered of either a capital or a revenue nature. This does not necessarily involve a cash payment. Income is deemed to have been earned once the goods or services have been supplied even if the payment has not been received (in which case the recipient is a debtor to the Authority).

Infrastructure Assets

Non-Current Assets which generally cannot be sold and from which benefit can be obtained only by continued use of the asset created. Examples of such assets are highways, footpaths, bridges and water and drainage facilities.

Intangible Assets

These are Non-Current Assets that do not have physical substance but are identifiable and controlled by the Authority. Examples include software, licenses and patents.

International Accounting Standard (IAS) 19

IAS 19 sets out the treatment of pensions and other forms of retirement benefits in an organisation's statutory accounts. The main features of IAS 19 are the valuation of assets and liabilities relating to pensions and other retirement benefits and their recognition and disclosure in the financial statements.

Leasing Costs

This is where a rental is paid for the use of an asset for a specified period of time. Two forms of lease exist: finance leases and operating leases.

Liabilities

These are amounts due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are usually payable within one year of the Balance Sheet date.

Minimum Revenue Provision (MRP)

MRP is the minimum amount which must be charged to an Authority's revenue account each year and set aside as provision for credit liabilities, as required by the Local Government and Housing Act 1989.

Net Book Value

The amount at which non-current assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

Net Current Replacement Cost

This is the cost of replacing or recreating a particular asset in its existing condition and in its existing use, i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

Net Debt

Net debt is the Authority's borrowings less cash and liquid resources.

Net Realisable Value (NRV)

NRV is the open market value of the asset in its existing use (or open market value in the case of non-operational assets) less the expenses to be incurred in realising the asset.

Non-Current Assets

Assets that yield benefits to the Authority and the services it provides for a period of more than one year. Examples include land, buildings and vehicles.

Non-Operational Assets

Non-current assets held which are not directly used in the delivery of Authority services.

Operational Assets

Non-current assets held and occupied, used or consumed in the delivery of Authority services.

Operating Lease

This is a type of lease, usually of computer equipment, office equipment, furniture, etc. where the balance of risks and rewards of holding the asset remains with the lessor. The asset remains the property of the lessor and the lease costs are revenue expenditure to the Authority.

Prior Period Adjustments

These are material adjustments which are applicable to an earlier period arising from changes in accounting policies or for the correction of fundamental errors.

Private Finance Initiative (PFI)

A Central Government initiative which aims to increase the level of funding available for public services by attracting private sources of finance. The PFI is supported by a number of incentives to encourage Authorities' participation.

PFI Assets

Assets constructed as part of the PFI.

Provisions

Amounts set aside to meet liabilities or losses which it is anticipated will be incurred but where the amount and/or the timing of such costs is uncertain.

Public Works Loan Board (PWLB)

An arm of Central Government which is the major provider of loans to finance long term funding requirements for Local Authorities.

Related Parties

Related parties are Central Government, other Local Authorities, precepting and levying bodies, subsidiary and associated companies, Elected Members, all senior Officers and the Pension Fund. For individuals identified as related parties, the following are also presumed to be related parties:-

- Members of the close family, or the same household; and
- Partnerships, companies, trusts or other entities in which the individual, or member of their close family or the same household, has a controlling interest.

Reporting Standards

The Code of Practice prescribes the accounting treatment and disclosures for all normal transactions of a local authority. It is based on International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and International Financial Reporting Interpretations Committee (IFRIC) plus UK Generally Accepted Accounting Practice (GAAP) and Financial Reporting Standards (FRS).

Reserves

Amounts set aside for general contingencies, to provide working balances or earmarked to specific future expenditure.

Revaluation Reserve

The Reserve records the accumulated gains on the non-current assets held by the Authority arising from increases in value as a result of inflation or other factors (to the extent that these gains have not been consumed by subsequent downward movements in value).

Revenue Expenditure

Expenditure incurred on the day-to-day running of the Authority. This mainly includes employee costs, general running expenses and capital financing costs.

Service Reporting Code of Practice (SeRCOP)

Prepared and published by CIPFA, the SeRCOP is reviewed annually to ensure that it develops in line with the needs of modern Local Government, Transparency, Best Value and public services reform. SeRCOP establishes proper practices with regard to consistent financial reporting for services and in England and Wales, it is given legislative backing by regulations which identify the accounting practices it propounds as proper practices under the Local Government Act 2003.

Subsidiary

This is an entity over which the reporting Authority is able to exercise control over operating and financial policies and is able to gain benefits from the entity or is exposed to the risk of potential losses arising from this control.

Treasury Management

This is the process by which the Authority controls its cash flow and its borrowing and lending activities.

Unsupported (Prudential) Borrowing

This is borrowing for which no financial support is provided by Central Government. The borrowing costs are to be met from current revenue budgets.